



Belgium

Trends, Recent Developments, Active Inclusion and Minimum Resources

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Executive Summary

Whereas the implementation of the Belgian NAP/Inclusion 2003-2005 was delayed due to regional elections, which resulted in a series of changes also in the federal government, 2006 should be the year in which the implementation of the NAP/Inclusion runs at cruising-speed - not the least because 2006 is the last year of the current federal government's legislature and the year in which the new format NAP 2006-2008 is prepared and presented. An evaluation of the implementation of earlier measures announced in the NAPs can be a helpful source in preparing the new edition.

Looking at the *NAP/Inclusion implementation report 2005-2006*, we find that there has not been any major shift in strategy or focus compared to earlier NAPs/Inclusion. The format of the implementation report is also similar to earlier reports since Belgium followed the European Commission's guidelines. The implementation report's spirit and strategy remains largely the same as the original NAP. Employment continues to be considered as the main lever for social inclusion, which is reflected in the large number of measures in this area. Housing has received less attention in the NAPs/Inclusion, and this remains so, despite the increasing problems that low-income groups have to find affordable and decent accommodation. The different actors have nevertheless acknowledged the seriousness of the problem and this has resulted in an Inter-Ministerial Conference about housing in the second half of 2005. It remains to be seen whether adequate measures will be taken shortly based on the recommendations of the different working groups that started working on housing issues after that Conference.

As regards the thematic analysis of *'active social inclusion'*, the Belgian *'Law on Social Integration'*, which replaced the law on the guaranteed minimum income (GMI) in 2002, can be seen as a very typical example of the paradigm of the *'active welfare state'*. For young people in particular, the new law involves in the first place a right (and duty) to work or an integration pathway, with the *'integration income'* being considered as just an *'intermediate solution'*. The national evaluation of the Law on Social Integration and the Peer Review, held in Brussels in November 2005, have provided opportunities to combine different perspectives into a balanced assessment. We can conclude that the law has mainly meant an ideological shift, although it has not revolutionised daily practice. The share of beneficiaries of employment and integration pathways has increased to 11% in two years; at the same time, active inclusion has also been promoted in alternative ways such as ICT initiation, sports and culture. The challenges for the future include: improving the adequacy of income protection; fostering *sustainable* integration in the labour market, widening the scope of integration activities, and striking a balance between the new *'contractual'* approach and the *'human rights'* approach.

Given the new paradigm shift – towards the *'knowledge-based society'* - that has marked the Lisbon strategy, we would advocate a stronger link between inclusion on the one hand, and education and lifelong learning policies on the other.

CHAPTER 1. KEY TRENDS AND RECENT DEVELOPMENTS

1. Introduction

As a consequence of the European enlargement and in order to give the new member states the possibility to prepare their NAPs/Inclusion, 2005 and 2006 are transition years for the NAPs/Inclusion. The new reports covering the period 2006-2008 will be submitted to the Commission in September 2006 in the form of a 'National Report on Strategies for Social Protection and Social Inclusion' (NSR-SPSI). This report should gather the strategies with regard to Social Inclusion, Pensions and Health and Long term care. It thus implies a streamlining of the efforts made in the fields of social inclusion and social protection. The NAP/Inclusion part will represent the social inclusion pillar in the future NSR-SPSI reports.

The new format is a result of the decision made at the 2005 European Council Spring meeting to put a (renewed) and stronger emphasis on growth and employment. Member states are now expected to prepare Lisbon Strategy Reform reports every three years. In these reports they set out their plans to achieve the objectives set out by the Lisbon Strategy. Belgium already prepared such a report.

This evaluation report addresses the Belgian NAP/Inclusion implementation report 2005-2006 and the results of the implementation of the measures that were announced in this report. Its main goal is to give an update of the implementation of the measures announced in the NAP/Inclusion 2003-2005 and, where necessary, to indicate which changes have taken place in the Belgian strategy regarding combating social exclusion. It also discusses current and future challenges: the next paragraph deals with the current challenges in a broader context.

2. Context and challenges

2.1 Modest economic growth and job creation

2.1.1 Economic situation

After a year characterised by economic slow-down, the Belgian economy finished the year 2005 with a modest economic growth of 1.5%. This positive trend is expected to continue in 2006 in which an economic growth of 1.7% in real terms of the GDP is expected (Federal Planning Bureau 2006).

Despite this modest growth, 39.000 new jobs were created in 2005. This job creation was filled in by an increased labour force but was not sufficient to lower the unemployment rate dramatically. The unemployment rate remained stable. For 2006, a job creation of 41.000 is forecasted and this additional job growth is expected to result in a slight decrease of the unemployment rate. The employment rate is expected to climb to 62.2% in 2006. This is a modest increase of 0.3 % compared to 2005. Most of this increase is a consequence of the increase in part-time jobs. Different leave and parental leave schemes that were implemented in the past years contribute to this evolution.

Private consumption increased by 1.2% in 2005 and 2005 was also characterised by the lowest consumer confidence rate since 2003. High oil prices were the cause of increased energy bills for many households and this had an impact on their consumption behaviour as well. Despite the low confidence rate, the consumer purchasing power slightly increased as a consequence of the stronger growth of wages and an increase of the mixed income of self-employed. At the time of writing the consumer confidence has recovered; it is expected to remain high throughout 2006 and the purchasing power of families is expected to increase by 2%. However, oil prices continue to rise to record levels, which has serious implications for low income households' energy bills and is likely to slow down the economic growth rate worldwide. The latter also has an influence on the Belgian economy, which is very much dependent on export.

Public expenditure remained at a stable level and its growth was lower compared to the previous years. The Belgian government presented a balanced budget for 2006. This way, Belgium pursues its series of balanced budgets and continues to build down its public debt as planned. For the year 2006, a decrease of 3.6% is planned, which will bring the public debt down to 90.7% of the GDP. Nevertheless, the modest economic growth and the slowing down of the economy in many other European countries does not give the government much room for manoeuvre with the budget, which is likely to have consequences for the implementation of some of the measures. If better growth rates are achieved, the federal budget will have more breathing space and according to the latest prognoses, growth can be higher than what was expected.

2.1.2 Unemployment

Whereas figures based on the European Labour Force Survey point at a stable level of unemployment, an upward trend is visible from 11.9% in 2004 to 12.5% in 2005 if one uses the Belgian administrative figures provided by the National Employment office (Vranken et al. 2005, p.352). The highest unemployment rate was observed in Brussels (21.2%) followed by the Walloon region (18%). Flanders displays the lowest unemployment rate (8.2%). We confine the discussion to the main trends observed over the past year and which we consider to be of relevance for the NAP/Inclusion.

Long term unemployment

In 2005, 60.5% of the unemployed persons had been unemployed for more than one year. This is a high share and it has not shown a decreasing trend. The risk is higher for low-educated people, 27.5% of the long-term unemployed hold no more than a primary school degree. A higher education protects better against long term unemployment, 7.7% of the long term unemployed hold a degree of tertiary education. This share of highly educated amongst the long term unemployed shows an increasing trend (Vranken et al., 2005, p.355) based on administrative figures. As a % of the working age population, the long term unemployed accounted for 3.8% in 2004, an increase of 0.2% compared to 2003. Belgium remains below the EU25 average of 4.1% in 2004. According to the Labour Force Survey, the figures for long term unemployment are lower than those based on administrative data. Flanders has the lowest share of long term unemployed (42.6%) followed by Brussels (57.1%) and the Walloon region (58.1%).

Table 1 below gives an overview of the long term unemployed amongst the unemployed by region, sex and age. To obtain a breakdown by region, an alternative data source was used than the administrative source that was used above. The figures in the table are based on the Belgian Labour Force Survey (Arbeidskrachtenenquête) and refer to the share of long term unemployed in the overall unemployed population defined as in the ILO definition.

Table 1. Share of long term unemployed in the overall unemployed population in Belgium by region (ILO definition)

	Belgium	Flanders	Wallonia	Brussels
Males 15-64	52,0	38,5	59,6	59,5
Females 15-64	52,0	46,4	56,6	53,8
15-24	29,2	18,9	36,0	n.a.
25-49	57,2	46,6	65,0	59,3
50-64	73,1	68,0	78,3	79,8

Source: NIS, LFS, calculated by WAV ¹

Flanders is the only region where women are more likely to be long-term unemployed than men. In the Walloon and Brussels region we find less women than men who are long term unemployed. The breakdown by age shows that the risk of long term unemployment is highest for the age group 50-64. The same pattern is observed in all regions.

