



COUNTRY
REPORT
FOR
BELGIUM

A photograph of a woman holding a young child, walking on a sidewalk next to a brick building. The entire image is overlaid with a semi-transparent red filter. The woman is looking down at the child, and the child is looking towards the camera. The background shows a brick wall and a metal railing.

EUROPE 2020
SHADOW REPORT 2014

PROPOSALS FOR THE ANNUAL GROWTH SURVEY,
COUNTRY SPECIFIC RECOMMENDATIONS AND NATIONAL POLICIES.
CARITAS RECOMMENDATIONS FOR EUROPE 2020 MID-TERM REVIEW.

01

EU 2020 Strategy: general evaluation

In Belgium, the EU 2020 Strategy has had an impact in terms of transparency through its targets and its indicators; however, there is still a huge lack of awareness in general, not least at the highest national policy levels. Content-wise, it is more difficult to assess whether the Strategy has had a positive impact. The European Semester has demonstrated the importance of setting up clear targets and indicators which help the reporting process, but these targets and indicators should be mutually reinforced as some are ends in themselves, such as the poverty target, while other are means, such as economic growth, and the former should be prioritized. It is also worth highlighting that most of the efforts in the past years have been put into economic recovery and growth, with little attention being put to poverty reduction. Prioritising economic growth under the argument that it will lead to poverty reduction is misleading. It is worrying to hear some economists arguing that an increase in poverty rates is an inevitable side-effect of economic growth.

Having clear and specific national targets is important but more guidance is needed to ensure that national targets are properly implemented. The Strategy should continue driving the EU but should better address social cohesion and participation instead of prioritising only economic and financial strategies: a better balance should therefore be reached and country-specific recommendations should be more consistent with the objectives – too often, they are not even referred to at national level. Where appropriate, sanctions should be imposed in order for this strategy to be taken more seriously.

Lastly, more importance should be given to governance structures and the participation of stakeholders. In Belgium, even if a national poverty platform exists, the involvement of civil society organisations remains insufficient. There should also be more involvement of the European as well as of the national parliaments.

02

Poverty

2.1

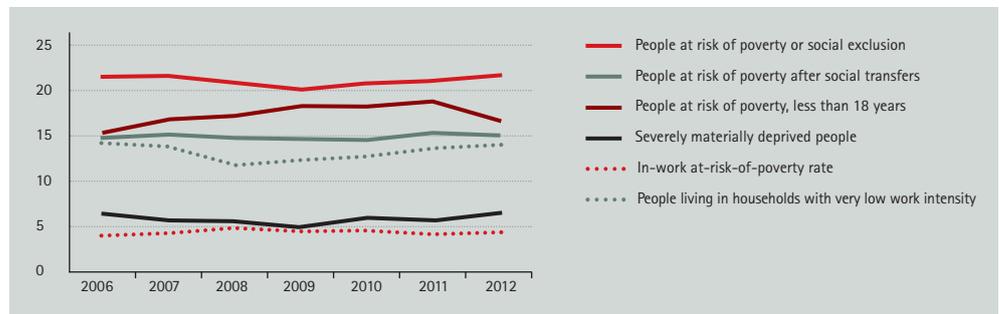
Recent trends

Development of poverty and social exclusion indicators in Belgium (2009-2012) based on Eurostat:

- ➔ The highest relative increase occurred in the rate of severely materially deprived people, which rose from 5.2% in 2009 to 6.5% in 2012; nevertheless, remaining below the EU-average (9.9% in 2012).

- ➔ The highest absolute increase occurred in the rate of people living in households with very low work intensity, which rose from 12.3% in 2009 to 14.1% in 2012. In general, all indicators are below the EU-average, with the exception of the indicator for people living in households with very low work intensity, which was 3.8 p.p. above the EU average of 10.3% in 2012.
- ➔ It is worth noting that child poverty is the only poverty indicator that experienced a decrease, both in relative and absolute terms, dropping from 18.3% in 2009 to 16.7% in 2012; however, children remain at a higher risk of poverty than the total population (people at risk of poverty and exclusion: 15.3% in 2012).

