

PRESS RELEASE

13 December 2012

Report to the Flemish Parliament

Ecology Premium



The ecology premium is an economic measure with a strong environmental impact. Its policy framework however was insufficiently founded on measurable economic and ecologic operational objectives. Simulations by the Flemish Government sometimes proved too limited to be able to accurately estimate the budgetary needs of the premium. Partly due to the economic context this has led to a large number of fluctuations and adaptations of the legal framework. These adaptations diminished the chances of success for the applying enterprises of actual premium payment and as a consequence undermined the predictability of the regulating ecology premium framework. The Court of Audit has conducted a survey of a number of enterprises in order to evaluate the stimulating effect of the premium. An outcome evaluation of the premium hasn't yet been conducted.

Framework

The ecology premium is a financial grant for enterprises that carry out ecologic investments in the Flemish Region. With it the Flemish government tries to stimulate enterprises to green their production process. As a measure, the ecology premium is mentioned in several policy documents. However, operational economic or ecologic objectives have not been set. Ecology premium regulations have frequently been changed throughout the years, partly due to a changing context and evolving policy choices, but mainly due to the budgetary impact of the subsidy systems. This continuous adaptation of the framework of the premium has reduced its predictability. Although the Flemish government founded all adaptations on simulations, it did not always correctly estimate budgetary consequences.

Implementation of policy

The Court of Audit assessed premium granting, paying, justifying and monitoring. It stated that most of premium files are handled correctly. In the first stages of premium payment, supervision by the Economic Support Policy Department has been rather summary. The department sometimes granted premium instalments without having been presented invoices or sufficiently solid underlying documents. The Inspection Department more thoroughly supervises a risk analysis based selection of premium files in the balance payment phase. This led to many reclamations, for instance due to invoices that preceded premium approval or payment modalities that weren't complied with.

European regulation and the principle of efficiency require granted ecology subsidies to have a stimulating effect, implying enterprises would not have invested in the same way without the premium. According to the Court web request application checks cannot guarantee the stimulating effect of the premium. In a Court of Audit survey of the third 2010 call, it turned out that 32% of the applications by enterprises that were granted the premium would have done the investment anyway, regardless of the premium. And 57% of the enterprises that were denied the premium, as they were unfavourably classified, did nevertheless carry out the investment. These numbers show that stimulating effects at least of this premium call were rather limited.

Policy Evaluation

The Flemish government hasn't yet conducted any outcome evaluation of the ecology premium. Due to the lack of objectives, outcome evaluation can hardly be realised..

Minister's reply

The Flemish Minister of Economy stated that the ecology premium is mainly meant to be an economic measure and that elaborating operational objectives isn't realistic. Furthermore the Minister acknowledges the frequent changes of the regulation, but he doubts that more complete simulations could have prevented this. He points out the decision to sharpen verification of the first two premium instalments. Finally he states that the stimulating effect of the measure is hardly verifiable..

Information for the press

The Court of Audit exerts an external control on the financial operations of the Federal State, the Communities, the Regions and the provinces. It contributes to improving public governance by transmitting to the parliamentary assemblies, to the managers and to the audited services any useful and reliable information resulting from a contradictory examination. As a collateral body of the Parliament, the Court performs its missions independently of the authorities it controls.

The audit report on the *Ecology Premium* has been sent to the Flemish Parliament. The full version and this press release can be found on the Court's website: www.courtofaudit.be.