Youth unemployment

The share of people younger than 25 amongst the unemployed shows a decreasing trend since 2003 and was 16.4% in 2005. There has also been a decrease of the number of unemployed aged 25-40. As a share of the working age population, the Belgian score of 7.5% for youth unemployment is lower than the EU25 average of 8.3%; but both the Walloon region 10.7% and Brussels 9.9% score above the EU average. It is the youth unemployment rate of 5.2% in Flanders that contributes to the low Belgian average. (NIS based on Labour Force Survey and recalculated by WAV) ² It is possible that the stricter control on search behaviour (see section 3.1) has helped to decrease the number of unemployed in these age cohorts, but it is difficult to disentangle the effects of the increased control from the economic climate. For women, the unemployment rate in the age group 16-24 was 22.4%, this is slightly higher than the youth unemployment rate for males (20.2%) in the same age cohort.

Low employment amongst immigrants

Surprisingly, both the NAP/Inclusion and the implementation report remain rather silent about the employment situation of migrants, which make up for 8.2 % of the Belgian population (NIS 2003)³. The table below illustrates the disadvantage of non-EU migrants in the Belgian labour market. A study by Tielens (2005) for Flanders revealed an even more disadvantageous situation for Turkish and Moroccan migrants.

¹ <http://www.steunpuntwav.be/steunpuntwav/view/nl/76779> (accessed 24/05/2006)

³ This figure does not include migrants who naturalised to Belgian citizenship.

Table 2: Employment rates (%) (15-64) in Belgium by Region (2004)

	Belgium	Flanders	Wallonia	Brussels
Belgians	61.4%	64.9%	56.2%	55.9%
EU citizens	56.9%	58.1%	52.4%	63.2%
Naturalised migrants		51.7%*		
Non EU citizens	36.6%	36.4%	30%	40.2%
Turkish/Moroccans		29.2%*		

Sources: High Council for Employment (2006: 36) based on data from the National Institute for Statistics based on the Labour Force Survey

* adapted from Tielens (2005)

2.2 Challenges in the field of poverty and social exclusion

2.2.1 Income poverty

The first results of the SILC 2004 survey indicate that 14.8% of the Belgian population faces an increased risk of income poverty. This poverty rate is calculated using the 60% of the median disposable equivalent income poverty threshold. This national figure hides important regional differences. Looking at the regions separately, Flanders displays the best result with 11.3% of its population being at risk for poverty, for the Walloon region this figure amounts to 17.7%. The result for the Brussels region was not reliable due to a too small sample. These regional differences are worth mentioning, because certain policy areas that affect social inclusion are decentralised in Belgium. The break with the earlier poverty rates based on the ECHP makes it difficult to assess whether or not there has been a real increase of poverty in Belgium. Figures about the use of food banks point toward an increased use of this service but it is difficult to determine whether this increased use is a consequence of a genuine increase in deprivation.

Putting the overall poverty risk in a comparative European context (data from ECHP and for 2001), we find that Belgium occupies a middle position and remains just below the EU15 average (Bardone & Guio, 2005).

Certain groups which were already identified in the NAP/Inclusion face a greater risk of poverty: Older persons aged >65, persons living alone, single parent households, especially those headed by women. Poverty cuts along gender lines, with Belgian women being more at risk than their male counterparts. Single parent families headed by women also display a high poverty rate in the recent SILC 2004 results.

The importance of social transfers for the alleviation of income poverty is obvious when we compare the share of poor persons prior to transfers (38%) with the share of persons that remains poor after social transfers (13%). The latter poverty rate is significantly lower. Belgium scores slightly better than the EU15 average on this indicator (ECHP results 2001)⁴. For 2004, the SILC results display poverty rates of 42% before, and 14.8% after social transfers. This means a poverty reduction effectiveness score of almost 65%. Due to the change in survey methodology, these figures are not entirely comparable with the figures for 2001, which were included in the NAP/Inclusion 2003-2005 and can therefore not inform us about a true trend.

⁴ <http://www.mi-is.be/Diensten-Services/NAP/HTML/NL/Indicatoren>

In recent years, Belgium has made significant efforts to increase the level of a set of minimum benefits in order to increase the purchasing power of persons and households for whom these benefits are the main source of income. Despite these efforts, the subsistence income still remains below the poverty threshold, which makes the group of people who have to rely on it very vulnerable.

2.2.2 Undocumented migrants

In recent months, Belgium has witnessed several manifestations and actions to demand better conditions for 'people without papers'. A national campaign "Hope for papers" has been launched by the Saint-Egidius community and has gained support from many other organisations. In the first half of May, the mobilisation has culminated into a straight conflict between the Catholic Church and the public authorities. Twenty-five buildings, including mainly churches but also mosks, a Bishop's palace and even the headquarters of a political party are hosting groups of 'occupiers' – some of whom have engaged in a hunger strike. Several thousands of undocumented immigrants have 'registered' on a list of candidates for regularisation.

Many of the people without papers have already been living in Belgium for more than three years and are fairly well integrated. Nevertheless, several of them still live illegally in the country because their application for recognition as refugee has been turned down. Others are still awaiting a response from the administration. The procedure has been criticized for being extremely slow. Besides advocating a new collective regularisation⁵ for part of this group, the protesters also point to the poor living conditions, the lack of access to services and exploitation by rack renters or employers (often in the domestic sphere) of this group. The social rights of undocumented migrants are very weak, which makes them an excluded group in many areas – sometimes openly and officially. The recent developments suggest that it is urgent to tackle their problems at a political level and to start paying attention to this group from a perspective of social inclusion policies as well.

Until now, asylum seekers whose application was deemed admissible were still entitled to social assistance benefits. In the wake of the church occupations by people without papers, the Government announced that in the future, asylum seekers will receive aid only in kind until their formal recognition as refugees. The measure partly aims to avoid that municipalities just support them in cash on condition that they rent a home elsewhere; another motivation, according to some politicians, is to 'make migration into Belgium less attractive'. Since 2005, asylum seekers are assigned to 420 municipalities, this measure was aimed at a better distribution of asylum seekers across the 589 Belgian municipalities. Prior to the reform, the number of municipalities receiving asylum seekers was limited to 120. Many municipalities confined their support to asylum seekers to assistance in finding housing... in another municipality. The government had to elaborate financial disincentives (through reduced reimbursement rates⁶) to counter such practice.

⁵ The previous regularisation campaign took place in the period 2000-2002

⁶ Municipal social services used to get full reimbursement of their social assistance to asylum seekers; in cases where clients do not live in the municipality that they were assigned to, the reimbursement rate was halved.

2.3 Social policy situation and new trends

The Belgian NAP implementation report 2005-2006 does not differ much from its 2005 predecessor. It basically offers an overview of the different measures that were introduced to achieve social inclusion and how/or whether these measures have been implemented. The strategic approach and objectives are basically the same as those that were set out in earlier versions of the Belgian NAPs/Inclusion. The last chapter of the report is an update or renewal of measures, compared to the 2003-2005 NAP/Inclusion. One objective that continues to play a key role is to increase the number of people in employment. This is achieved in different ways and activation has become a basic ingredient of the Belgian strategy. The second chapter of this report will look at activation of social assistance recipients in more detail. Besides employment, the NAP/Inclusion also includes measures with regard to income, education, housing, family, participation, culture and even justice, but the share of measures taken in these areas is more modest than efforts made with regard to employment. With regard to this, references to the Belgian NAP employment have been made, since there is of course an overlap between the two plans. The NAP/Inclusion implementation report focuses on employment measures that are primarily geared towards those most excluded/at risk in the labour market. In what follows, we discuss the most important updates for measures regarding employment and their implementation.

3. Key policy measures

3.1 Employment

Since integration in the labour market is seen as the essential pathway towards inclusion in other areas, it is not surprising that direct and indirect measures with regard to employment are predominantly present in the Belgian NAPs and NAP implementation reports and that they consequently overlap with the objectives and measures announced in the NAPs/Employment.