Eurostat (% of population)	2009			2010			2011			2012			EU average
	M	F	T	M	F	T	M	F	T	M	F	T	
Belgium													
POVERTY													
People at risk of poverty or social exclusion (AROPE)	-	-	20.2	-	-	20.8	-	-	21.0	-	-	21.6	24.8
People at risk of poverty after social transfers	13.4	15.7	14.6	13.4	15.7	14.6	14.6	16	15.3	14.4	15.5	15.0	17.0
People at risk of poverty, under 18 years of age	-	-	18.3	-	-	18.3	-	-	18.7	-	-	16.7	20.8
Severely materially deprived people	-	-	5.2	-	-	5.9	-	-	5.7	-	-	6.5	9.9
In-work at-risk-of-poverty rate	4.6	4.7	4.6	4.8	4.2	4.5	4.3	4	4.2	4.6	4.6	4.6	9.2
People living in households with very low work intensity	-	-	12.3	-	-	12.7	-	-	13.8	-	-	14.1	10.3



¹ Vandenbroucke, F. & Vinck, J. (2013), *Child Poverty Risks in Belgium, Wallonia, Flanders: Accounting for a Worrying Performance*, in P. Maystadt, E. Cantillon, L. Denayer, P. Pestieau, B. Van der Linden, M. Cattelain (eds.), *Le modèle social belge: quel avenir?* Presses interuniversitaires de Charleroi (November 2013). Researchers used data from SILC, but also data from local institutions such as *Kind en Gezin*.

² Draft Joint Employment Report, accompanying the Communication from the Commission on Annual Growth Survey 2014, p. 14 (http://ec.europa.eu/europe2020/pdf/2014/jer2014_en.pdf)

Additional national data shows the severity of the problems reflected by the above Eurostat data:¹

- ➔ Although Eurostat indicators shows a decrease in child poverty, many children live in households with very low-work intensity; and the financial poverty risk for children is very high in those cases. In fact, there is a considerable difference between Belgium and Wallonia statistics; for Flanders, SILC is not conclusive with regard to an increase in child poverty, but the data provided by *Kind en Gezin* on children constitute a lead indicator that may forecast growing social inequality in the future.
- ➔ In fact, child and family poverty is increasing, with a worrying risk of poverty in single parent households. According to the research referred to herein and the Draft Joint Employment Report² of the European Commission, single parent households face a risk of poverty and social exclusion at a rate of 43.3% in Belgium in 2012, almost twice the EU average of 24.4% for families with two adults. In addition, children living in single parent households have a higher probability of living in very low work intensity households: approximately two-thirds of children living in very low work intensity households live in single parent households in Wallonia, and 40% in Flanders.

Innovative services or programmes implemented by Caritas Belgium

DESCRIPTION OF THE SERVICE OR PROGRAMME

In Louvranges, a reception centre for asylum-seekers run by Caritas International Belgium, lone mothers with children are being taken care of and can benefit from a whole range of services provided by professionals as well as by volunteers.

In particular, a new childcare facility has been opened recently in order to provide the mothers the possibility of following language courses as well as other educational programmes. However, it is not taken for granted that this service will be offered on a long-term basis since this group is not considered by public authorities as a priority for this kind of support.

- ➔ It is also important to highlight that official figures do not reflect data from especially vulnerable groups, e.g. undocumented people, particularly migrant and asylum-seekers. Considering the increasingly restrictive migration policies, a lack of data in this regard might have negative consequences both in the short and long-term.
- ➔ Another worrying trend which is worth pointing out is the increasing health inequalities: according to the National Health Inquiry (2008), 23.2% of respondents described their health as 'bad'. In the lowest income quintile 30.8% had a negative perception, where in the highest quintile this was only 12.9% of the population.

