

## ABSTRACT

### *Regional subsidization of local investment*

In its report to the Walloon Parliament, the Court of Audit assessed to what extent the procedures implemented by the Walloon Region with a view of subsidizing local investment as part of its public policy objectives are being controlled and if they are efficient.

Although there is no accurate inventory available, the Court identified 99 subsidies that have been granted to municipal authorities for financing investment operations in buildings, roads and natural areas. The estimated amount of these different subsidies is about 300 million euros a year.

After investigating into these numerous subsidization mechanisms, the Court highlighted following observations:

- ✓ There is a too great diversity of regulatory frameworks.
- ✓ The granting of some subsidies is lacking an appropriate legal framework or is governed by obsolete regulations.
- ✓ The public policy objectives that are to be achieved by means of the subsidies lack clarity.
- ✓ The procedures and processes are heterogeneous and disparate.
- ✓ The SPW (Walloon Public Service) has not laid down specific standards and instructions urging the Directorates involved to formally define their processes on the basis of common rules.
- ✓ Common standards aimed at monitoring how subsidies are being used do not exist.
- ✓ Harmonized practices ensuring a coordinated and proactive approach of the entire subsidization process are lacking in the SPW.

As a result of these findings, the Court issued following recommendations:

- ✓ Setting up a one-stop administrative service centre would help to concentrate all grant applications by municipalities. It could become a genuine management tool acting as an interface and a platform for the various users throughout the management process.
- ✓ As regards the pooling of resources for carrying out control activities, coordinated field-based checks after completion of the subsidized works would lead to economies of scale since a number of diversely subsidized investment operations could be jointly evaluated during a single visit in a municipality.
- ✓ The effective reliance on unbiased granting criteria defined according to the public policy objectives as pursued by the subsidization tool and previously notified to the potential recipients would make it possible to ensure a more equal processing of applications.
- ✓ Clearly defined and binding measures aimed at reducing the potential for conflicts of interest should particularly provide that servants of the subsidizing authorities, who are at the same time members of the subsidized entities, are not entitled to take part in the subsidization process.