3.1.1 Continuing job creation in the social economy

One important measure to increase employment amongst the weakest groups in the labour market is the increase of the number of jobs within the social economy. A new agreement for the period 2005-2008 was concluded in order to create more jobs in this sector and to strengthen co-operation between the regular and social economy. In a comparative perspective, Belgium follows the path of subsidised job creation rather than putting emphasis on training and upgrading human capital (Melis 2006). As mentioned in our earlier reports, 'social employment' schemes have proved to reach the hard-to-place groups better, and to affect their employment and social inclusion positively. However, this approach needs to be supplemented with (more) training and education (Rubbrecht et al., 2005). We will return to this issue in Chapter 2. An evaluation commissioned by the Administration for Social Integration about the effects of activation measures for social assistance recipients in particular is currently being carried out. An important source of funding for the implementation of the activation measures is the European Social Fund. For the period 2000-2006 the budget was 69.1 million Euros.

The biennial report on Poverty highlights the importance of the quality of the available jobs and mentions in this regard the service vouchers' jobs. The report mentions that some actors in the field and researchers are doubtful that this type of job will serve as a springboard to better jobs (SLPPES, 2005b).

3.1.2 Tightened control of job search effort amongst the unemployed

Since July 2004, the unemployment scheme has been under change and now includes a stronger focus on support during the job seeking process, whereas at the same time the control on active job seeking is being intensified. The latter control mechanism is being implemented in different stages according to the age of the jobseekers. The measure was first implemented for the <30 and <40 year olds and will be further extended gradually. Evaluation interviews with this group have started. For unemployed persons younger than 50, the control system will be implemented from July 2006 onwards. A criticism of this intensified control (by some unions) is that the measure is targeted at the jobseekers only and that insufficient efforts are being made to increase the number of available jobs, which is necessary in order to absorb the unemployed. A first look at the results of the intensified control indicates that the job search amongst the unemployed is evaluated as 'sufficient' in 66% of the cases; in about 33% of the cases the job search effort is evaluated as 'not satisfactory' and an individual contract is concluded with the unemployed person in order to intensify his/her job search. After a period of 4 months, the situation is evaluated again: in 63% of the latter cases, the efforts are found to be sufficient. Almost 35% saw their rights to unemployment benefits affected as a consequence of a negative evaluation. For this group, a second contract is signed with again a follow-up after 4 months. If their job search behaviour still is insufficient, their rights to unemployment benefits can be permanently affected. The first evaluation of the increased follow-up by the National Employment Office (ONEM, 2005) showed a moderate positive effect (fewer people on benefits and an increased number of people in employment) but also pointed at the preliminary character of the evaluation. The biennial report on Poverty also refers to this measure and according to the stakeholders; there is need for a new and more elaborated evaluation of this measure in co-operation with the field (SLPPES, 2005b).

In the longer run, it is important to collect information about the employment situation of those who have been temporarily or permanently excluded from unemployment benefits. If they did not find a job it is possible that some jobless people have come to rely on the subsistence minimum, which is likely to imply an increased risk of exclusion. The extension of this measure to the 40-50 age group in 2006 is going to be an important test. This age group accounted for 23% of the unemployed in 2005 (WAV 2005, based on data from the National Employment Office). It fits very well in the approach to keep people longer in the labour force, but the question remains whether the demand side (i.e. employers) is able and prepared to absorb the older workers and whether reduced employer' contributions are a sufficient tool to improve this group's labour market perspectives. There is a clear trend toward an increased responsibility for the unemployed, but job search can only result in finding a job if enough jobs are available.

In the wake of the administrative simplification measures, the compulsory dole system was abolished in January 2006.

3.1.3 Tax-benefit measures to promote employment

With regard to employment, it is also important to refer to the efforts made to increase income from labour for the low-income groups. It is a well known fact that labour costs are high in Belgium (EC, 2005) and that this is a hindrance for job creation for the low-skilled. High employee contributions have negative consequences for people with a low income. Therefore Belgium has taken measures to lower the costs on labour on a general level with special measures targeted toward low-incomes. Lower social security contributions are combined with a tax credit for those earning a low wage. The system was renamed into a 'work bonus' in December 2004, when the tax credit was abolished. It is too early to evaluate the results of these measures, but this instrument is believed to have a positive impact on job creation. A higher net salary also forms a better protection against income poverty. The implementation of these measures was announced in the NAP 2003-2005 and has now been carried out. A further decrease of contributions will take place if the budget allows it. It is likely that past years' measures have helped to lower the high fiscal burden on low-income. Unfortunately the most recent data available are for 2003. The biennial report on poverty (SLPPES, 2005b) mentions in this regard that the net low wages have caught up with the evolution of the overall average wages.

3.1.4 The service voucher system

The system of service vouchers continued to be successful in 2005. More organisations were officially recognised to make use of the service vouchers and we have seen an increase in both the number of persons employed in this system and the number of users. The measure is especially popular in Flanders where the number of users climbed to 194.802 in February 2006, whereas the number service providers increased to 1156 (National Employment Office 2006). 61% of the providers is located in Flanders and amongst the users, 70% of them was residing in Flanders. Given the high number of users, the initial budget foreseen by the government for 2006 (385 million Euros) will be exceeded. The government needs to find an additional 200 million Euros to finance the success of this measure. Part of these additional costs is compensated for by fewer replacement benefits, and higher income tax revenues due to a decrease of the informal labour circuit. A new evaluation of the amount paid back was foreseen by April 2006. A previous evaluation of the system pointed at satisfaction amongst users and workers. Recently, the director general of the National Employment Office warned that, if the success of the service vouchers continued with an increased use in Brussels and the Walloon Region, the system would be no longer financial sustainable. The figures in the table below illustrate the success of the measure, the latest figures for April 2006 show a further increase in the number of users in all regions. The total number of users in Belgium amounts to 303.465, an increase of 9% compared to February 2006.

Table 3. Service vouchers: number of service providers and users by Region

	Belgium	Flanders	Wallonia	Brussels
Number of service providers	11,56	708	360	88
Number of users	275,284	194,802	69,191	11,291

Source. National Employment Office. Directie Statistieken-Publicaties, figures are from February 2006.

3.1.5 Specific measures for immigrants and ethnic minorities

The group of migrants can be seen as a part of the target group for a diversity policy, which was announced in the NAP 2003-2005. This policy is however geared toward a broader group than migrants alone. A specific strategy with regard to migrants is not explicitly present in the NAP/Inclusion. As we saw in section 2.1.2, their employment rates remain far below those of Belgians or EU migrants. The NAP/Inclusion 2003-2005 mentions an intensification of the fight against discrimination at recruitment, which should be beneficial for the group of migrants. The different regions were requested to set up action plans. An overall strategic approach with clearly described measures to tackle the employment problem amongst migrants is missing in the NAP/inclusion 2003-2005.

Flanders has taken up this issue amongst the priorities in its employment strategy for the period 2005-2008 (Flemish Action Plan European Employment Guidelines 2004). The plan stipulates that on a yearly basis 5000 vacancies will be sent first to job seekers from three vulnerable groups in the labour market. These groups are: unemployed persons older than 55, migrants and disabled persons. During three weeks these groups can be interviewed by the employer. Only when no suitable job candidate is found the vacancy will be publicised to other unemployed persons. The project is called 'Jobkanaal' and can be seen as a soft measure of positive discrimination. It is also worth to mention that the project is the result of a co-operation between the social partners.

As regards the Walloon region, non-EU residents who are legally residing in Belgium or who have applied for asylum can now also register at the employment office and participate in training. This type of measures is useful to prepare this group of migrants for the Belgian labour market and should facilitate their access.

3.1.6 Facilitating access to employment by providing day care and leave facilities

With regard to facilitating the combination of work and family life, it is worth noting the efforts made for the provision of child care. The fiscal deductibility of child care costs was extended to children up to age 12 in 2005. Prior to this reform this fiscal rebate was only valid for children younger than 3 and therefore principally directed at children in day care. The extension to older children broadens the scope to other recognised types of after-school care or care provision during the school holidays periods and also offers parents of children at school age a financial support. Despite the attractiveness of this measure, low income households will not benefit much from this deduction since their taxable income is sometimes so low that they do not have to pay taxes. Consequently, they cannot benefit from the deduction of childcare costs. The biennial report on poverty (SLPPES, 2005b) therefore suggests alternative measures that compensate for these deductibility measures.

By doing so, the gains for low income families will be higher than what they are under the current measures. Increasing the quality of day care provisions would be of greater benefit for low income families. The report also stresses that day care is not just a matter that supports and is directed at working parents but that it should be seen as an instrument of support for all families with children.