2.2

Recent policy developments

Since autumn 2013, the following policy developments have been observed in Belgium:

- ➔ Reform and extension of the scheme of higher health care reimbursements as of 1st January 2014. The health insurance funds will proactively propose access to the scheme of higher reimbursements (in order to reduce the non take-up) as of 1 January 2015. (NRP, 2014, p. 36)
- ➔ At federal level, a Network of federal anti-poverty officers has been created (Royal Decree of 21 December 2013). The mission of these civil servants is to help the federal public institution they work for with the implementation of the measures of the federal anti-poverty plans. (NRP, 2014, p. 36)
- ➔ In June 2013, a national plan to combat child poverty, based on the recommendation of the European Commission, was approved. 140 actions of the Federal Government, the Communities and the Regions should help to attain the global poverty objective (a proportionate reduction would imply that at least 82,000 children have to be helped out of poverty or social exclusion). (NRP, 2014, p. 37)
- ➔ In December 2013, the Federal Government made 2 million EUR available to support the Public centres for social welfare in creating a local consultation platform with, for example, schools, nurseries and poverty associations. The purpose is to preventatively and proactively detect hidden child poverty and to find remedies together. (NRP, 2014, p. 37)
- ➔ In the Brussels Capital Region, the French Community Commission has re-launched the nursery plan. 9.6 million EUR has been made available for new places in care facilities for children aged 0 to 3 years. The plan focuses on the creation of more places in existing collective child care

facilities, with social tariffs and guaranteed access for parents through a limited lump-sum parent contribution. (NRP, 2014, p. 37)

- ➔ In Flanders, the programming decree that was approved in 2013 stipulates that the local administrations will receive subsidies for the fight against child poverty every year. For 2014, 4.5 million EUR has been made available. A decree on preventative family support, voted for in November 2013, creates a regulatory framework for local alliances ("Huizen van het Kind" – "House of the Child") and other projects that are already being subsidised. (NRP, 2014, p. 37)
- ➔ On 1 September 2013, the pilot project "Housing First" was launched in five major Belgian cities. The basic principle is the unconditional right to have a roof over one's head. With that certitude, people can move towards living a normal life. In addition to security of tenure, numerous types of guidance are offered simultaneously. (NRP, 2014, p. 38)

Social investment package: investing in children³

ASSESSMENT OF PROGRESS

Belgium adopted a Programme against Child Poverty in June 2013. This plan consists of measures taken by the Belgian government as well as the Regional governments. The programme has been built on three strands: (1) access to adequate resources, (2) access to quality services, and (3) opportunities and participation of children.⁴ It aims at ensuring that "all families, including those in vulnerable situations and living in disadvantaged areas, have effective access to affordable, quality, early childhood education."

Since the adoption of this Programme, the following progress has been observed:

- **The Flanders Region adopted:**
 - A new decree on childcare facilities. This new decree aims to provide childcare for every child needing care by 2020 and to ensure that childcare is charged based on the current income situation of the parents. During the process towards 2020, priority is to be given to areas with higher AROPE-numbers. What is missing in this new measure is the possibility for unemployed parents on employment training or on job interview training to have access to temporary childcare services.
 - A decree on preventative family support, voted for in November 2013, which creates a regulatory framework for local alliances ("Huizen van het Kind" – "House of the Child"). Those alliances would improve access to organisations and facilities working in different areas (parenting, education, health, parenting support, social matters, etc).
- **In the Brussels Region**, the growing number of children is a major challenge, which requires additional infrastructure for childcare as well as for early schooling. Some important decisions have already been taken in this respect – however, this leaves little room for the improvement of other kinds of services.
- **In the Walloon Region**, plans already exist for child care facilities ("Plan cigogne"), but improvements are needed in two respects :
 - In terms of implementation
 - In terms of accessibility for disadvantaged groups, as those plans currently target too often those families that already have access to the labour market.