Flanders committed itself to widen the access to day care in the period 2005-2009 with a range of measures targeted at low-income families. The Walloon Region plans an increase in the number of day care places, as well as an extension of the means-tested contribution scheme.

In Brussels a second 'Maison des enfants' was founded with support from the ESF. It provides day-care at attractive rates for parents who are unemployed, during the recruitment process or training.

Looking at the number of day care places per 100 children younger than 3 years, Flanders, with 34.6 places per 100 children, already exceeds the European target of 33 places. For the French Community the number is significantly smaller, 24.9 per 100 children; but the number has been increasing steadily since 2001⁷.

Provision of day care is mainly seen as a measure to achieve equal employment opportunities between men and women. Consequently, creation of more day care and more flexible day care can be helpful to raise the employment rate amongst women, which still is lower than that of men and also lags behind the European objectives. The very low employment rate of low educated women is mainly responsible for this gender gap in employment rates.

One may wonder if increased day care and parental leave possibilities are sufficient to achieve equal employment opportunities between men and women. It surely helps to facilitate the combination of work and family life, but if one looks at the take-up rates for parental leave and other forms of leave, one sees that women make much more use of these schemes than men. Almost 71% of the persons who make use of a leave scheme are women (National Employment Office 2006). Despite the fact that these leave periods are taken into account for the calculation of social benefits, career interruptions result in a more vulnerable position in the long run (pensions) or in case of a marital break-up. The existing day care provisions are not always accessible for specific groups such as women with irregular working hours or single mothers. The biennial report on Poverty suggests that additional efforts be made for these groups.

From a gender perspective, it is also important to direct attention to education and women. Increasing the educational skills amongst women contributes to the eradication of the gender gap in employment. This is true for women in general but will contribute to the employment rates of migrant women as well.

Disabled people are entitled to subsidies that to some extent compensate for their lower productivity. In 2004, 5401 persons made use of this measure in Flanders and 3039 in the Walloon region in 2003. There are also training facilities to foster the access of this group to the labour market. The results of this provision are encouraging. A specific training within an organisation is the most successful measure, in the Walloon Region, 61.4% of the handicapped who participated in this measure were subsequently hired by the organisation. In the public sector, there are quotas for the

⁷ http://www2.vlaanderen.be/ned/sites/werk/documenten/euro_vmi_12102005.xls

number of disabled persons that should be hired. Unfortunately, the quota are reached almost nowhere (FOD Wekgelegenheid, Arbeid en Sociaal Overleg 2005).

3.2 Health care

3.2.1 Access to health care

Living on a low-income makes it difficult to pay for health care. At the same time, there is also a correlation between low-income and poor health. Therefore, it is important to address the issue of health and health care in a discussion about social inclusion. Meanwhile, the results of the Belgian Health Survey, announced in the NAP, are available and show that access to health care is far from straightforward for people with low-income. The survey confirms earlier findings that their health is often affected by their socio-economic situation. The results of the 2004 edition of the Belgian health survey indicate that low-income households spend a larger share of their income on health care and are more likely not to be able to afford the care they need. Consequently, they are more likely to postpone medical treatment due to insufficient financial means.

On average, 10% of the Belgian households had to postpone medical care. Among households with an equivalent income that is less than 750 Euro a month, the corresponding proportion is 19%, for households with an equivalent income of more than 2500 Euro, the share is only 2%, a clear indication that medical consumption is income and cost sensitive. 56% of low-income households find it difficult to pay for health care with the budget they have. One-parent families are almost 3 times more likely to postpone medical care (29% versus 10%). The share of persons that have to postpone medical care has been stable over the years, despite numerous changes in the Belgian health insurance. Parallel with improvements in the accessibility and the protection of large consumers, the control on the budget for health has become more stringent, which has resulted in a decrease of the reimbursement of medication and medical treatment. There are also important differences between the regions. In Flanders, the share of persons that have to postpone medical care is 5%, in Brussels this is 17% and in Wallonia 16%.

Despite a high quality health care system which is universally accessible, the results of the Health Survey 2004 indicate that low-income households still have more difficulties to afford health care. It is important to take this into account when future decisions about health care and its costs are made. The implementation of the maximum health bill was a good measure to protect lower-income households but the maximum threshold of 450 Euro that needs to be paid may be still too high for people with very modest incomes.

Access to health care is also a problem amongst the homeless, and increasingly becomes a problem amongst illegal residents. The latter problem occurs most in Brussels. Therefore, it is not surprising that the implementation report mentions the increased efforts made by Brussels to improve access to health care for this group. The effects and outcomes of these efforts, which were announced in the NAP /Inclusion 2003-2005, are not well documented in terms of outcomes in the monitoring system. It is also important to note that information about the health situation of this group is not captured by the official statistics either.

Just like for employment, there is also a growing emphasis on personal responsibility in the health area. This may generate difficulties for the weaker groups since they often lack the resources to buy

ingredients for a balanced meal, or have to live in housing that is inadequate and consequently can have a negative impact on their health.

3.2.2 Mental health care

In Flanders, a campaign was launched with regard to the prevention of suicide and to raise awareness about problems related with depression. In the latest Health Survey, 8% of the Belgian population claimed to have depressive feelings; this share was higher amongst people with a low education or who have a weak socio-economic position. For this reason, there have been contacts with organisations that represent these weaker groups prior to setting up the campaign.

The Walloon region established a platform for the ethno-psychiatry of newly arrived refugees. This project was funded by the European refugee fund. The aim is to acquire better insight into the conditions in which they receive aid to deal with their traumas after they have arrived.

3.2.3 Preventive screening and sensitisation

Another target in Brussels and Flanders is to reach a larger number of women for a screening for breast- and cervical cancer. The Walloon region continues to focus on sensitisation campaigns with regard to cancer, AIDS and TBC.

3.3 Housing

3.3.1 Insufficient social housing to cover existing needs

Another area which was addressed in the Belgian NAP/Inclusion, but in a much more limited way, is housing. It is a policy area where the responsibility is shared by the different levels of government. A principal feature of the Belgian housing market is the high level of home ownership (74.4%⁸). It is also this type of housing that is supported most by the fiscal policy, through tax rebates on mortgages. The rental and social housing market occupy a small share in the Belgian housing market. The latter accounts for 5.2% and is insufficient to meet the high demand for social housing. As a consequence, persons with limited financial resources have a hard time finding adequate and affordable housing. They often pay high shares of their income for housing that often lacks basic comfort. It is a problem that is emphasised by several organisations. The need for more social housing in Belgium is a well-known problem; however, building additional social housing is not only an expensive exercise, it is also an approach that requires time - which is problematic given the growing waiting lists for social housing. Flanders committed itself to build 3000 additional social housing units on a yearly basis (NAP implementation 2005-2006). Brussels - where the need for social housing is even more acute - also announced additional efforts to improve the existing social housing. An advising committee on housing, which is the official advisory organ of for Brussels, has recently recommended to examine the opportunity of introducing a housing subsidy for large families and families an income equal to the minimum income.

⁸ NIS

In the Walloon Region, the plan HP (habitation permanente) is targeted toward the group of persons that voluntarily or involuntarily live on camping sites. The aim is to provide these people with a new dwelling at an affordable price. Families with children are given priority. Measures have also been taken to improve the quality of dwellings in social housing as well as in the private rental market. There is also support for alternative forms of housing such as community housing.

Table 4: Number of social housing units (rental) in Belgium by region

	2000	2001	2002	2003	2004
Brussels	38,646	38,870	n.a.	38,841	38,870
Flanders	129,575	130,962	130,962	133,253	135,793
Walloon Region	100,911	101,388	102,045	102,621	103,107
Belgium	269,132	271,121	n.a.	274,715	277,770

Source: Administrative data from the regions

The figures above indicate that the number of social housing units has increased rather modestly and not sufficiently to absorb the people on waiting lists, whose number continues to increase.

The biennial report on Poverty also points out that a large share of the social housing is located in the poorer municipalities whereas the rich municipalities are often more reluctant to invest in social housing. The report demands more solidarity between municipalities in this regard. Another problem is the lack of suitable and affordable housing for large families; more social housing type for this family tip is desirable.

Another, probably faster way to improve low-income persons' housing problem is a housing benefit/rent subsidy. Most countries have this type of benefit, but in Belgium this type of benefit is only available for the group of elderly and disabled people who move from not adapted housing to housing adapted to their needs. People who receive the subsistence income can also receive a contribution for their housing costs, but this is housing benefit targeted at those with a low income and not a universal housing benefit.

The Flemish Minister of Housing introduced a new social housing decree with some controversial elements. One condition for access to social housing is a sufficient knowledge of Flemish, if this knowledge is absent, the tenant will have to attend language courses. This measure is targeted in particular at new applicants, but also unemployed persons living in social housing have to demonstrate their willingness to learn Flemish. The language requirement is seen as a measure that should facilitate communication between the social housing companies and their clients

There has been criticism on this language requirement. According to grassroots organisations and some political parties, the linkage between the right to housing and the willingness to learn Flemish is inappropriate and does not contribute to a solution of the problem of shortage of social housing. The Antwerp regional institute for community action (RISO) also warns that this measure will make access to social housing more difficult for migrants and people with low income. It is once more an indication of the tendency to link basic rights to obligations. This is not necessarily a bad strategy but it can be very difficult for the most vulnerable groups to meet these requirements and this can result in an even more severe exclusion for these groups.

A more popular measure in the decree is the possibility to enhance participation of social renters in the decision making process in social housing matters. This is also a measure that is introduced by

the federal government in the general rental market. Three pilot projects have started (in Brussels, Gent and Charleroi) where rental commissions were established in order to deal with issues in the rental market on a voluntary basis.

In July 2005, the Inter-Ministerial Conference on Housing established a number of working groups to deal with different aspects of the housing problem. These groups started their work in September 2005 and are currently dealing with issues such as discrimination; better access to the rental market for all, new forms of housing, etc. Grassroots organisations have been consulted prior to the Conference. At the time of writing, we are waiting for the conclusions of the working groups. It is likely that the Inter-Ministerial Conference will meet in the very near future to discuss the first findings and results of the working groups.

3.3.2 Support for high energy bills

Due to the very high oil prices, the costs for heating increased steeply. This is not without consequences for household budgets and not in the least for those who have limited financial resources. Therefore, the government has decided to offer all households a reduction by asking for a reimbursement of the VAT paid on the purchase. For people with low income or who are entitled to an increased sickness or disability benefit, there is a social gas oil fund which is administered by the public centres for social welfare.

The period 2004-2005 was the first year in which the 'social gas oil fund' was operational. Surprisingly, the public centres for social welfare only paid heating benefits to 93 persons. The main reason for this low number of beneficiaries was the price threshold set by the Government and the oil price only exceeded this level during just a few weeks. For 2005-2006, the income level was set higher and the minimum price for oil that needed to be achieved was set at a lower level (0.40 Euros) compared to 0.45 in 2004-2005. It is expected that this should help to reach more people (200.000) (VVSG 2005)⁹.

3.3.3 Homelessness

Data on this form of exclusion is scarce and not up-to-date either. The latest figures for Flanders are from 2004. Compared to 1982, they point to a feminisation of homelessness (18% of the homeless in 1982, 33% in 2002 and 35% in 2004 were women).¹⁰ For Brussels and the Walloon region, we do not dispose of any similar figures.

An increased number of people with debts are homeless. Homelessness amongst the migrant population increased as well. This is partly a consequence of migrants' weak economic situation, which increases their risk for homelessness. Data based on care provided to homeless by CAW¹¹ report 27% of non-Belgians amongst persons who received help in relation to homelessness.

Since 2003, the public centres for social welfare are responsible for the homeless people on the territory of their municipality. The centres receive a full reimbursement of the social assistance

⁹ <http://www.vvsg.be/nl/welzijn/welzijn/ocmw-dienstverlening/stookolie.shtml>

¹⁰ statistics collected by the Resource Centre of Flemish private social services (CAW)

¹¹ Autonomous (private) centers for social work

benefit during one year from the federal state when they manage to put an end to the situation of homelessness. The latest figures for 2004 show that the number of persons for whom the centres received a reimbursement increased from 528 in June 2003 to 974 in 2004 (Administration for Social Integration in Vranken et al., eds., 2005: 336). Their number was highest in Wallonia (53.0%), followed by Flanders (31.7%) and Brussels (15.3%).

Another measure that was introduced to tackle homelessness is a one-off financial aid for the homeless person who finds housing. Prior to August 2004, only the homeless who received social assistance were entitled to this benefit. The benefit was extended to homeless people who are receiving other replacement benefits or who were below a well-defined income threshold. The figures for 2004 show that 1712 persons received this benefit, with 50.0% of the recipients in Wallonia, 32.8% in Flanders and 17.2% in Brussels. (Administration for Social Integration in Vranken et al., eds., 2005: 336)

In order to disseminate information about these measures targeted at the homeless, the Administration for Social Integration launched an information brochure describing all types of help that they can receive.

It is difficult to make an assessment of the impact of these measures for the homeless as information about the number of homeless people is scarce. According to the latest Feantsa report, Belgium has 17.000 homeless people (De Decker 2004), This means that approximately 10% of the homeless population benefited from the housing support targeted at them.

3.4 Education

3.4.1 Initial education

Despite efforts to prevent social exclusion through school dropout, the number of persons who leave school without completing secondary education is on the increase. Whereas this number showed a decreasing trend for the period 1999-2004, recent figures for 2005 suggest a reversal of the trend at the national level. The increasing trend is mainly observed in Flanders and Brussels. More men than women leave school without a degree (15.3% versus 10.6%). Compared to 2004, the gap between men and women decreased and this trend is very visible in Brussels, where the difference between men and women is 1.5%. Despite the increase, Belgium remains below the EU25 average of 15.7% (Labour Force Survey 2004). Nonetheless, this increase is worrying, especially since one of the Lisbon objectives is to reduce unqualified school-leaving substantially by 2010. A similar objective was included in the NAP/Inclusion 2001-2003. The figures show that more powerful measures will be needed if the objective of maximum 10% of early school leavers is to be achieved.

Table 5: Early school leavers - figures relating to second trimester of the year (1999-2005) (a)							
Belgium	1999	2000	2001	2002	2003	2004 (b)	2005
Total	15,2%	12,5%	13,6%	12,4%	12,8%	11,9%	13,0%
Men	17,7%	14,8%	15,0%	14,9%	14,7%	15,6%	15,3%
Women	12,7%	10,2%	12,3%	9,9%	10,8%	8,3%	10,6%
Brussels	1999	2000	2001	2002	2003	2004 (b)	2005
Total	21,6%	22,6%	18,0%	21,8%	18,9%	13,8%	16,0%
Men	22,4%	27,5%	21,0%	26,3%	22,8%	17,5%	16,8%
Women	20,9%	17,8%	15,2%	17,8%	15,1%	10,7%	15,3%
Flanders	1999	2000	2001	2002	2003	2004 (b)	2005
Total	13,8%	10,5%	11,1%	10,7%	11,3%	10,1%	12,2%
Men	16,9%	12,6%	11,0%	12,6%	13,6%	12,7%	14,9%
Women	10,7%	8,3%	11,2%	8,7%	8,9%	7,6%	9,4%
Wallonia	1999	2000	2001	2002	2003	2004 (b)	2005
Total	15,8%	13,0%	16,8%	12,9%	13,5%	14,5%	13,3%
Men	17,7%	14,9%	20,5%	15,9%	14,1%	20,1%	15,5%
Women	13,9%	11,2%	13,2%	9,6%	12,9%	8,7%	11,0%

(a) Definition of "early school leavers": the share of persons aged 18-24 who do not have a degree of upper secondary education and who are no longer in education or training.

(b) Due to a change of the definitions in 2004, the figures are not entirely comparable with the previous years.

Source: FOD Economie - Algemene Directie Statistiek, Labour Force Survey (adapted)

In order to reduce the school-related expenses of households, the Flemish government provided a bonus for pupils in vocational and technical education, with the aim of covering the cost of expensive equipment (for instance kitchen utensils for cooks).

In relation to school expenses, the biennial report on Poverty (SLPPES, 2005b) makes a case for making compulsory education entirely free of charge. It also suggests to grant scholarships automatically to those who are eligible, in order to reduce non take-up.

The Walloon Region provides additional support from volunteer university students to students in the second and third grade of the secondary education, with the aim of preventing early school leaving. Some of these university students have a migrant background.