³ European Commission, 2013, Recommendation *Investing in Children: Breaking the Cycle of Disadvantage 2013/112/EU* approved under the Framework of the Social Investment Package

⁴ The entire plan can be found here: http://www.mi-is.be/sites/default/files/doc/nationaal_kinderamoedebestrijdingsplan_nl.pdf (Dutch) or http://www.mi-is.be/sites/default/files/doc/nationaal_kinderamoedebestrijdingsplan_fr.pdf (French).

EU initiative for Roma integration⁵

ASSESSMENT OF PROGRESS

In addition to the evaluation carried out by the European Commission on the progress made by Belgium, it is important to take stock of the opinion of Belgian Civil Society, namely that:

- It is necessary to reinforce the involvement of key Roma persons in the integration process as this aspect is considerably weak (recommendation from the Regional Integration Center in Brussels).⁶
- More efforts need to be put into the integration of the most disadvantaged Roma-communities (recommendations from Valeriu Nicolas):⁷
 - EU funds should be invested more in structural support to NGOs who can adapt more quickly to the realities of this community, achieving better results with their grassroots work with the Roma-communities.
 - Governments should employ experts with field experience of working with the Roma.
- Long-term grassroots work and mediation methodology require stronger structural support, especially with regards to Roma-migration (HIVA).⁸

In Brussels, there are around 300 Slovak Roma families that have been going from one municipality to another. They are in a specific situation of vulnerability. Municipal, regional and federal authorities have sought repeatedly to pass the buck on to each other. It is very important to closely monitor the implementation of the Recommendation at local level, and as specifically as possible (The Foyer).⁹

Assessment of Belgium's Country Specific Recommendations (CSRs) adopted in 2014:

Caritas welcomes the following CSRs which will most probably have a positive impact on the employment situation in Belgium:

- ➔ CSR 3 on containing future public expenditure.
- ➔ CSR 4 on increasing labour market participation.

There are certain CSRs adopted that may have a negative impact on the situation of poverty and social exclusion in Belgium:

CSRs that could have a negative impact

- ➔ CSR 1 Following the correction of the excessive deficit, reinforce the budgetary measures for 2014 in the light of the emerging gap of 0.5% of GDP based on the Commission 2014 Spring forecast, pointing to a risk of significant deviation relative to the Stability and Growth Pact requirements. In 2015, significantly strengthen the budgetary strategy to ensure the required adjustment of 0.6% of GDP towards the medium-term objective, which would also ensure compliance with the debt rule. Thereafter, until the medium-term objective

Observations

- ➔ Negative impacts may derive from an inappropriate implementation of the recommendation, rather than from the recommendation itself, especially if it results in lowering the availability and quality of services of general interest.

⁵ Council of the European Union (Employment, Social Policy, Health and Consumer Affairs Council Meeting), 2013, *Council Recommendation on Effective Roma Integration Measures in the Member States*

⁶ Roma in beweging – Koen Geurts – Een uitgave van het Regionaal Integratie-centrum Foyer Brussel vzw – juni 2014

⁷ Nicolas, V., On Roma civil society and donors, Wordpress Blog, April 2013, <http://ValeriuNicolaie.wordpress.com/2013/05/>

⁸ Touquet, H., Wets, J. Context, drijfveren en opportuniteiten van Midden- en Oost-Europese immigratie. Een exploratief onderzoek met focus op Roma, HIVA, KU Leuven, 2013

⁹ Roma in beweging – Koen Geurts – Een uitgave van het Regionaal Integratie-centrum Foyer Brussel vzw – juni 2014

is achieved, pursue the planned annual structural adjustment towards the medium-term objective, in line with the requirement of an annual structural adjustment of at least 0.5% of GDP, and more in good economic conditions or if needed to ensure that the debt rule is met in order to put the high general government debt ratio on a sustained downward path. Ensure a balanced contribution by all levels of government to the fulfilment of fiscal rules including the structural budget balance rule, through a binding instrument with an explicit breakdown of targets within a medium-term planning perspective.

- CSR 3 Contain future public expenditure growth relating to ageing, in particular from pensions and long-term care, by stepping up efforts to reduce the gap between the effective and statutory retirement age, bringing forward the reduction of early-exit possibilities, promoting active ageing, aligning the statutory retirement age and career length requirements to changes in life expectancy, and improving the cost-effectiveness of public spending on long-term care.

- Here again, negative impacts may derive from inappropriate implementation of the recommendation, especially when the pressure towards longer careers does not take into account the health status of workers, which is closely related to indicators such as education and income. *If implemented well, CSR 3 could help in reducing poverty among the elderly, therefore we mentioned this CSR also in the previous section.*

2.3

Recommendations

Given the above assessments, Caritas recommends the following policy measures be introduced in order to address the challenges related to poverty and social exclusion:

- Further support quality employment schemes in the non-profit sector, both with a view to promoting employment and to delivering high-quality services.
- Guarantee an equitable health system, available to everyone. Low or no immediately-to-be-paid charges, full transparency on costs of health services and basic, cheap health and hospitalisation insurance are only some points of action that the Federal and/or Regional Government should implement.
- Embed more support for lone parent households, e.g. access to child care facilities, support in combining work and family, financial support via child benefit, extra parenting support, etc.

With regards to child poverty:

- Improve care facilities for young mothers and children, make sure childcare services are accessible for people at risk of poverty or exclusion and emphasize the social and pedagogical role of childcare services and nursery school. Further improve possibilities for temporary access to child care facilities for unemployed parents who are absent from the household for training or job interviews.

- ➔ Both social protection and social investment policies should be reconsidered in the light of increasing child poverty. Together with further reform of the pension system, this must be the number one priority of social policy at all levels of government.
- ➔ Install a cap on parents' expenses at all levels of education to ensure that every child can go to school and that parents can cope with the costs thereof. It is important to rationalise some expenses e.g. swimming lessons or theme park excursions that might be part of the educational programme on offer but that cannot imply a reduction in basic needs should budget cuts be necessary.
- ➔ Define adequate strategies to deal with defaulters in a respectful way, that doesn't harm the children and ensures that children are not confronted publicly with delays in payment from their parents which may cause malicious comments from their fellow students.
- ➔ Ensure that schools comply with non-discrimination criteria when enrolling children.

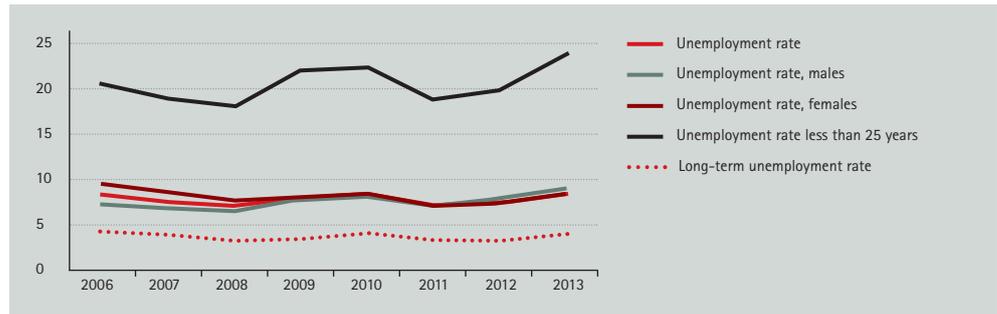
03 Employment

3.1 Recent trends

Development of employment indicators in Belgium (2009-2013) based on Eurostat:

- ➔ The highest absolute increase occurred in the unemployment rate of people under 25 years of age, which rose from 21.9% in 2009 to 23.7% in 2013, slightly above the EU average of 23.4%.
- ➔ All unemployment indicators slightly increased between 2009 and 2013 with the highest relative increase in the rate of long-term unemployment of men, which rose from 3.4% in 2009 to 4% in 2013, although still remaining below the EU-average (5.2% in 2013).
- ➔ While there is practically no gap between men and women in the unemployment indicator, it is worth highlighting that there remains a difference of almost 10 p.p. between men and women (men: 72.3%; women: 62.1%) in the employment rate.