3.4.2 Lifelong Learning

As mentioned in an earlier report (Nicaise 2005) no genuine lifelong learning strategy has been included, and measures with regard to education are scattered across different sections in the NAP/Inclusion. Participation in training amongst adults for the most part reaches already well-educated persons (16%), whereas the participation rate of low-educated adults - who could benefit most from training and courses - amounts to no more than 3.2%. Admittedly, this is an improvement

compared to 2002 when this share was only 2% (NAP/Inclusion 2003-2005) but the participation rate of highly educated groups simultaneously increased by 5 percentage points compared to 2002. The measures taken do not always seem to have the largest impact on the target group of the low educated. With 8.6% of all adults participating in education, Belgium remains below the EU25 average. Flanders conducted a campaign in 2005 '*Become whatever you want to be*' to stimulate and promote life long learning.

The French community's Action programme for the promotion of Equal Opportunities and Social Inclusion emphasises the role and importance of knowledge for achieving social inclusion. The project 'espaces citoyens' offers support to municipalities that make their infrastructure available for inhabitants and weaker groups. This is a good way to raise the skills of these groups and to remove obstacles to participation. The programme to support weaker groups in obtaining a driving licence in the Walloon region can also be seen as a measure to promote lifelong learning and raise the chances for jobs. This measure was extended and now also includes men. There is also support for organisations that provide language and literacy courses to newly arrived immigrants.

3.5 Increasing the participation of all actors

At the national level, the 10th Anniversary of the General report on Poverty in 2005 gave renewed impetus to the public debate about poverty and anti-poverty policies. Meetings with relevant stakeholders have been held in the 10 Belgian provinces and Brussels. The discussions in these meetings have also informed the biennial report on Poverty that was presented in December 2005. In 2006, this report will be discussed by the different governments and is likely to serve as an important source of input for the next NAP/Inclusion. Nevertheless, compared to 2005 the intensity of the public debate about poverty has somewhat decreased.

The Inter-Ministerial Conference on Social Integration is the main instrument to gather the different political actors that are involved in the fight against social exclusion. This channel is also used to disseminate the biennial report on Poverty to the governments of the regions and communities in Belgium. This Poverty report is the output of work and consultations of the Resource Centre for the fight against poverty. Grassroots organisations and people living in poverty have high expectations from the political actors. The follow-up of the latest biennial report has been much more active than with the previous reports.

The special task force, entrusted with the preparation and follow up of the NAP/Inclusion, and consisting of two working groups (the actions group and indicators group) are still in place and the former now also involves participation of different levels of government, public bodies as well as private service providers, grassroots organisations and research institutes. It was also decided that the (extended) working group actions should focus more on strategic issues. For example, thematic sessions have been organised about the private housing market, labour market integration of immigrants, and child poverty.

Both groups report to the Inter-Ministerial Conference for Social Integration. As for the dissemination of information about the NAP/Inclusion, national colloquia will be organised once every two years.

As regards associations of people living in poverty, they express themselves mainly through the biennial report on Poverty. As a consequence, their opinions and priorities are reflected in the report. This is also why the content of the report does not always emphasise the same measures as the NAPs/Inclusion, but that it is more oriented toward the actual problems, needs and experiences of the people living in poverty.

The *Brussels* report on Poverty is also based (partly) on consultation with organisations representing people living in poverty. The Observatory for Health and Welfare in Brussels, which is responsible for this report, has conducted an evaluation about the participation of these organisations. Evaluations of this type are important to improve the different channels of participation. This report was also announced in the NAP implementation report 2005-2006.

In order to encourage participation of all local actors and stakeholders involved in social policies, *Flanders* launched in 2004 a decree entitled 'Local Social Policy'¹². Efforts have been made to motivate different actors, including persons living in poverty, to participate in the planning activities, which took place in 2005. The main objective of this initiative is to achieve a better co-ordination of the activities at the local level and to grant citizens better access to their social rights. The latter is important with regard to social inclusion, since too often people lack access to health care or housing or do not claim the benefits to which they are entitled. To this end, the decree on Local Social Policy involves the creation of a 'Social House' in every municipality by 2007. The 'Social House' should play an important role in informing citizens about available services, and this should contribute to more people claiming their rights. The 'Social House' has an informative role and can also redirect citizens to the relevant authorities. The impact of this measure for the most vulnerable will depend a lot on the information campaign: if the most vulnerable are not reached, the potential to help them will be seriously reduced. The participation of organisations that represent poor people in the preliminary stage can help to overcome this problem.

With regard to the participation of local actors in the *Walloon Region*, it is worth to mention the long-range Plan HP in the Walloon region. This plan entered its second stage in January and 33 municipalities are participating in the project. The plan is targeted toward people who are permanently living on camping sites. The aim is to find alternative housing for them or to regularise the situation in which they live. The plan was mentioned as an example of good practice in the NAP implementation report. Another important feature of the plan is that it is based on voluntarism; relocation can only take place if the inhabitant accepts the solution offered by the municipality.

The project 'Relais Sociaux' in the Walloon region also involves the active participation local partners. Municipalities can apply to be recognized and consequently receive a subsidy.

¹² Lokaal Sociaal Beleid

4. Monitoring of the implementation of policy measures

Since June 2005, the monitoring system that was announced in the NAP 2003-2005, has at last become accessible for the public. This was a step forward with regard to the dissemination of the Belgian NAP/Inclusion and its implementation. Despite the good intentions and efforts made, the monitoring system, which aims to provide up-to-date information on 23 follow-up items for each of the 300 measures, contains sometimes only scattered information. As a consequence, its usefulness for evaluation of the implementation can somewhat be questioned. Wherever information is available it basically refers to the reference in the NAP and the objective that is pursued with the measure. In most cases, the contact person and the minister in charge are mentioned as well. With regard to follow up, further actions or the budget resources information is often missing; nor is there any information about the impact of the measures on migrants, women, and the number of socially excluded persons that were reached by the measure. For the NAPs/Employment, the monitoring system seems to work better, the system is more up to date and complete compared to the monitoring system of the NAP/Inclusion. Problems with the software programme prohibited access to the monitoring system recently and these problems may also have hampered the updating of the information.

5. Main policy changes in 2005-2006

5.1 The Generation Pact

The main social policy reform in Belgium in 2005 was undoubtedly the Generation Pact. Prior to the vote in Parliament in December, the announcement of the Generation Pact was cause of considerable social turmoil with a 24 hours strike held on October 28th. After negotiations between the government and the social partners, minor adaptations were made to the Pact and the Pact was approved by the Parliament in December.

Many of the policy reforms that are announced in the Generation Pact can be seen as a contribution to the modernisation of the Belgian social protection system, directed towards its sustainability. These changes also fit nicely in the NAP/Inclusion and exemplify the linkage between social protection and social inclusion.

In what follows, the main features and implications of the Generation Pact are discussed. They can be summarised as follows: more jobs for young people, keeping older workers longer in the labour force and working towards a sustainable and affordable social security system. Despite the good intentions, it remains questionable what the impact of the Pact will be. With regard to the early retirement schemes, most measures will only be implemented in the longer run and the Pact also includes numerous exceptions. These two elements are likely to reduce the overall effect of the Pact. Another question that can be raised is whether these measures should not have been introduced much earlier and whether the Generation Pact is sufficient to tackle the problems.

5.1.1 Keeping elderly workers longer in the labour force

An ageing population urges policy makers to take policy measures that allow the social protection systems to remain financially healthy. An ageing population implies higher costs due to more pensions that need to be paid, as well as increased health and care costs. If the ageing of the population is not accompanied by an increase of employment of younger age cohorts, the financial consequences can be considerable. This is why measures to keep elder workers in the labour force, while at the same time promoting the employment of young people, are important.

The Generation Pact implies a reform of the Belgian system of early retirement. Belgium has a very low share (30%) of older (54-65) workers who are still in the labour force. The EU25 average was 41% in 2004. Despite the steady increase of this rate over the years, in 2001, it stood at 25.1%; the Lisbon objective of 50% in 2010 is still 20 percentage points away. The (generous) early retirement schemes, which allowed persons to leave the labour market at 58 (55 for some sectors) are seen as an important contributor to this low rate. It is also worth to note that these early-retirement schemes were also systematically used by private companies to lay off redundant workers when economic difficulties were experienced. From 2008 onwards the official early retirement age will be increased to 60 years and will require an employment history of 30 years, in 2012 this will be increased to 35 years. For women, an employment history of 26 years will be required for early retirement in 2008 and the number of years will steadily increase until it reaches the same level as the required level for men. People employed in laborious jobs will be exempted from the 60 years rule, as well as persons with a long career. For the time being working in shifts is considered to be a laborious job; a detailed list of laborious jobs will be composed by the social partners in the National Labour Council.¹³

In recent years, other measures have been implemented to keep elderly workers longer in the labour force. The access to 'time credit' is a measure that was designed to reduce work stress. Workers older than 50 have the right to reduce their working hours by 1/5. In the Generation Pact, the possibilities for elderly workers to make use of a time credit have been extended. From 2007 onwards, the ceiling of 5% of the personnel using time credit is no longer applicable to the 55+ group. The age threshold for the right to time credit has been raised from 50 to 55.

5.1.2 More jobs for young people

At the other end of the continuum, the Generation Pact also foresees in a range of measures to increase job-opportunities for young people, which is no luxury in view of the level of youth unemployment. The Flemish measures taken to combat youth unemployment seem to be successful, the number of young people without a job decreased. There is an important discrepancy between persons with a low educational level and those with a high level of education, the latter display an unemployment rate of 2.7% compared to 9.7% for persons with a low level of education. Despite the positive trend, the number of young people that is receiving a social assistance allowance has increased dramatically in some municipalities. Actions were taken to combat this situation. After a period of consultancy and talks between the municipalities, the regional employment offices and the public centres for social welfare, a 2 year action plan was targeted at <25 year olds in order to lower their dependence on social assistance benefits. Ministers of Work have introduced partnership agreements between municipalities, municipal social services and

¹³ Nationale Arbeidsraad

regional employment offices and other social actors. The question here is whether these partnerships will work out. This type of partnership was already introduced to increase employment of persons on social assistance; the centres for social welfare can receive an additional 500 Euros per client who finds a job through this partnership.

5.1.3 A new social contract for a sustainable social security system

There will be a continuation of the reforms aimed at lowering the high fiscal and (para) fiscal burden on income from work. Belgium scores high in this regard in a European perspective and this is even more so for the lower paid jobs¹⁴ (EC 2005). Consequently, the government has taken measures to lower the fiscal burden in order to shape new jobs. The measures announced in the Generation Pact are mostly a continuation of the earlier policies. Special attention is once more devoted to younger and older workers: a lowering of social contributions for the employer is the main measure used to encourage the employer to keep older workers in the workforce.

5.1.4 New ways of financing the social protection system

Since 2005, the share of alternative financing from VAT was increased and for the financing of the health insurance, revenues from excise taxes on tobacco products have been used. It is the objective of the Government to increase the contribution of these types of alternative financing to the social expenditure. The pact remains very vague about the content of this alternative source of financing. Incomes from personal income tax another source of financing which amounts to 430 million Euros in 2006.

The Generation Pact was cause of considerable social unrest in the fall of 2005; nevertheless the plan was approved in Parliament in 2005. Most of the measures announced will only be implemented in the years to come.

5.2 Compulsory health insurance for small risks for self-employed starters

A category of workers that is less protected by the Belgian social security system (compared to employees) is the self-employed. Over the years the Belgian government has made efforts to improve this situation and to offer them a better protection. From July 1st 2006 onwards, the insurance for 'small health risks' becomes compulsory for persons who start self-employed activities. This insurance will be free of charge during the first 18 months. This measure will be extended to all self-employed persons from 2008 onwards. This measure is a step forward for a better coverage of this group. Until now, the costs for some types of medication and general practitioners' consultations were not reimbursed in the event of non-coverage and the costs for the self-employed could be significant, resulting in an increased poverty risk.

¹⁴ In 2003, the (para) fiscal pressure in Belgium on low income wages was 47.5%. Belgium occupied the first position. The EU25 average was 10 percentage points lower.

6. Conclusion

Compared to the Belgian NAP/Inclusion 2003-2005, the implementation report 2005-2006 basically follows the same strategic approach as the NAP. The approach can be summarised as a continuing trend toward a strong focus and emphasis on work and employment. In this sense the implementation report does not contain many new elements. However, it offers a nice update and overview of the measures announced earlier.

Public activities and attention relating to poverty and social exclusion were less intensive compared to 2005, when several events took place in the wake of the 10th anniversary of the General Report of Poverty. Nevertheless the biennial report on poverty that was published in December 2005 (SLPPES, 2005b) is being discussed at the different political levels and should provide fruitful input for the forthcoming NAP/Inclusion in the new format as prescribed by the European Commission.

Given the incomplete information provided by the monitoring system, it remains very difficult to assess to what extent the measures were successfully implemented and what the impact of these measures has been on vulnerable groups. In order to make a good evaluation of the measures announced in the NAP/Inclusion it is important to have information not only about the effects but also whether or not the target groups were reached. Increasing efforts to keep the monitoring system up to date are therefore indispensable. Feedback about the implementation of a measure is important for future policy decisions. In the same line of thought, it may be useful to consider the use of impact assessment reports for future policy decisions in the field of social inclusion.

Looking at the policy changes, we note a trend toward increased responsibility and obligations, especially in the area of employment where unemployed have to document their job search behaviour in order to receive unemployment benefits. But also in the housing and health area, there are indications that a similar trend is occurring. It remains to be seen what this means for the living conditions and social rights of the weakest groups.

CHAPTER 2

ACTIVE SOCIAL INCLUSION AND MINIMUM RESOURCES: THE BELGIAN SOCIAL ASSISTANCE SYSTEM

The term 'active social inclusion' refers to the recent Communication of the EC on the improvement of measures combining (a) labour market integration, (b) a minimum income guarantee (or at least, 'adequate resources') and (c) access to services - for people furthest from the labour market.¹⁵ This thematic chapter discusses Belgian policies responding to these objectives; in this way, it can be seen as an (academic) contribution in the context of the consultation launched by the Commission. For simplicity, we will focus on policies targeted at the users of social assistance. Other labour market policies have been addressed in the previous chapter as well as in our previous reports.

1. Situation and main trends

The 'active welfare state' was the flagship of the policy strategy of the Verhofstadt I government, which started in 1999. Many efforts have been made to make work pay, to reduce labour costs for employers and to extend the scope of existing employment programmes. Among those efforts, two important sets of measures are of particular interest for social assistance recipients: the Spring Programme (launched in the Spring of 2000) and the reform of social assistance through the Law on Social Integration (2002). Both sets of measures have already been extensively discussed in our earlier reports (Nicaise et al., 2003; Nicaise et al., 2004b; Nicaise, 2005):

- the Spring Programme created the framework for a host of measures to promote the activation of the guaranteed minimum income (GMI) into temporary employment subsidies;
- the Law on Social Integration modernised the earlier laws on social assistance and strengthened the activation dimension.

Each person residing in Belgium now has a legal right to social assistance. Social assistance may take the form of 'social integration' (i.e. a mix of employment, an individualised integration pathway and/or a guaranteed minimum income called 'integration income') or any other kind of service (emergency aid, housing, health care, debt mediation, advance payments, psychological guidance etc.). The legal entitlement to social assistance had been introduced in 1965, whereas the 'guaranteed minimum income' (GMI) had come into effect in 1974. The 'Law on Social Integration', enacted in 2002, has linked this GMI to a 'right and duty' of activation (obligatory for beneficiaries aged 18-25, optional for other applicants).

Statistical time series are somewhat biased by changes in the definition of 'social integration' (GMI as well as employment) and 'beneficiaries' (individuals instead of households; extension to non-Belgians) under the Law on Social Integration. Consequently, the Administration for Social Integration publishes series only as from October 2002.

¹⁵ Com(2006)44 final dated 8.2.2006: COMMUNICATION FROM THE COMMISSION TO THE COUNCIL, THE EUROPEAN PARLIAMENT, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS Concerning a consultation on action at EU level to promote the active inclusion of the people furthest from the labour market

Yet, the available figures point to an increasing 'active inclusion' tendency. The official statistics (accessible online on www.mi-is.be) show a 7% increase in the number of beneficiaries in the two years following the Law.¹⁶ Among the 82 000 beneficiaries in October 2004, 11% were participating in an employment or other activation measure. Their absolute number has risen by 23% in the two years following the Law on Social Integration; in relative terms, this means that the share of 'employed or activated' beneficiaries has risen from 9.6% to 11.0%. Nine-tenths of all activated persons were employed (with a regular labour contract); the others were for the most part involved in education or training. As regards the gender distribution, the share of women in activation measures is approximately identical to their share in the guaranteed minimum income (60%). Unsurprisingly, Flanders (12%) and Wallonia (10.4%) are more successful in offering employment to GMI clients than Brussels (6.9%).