Eurostat (% of population)	2009			2010			2011			2012			2013			EU average
	M	F	T	M	F	T	M	F	T	M	F	T	M	F	T	
Belgium																
EMPLOYMENT																
Employment rate	73.2	61.0	67.1	73.5	61.6	67.6	73.0	61.5	67.3	72.7	61.7	67.2	72.3	62.1	67.2	68.3
Unemployment rate	7.8	8.1	7.9	8.1	8.5	8.3	7.1	7.2	7.2	7.7	7.4	7.6	8.7	8.2	8.4	10.8
Unemployment rate, under 25 years of age	-	-	21.9	-	-	22.4	-	-	18.7	-	-	19.8	-	-	23.7	23.4
Long-term unemployment rate	3.4	3.6	3.5	4	4.1	4.1	3.4	3.6	3.5	3.5	3.2	3.4	4	3.7	3.9	5.1



Additional to this data, there are certain issues that are worth highlighting:

- ➔ The importance of education: a comparison of unemployment rates between 2003 and 2013 shows that there has been an increase of 28% in the unemployment rate of people with low education levels (from 12.5% to 16%) and an increase of 11% in people with high education levels (from 4.4% to 4.9%), while this rate has remained the same for people with "average" education levels (8.4%). This evolution can largely be explained by the gender bias; while the overall education level of women has increased more than for men, this has not resulted in corresponding employment opportunities.¹⁰
- ➔ The influence of employment on social inclusion: it is very likely that a significant proportion of "new" jobs have been taken by people, in particular women, whose income supplements an already existing "main earner's", therefore possibly contributing to an overall increase in poverty rather than the contrary.
- ➔ Increasing duality of the labour market: the Belgian labour market has good conditions for people at work, e.g. in case of dismissal, but it is quite rigid for outsiders. Net minimum wages are not high enough (nett) to make a difference when compared to unemployment benefits, especially for people with children who have to pay for nursery child care. But at the same time, gross minimum wages are already too high for employers, which makes unskilled labour too costly. This creates an even bigger problem: unskilled people are having more and more difficulty in finding jobs and this will only get worse in the coming years. Lack of education is becoming more and more a social risk. Currently, Belgium has very little real tradition of lifelong learning compared to neighbouring countries (-30%) or even the EU average (-30%).¹¹ Education in general and especially scientific or technical education (-12% EU average for the number of people with scientific or technical education for every 1000 Belgians) will be a challenge for the future in Belgium.

¹⁰ Based on *be.STAT* and *EUROSTAT*

¹¹ EC, Global Entrepreneurship Monitor, average 2009-2011

¹¹ Looking at Eurostat figures for in-work poverty in Germany, it can only be concluded that in-work poverty rose by 60.4% between 2005 and 2011 (from 4.8% to 7.7%).

3.2

Recent policy developments

Since autumn 2013, the following policy developments have been observed in Belgium:

- ➔ The ACTIVA-plan has been launched for young unemployed, low educated people under 30 years of age (instead of 27 years old) who have been unemployed for 6 months (before it was 12 months).
- ➔ Taxes on labour have been reduced in order to stimulate economic growth and create more jobs. The government aims, at the same time, to reduce taxes for low-educated employees or for those on low incomes in order to stimulate these two groups.
- ➔ The different regions are improving the monitoring process of young unemployed people. Interviews with unemployed people will take place earlier and (re)training programmes will be offered sooner.
- ➔ Flanders is reframing the 'HBO 5' (EQF 5) in order to create a better balance between education and the needs of the labour market. Furthermore, Flanders is expanding the coaching for older job-seekers until 58 years of age. Wallonia as well is working on a better link between education and the labour market.
- ➔ Belgium has adopted a *Youth Guarantee Implementation Plan that was added to the National Reform Program 2014*. Its key elements are described in pp. 25 to 27 of the NRP. Several of the measures taken have fostered an improvement in the situation of young people in a significant way.

Despite these developments:

- ➔ There are mixed expectations regarding youth employment schemes: whereas eligibility periods for young unemployed have existed for a long time, new rules have been adopted which result in longer eligibility periods. Such an evolution may have positive effects if it goes hand in hand with programmes aimed at facilitating youth employment; if not, it will worsen the situation of the young unemployed and their families, who will have to rely more on welfare benefits provided by local agencies for social support (CPAS/OCMW).
- ➔ Unemployment benefits might be reformed towards a stronger gradual reduction and more limitations over time. Whereas in Belgium these benefits are degressive, Belgium is still one of the countries where unemployment benefits are less limited over time. During the latest national election campaign, we noticed an increase of pressure on the current regulations to change this.

Assessment of Belgium's Country Specific Recommendations (CSRs) adopted in 2014:

Caritas welcomes the following CSRs which will most probably have a positive impact on the employment situation in Belgium

- ➔ CSR 2 on improving the balance and fairness of the overall tax system and preparing comprehensive tax reform.
- ➔ CSR 4 on increasing labour market participation.
- ➔ CSR 5 on competitiveness by continuing the reform of the wage-setting system.

There are certain CSRs adopted that may have a negative impact on the employment situation in Belgium:

CSRs that could have a negative impact	Observations
<p>➔ CSR 5. Restore competitiveness by continuing the reform of the wage-setting system, including wage indexation, in consultation with the social partners and in accordance with national practice, to ensure that wage progression reflects productivity development at sectorial and/or company levels as well as economic circumstances and to provide for effective automatic corrections when needed; by strengthening competition in the retail sector, removing excessive restrictions in services, including professional services and addressing the risk of further increases of energy distribution costs; by promoting innovation through streamlined incentive schemes and reduced administrative barriers; and by pursuing coordinated education and training policies addressing the pervasive skills' mismatches and regional disparities in early school leaving.</p>	<p>➔ Abolishing the existing wage indexation will have a severe negative impact on the purchasing power of people with a lower income. When reforming, people at risk of poverty or exclusion should be taken into account.</p>

3.3

Recommendations

Given the above assessments, Caritas recommends the following policy measures be introduced in order to address the challenges related to the employment situation:

- ➔ Oppose the introduction of the so-called 'mini-jobs' into the Belgian labour market. These 'mini-jobs', a German innovation, are supposed to lift people out of unemployment and thus, as the proponents claim, out of poverty. With a maximum wage of 450 euro per month for a temporary job and no effects on one's pension rights, these types of jobs do not appear to benefit the labour market.¹² Mini-jobs will not lift people out of poverty, quite the contrary; it will cause an increase of in-work poverty in Belgium.
- ➔ Outsiders of the labour market should be integrated through better education, more technical education and a greater difference between unemployment benefit and the minimum wages. Unemployment benefits should not be lowered and the minimum wages cannot be more expensive for employers than they are now. Fundamental changes in labour taxes (including other taxes) are needed.
- ➔ The different governments have to continue working on including older workers in the labour market. There are already many good initiatives, but more can be done. For example, health conditions, family situations, etc. can be taken into account when helping older workers to remain active in the labour market.
- ➔ We need *Investment* instead of *Austerity*: only by investing in jobs, in people, in opportunities, can we ensure growth and progression, and thus the decline – as well as, ultimately, the eradication – of poverty.

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