2. Challenges

2.1 Adequate income protection

Obviously, the first objective of GMI systems is to *cover the most severe income gaps* and to restore dignifying living conditions. To achieve this goal, (a) the system must reach out to all households in need and (b) the threshold must be sufficient to ensure an acceptable standard of living.

In past research, we have extensively examined the actual coverage of the GMI system, not only in Belgium but in 13 EU Member States, making use of the ECHP (Groenez & Nicaise, 2002; Nicaise et al., 2004a). The main finding was that in all countries except Finland, the number of potential but as yet uncovered users exceeded the number of actual users of the GMI. In the period 1993-1997, the yearly share of the population that had 'ever' slipped through the last safety net¹⁷ varied between 2% in Finland and 16% in Greece (where a generalised minimum income is still missing). The overwhelming majority of the 'underprotected' suffered severe deprivation, not just a slight deficit compared with the national GMI threshold; and many remained unprotected for long and/or repeated periods. The corresponding 'non-coverage rate' in Belgium was 4.2%, i.e. the third lowest rate among the countries examined. This relatively favourable position can be explained by the wide legal accessibility of the GMI as well as the generosity of the overall social protection system. Yet, there remains concern as to the efforts needed to reach out to those who, for any reason, remain underprotected. Young and elderly persons, single parents, foreigners and low-qualified people tend to be over-represented in this group. Reasons for underprotection include legal barriers (e.g. for some foreigners), sanctions and suspensions (e.g. for non-compliance with debt management or activation requirements), non take-up (e.g. fear of stigmatisation or conflicts with the social workers), social insurance benefits amounting to less than the GMI threshold, and deductions.

The enactment of the Law on Social Integration met strong opposition on the part of grassroots organisations who feared (among other things) that the increased conditionality of the GMI would deter or exclude claimants. On the other hand, if the law would prove effective in improving access to jobs, it may as well attract new claimants and reduce non take-up. Given that the quality of the activation offers was unknown in advance, it was unpredictable whether the number of 'social integration beneficiaries' would actually increase or decrease. The observed rise in the number of

¹⁶ October 2002 – October 2004. More recent data are unreliable as municipal social services submit their requests for reimbursement with some delay.

¹⁷ i.e. for at least one out of twelve months

beneficiaries since October 2002 may therefore be 'welcomed' as a sign that the activation offers convinced potential applicants; unfortunately, it is impossible to isolate its (positive or negative) effect from other, equally plausible influences.

Since the start of the Verhofstadt I government, the level of the GMI benefit has increased in real terms by 7%. The intention is to reach a 10% increase overall by the end of 2007. This increase was necessary to compensate for a relative erosion of the amounts in the 1990s. The upgrading of the GMI level was rather problematic at the turn of the Millennium, because the government feared a deterioration of the poverty trap effect. Therefore, the policy was first to raise net wages, and then social benefits. As mentioned in Chapter 1, the 'work bonus', combined with a greater progressivity in employee social contributions, have led to a substantial net increase of the lowest wages, so that enough room was created for higher minimum benefits.

2.2 Integration into the labour market

This brings us to a second challenge: *encouraging integration into the labour market*. The disincentive effect of a 100% 'implicit marginal tax rate' on earnings below the guaranteed minimum income threshold (the so-called poverty trap) is well-known in the economic literature on labour supply. In the past, this mechanism was reinforced by a de facto exclusion of social assistance recipients from mainstream active labour market measures (ATD Quart Monde et al., 1995). Moreover, (public) employment services tend to discriminate against social assistance clients because they consider them hard-to-place. On the other hand, the social assistance clients often enjoy stronger personal guidance from the municipal social services, which may (partly) compensate for the disadvantages mentioned above. As a consequence, the impact of social assistance on labour market integration remains an empirical question.

In a recent research (De Blander & Nicaise, 2005), we have examined the in- and outflows in the Belgian social assistance over the period 1993-1997. A distinction was made between three states of social protection:

- (a) non-poverty (i.e. the household income exceeds the GMI threshold);
- (b) minimum income (i.e. the households depends, partly or fully, on social assistance); and
- (c) under-protection (i.e. household income is below the GMI threshold while, for some reason, no social assistance is received).

States (a) and (b) were defined as 'poverty'. The data (based on the Panel Study of Belgian Households) were transformed in such a way that a 3x3 matrix of monthly transition rates could be identified between these three states. A joint Markov model depicting transitions between employment states (work / non-work) and social protection states was estimated as a function of individual and social characteristics; in a second stage, different scenarios of anti-poverty strategies were simulated.

The first scenario assumed that households in under-protection were henceforth covered by the GMI. Whereas „by definition“ this means an attenuation of deprivation, we also found that this scenario tends to reduce the exit rate from poverty. Of each cohort of under-protected households subject to the extended GMI measure, 20% more remained in poverty after five years, compared with a baseline scenario. This finding, unfortunately, tends to confirm the poverty trap hypothesis.

In Figure 1, three curves are plotted: the baseline probability curve depicts the timepath of the probability of non-poverty (for the target group of the measure) without any policy intervention; the curve labelled 'predicted probability under the programme' describes the simulated time-path after application of the programme. For example, we notice that spontaneous exit out of poverty amounts to three-quarters after approximately 2 years. The third curve, at the bottom of the graph, represents the difference between the probabilities before and after intervention, with a 95% confidence interval band. As can be seen, the net anti-poverty impact of the 'full coverage' strategy on the target group is significantly negative: approximately 20% more people (from the group) get stuck into income support, even after five years.

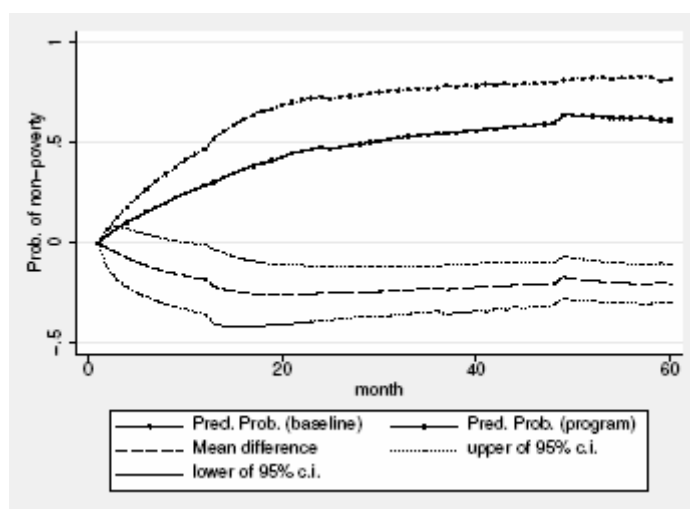


Figure 1. Time-path of probability of non-poverty among a cohort of under-protected poor at month zero: predicted probability under scenario 'full coverage by the GMI' versus baseline

It should be borne in mind that our simulations cover the period 1993-1997. In the subsequent decade, serious efforts have been made to remedy such perverse effects: the poverty trap has been attenuated by means of a three-year partial exemption of personal earnings in calculating the income support; all employment measures have been opened up to social assistance recipients; and in some cases, the latter are indeed being treated as a priority group, mainly for access to the social economy. Personal support has also been strengthened. The Spring Programme and the conversion of the GMI into a 'right to integration' may therefore be regarded as just two major steps in a gradual shift towards a more 'work-friendly' system of social assistance. Whether all these measures have converted the GMI from a trap into a springboard merits further investigation.

In the mean time, further improvements can be made: more specialised guidance and mediation services, better co-operation between the public employment services and the municipal social services, more access to suitable training etc. A careful re-examination of the poverty trap effect is in order, as several other advantages (municipal housing allowances, reduced telephone tariffs, reduced local taxes etc.) may offset the incentive effect of the earnings exemption described above.

2.3 Sustainability of the integration effects

Getting social assistance recipients into work is one thing; keeping them at work is another. Moreover, the jobs on offer should be of sufficient quality to lift beneficiaries above the poverty

threshold. From a theoretical point of view, it is worth pointing at a paradox in the 'commonsense' discourse about work and poverty. As work is probably the best protection from poverty, it is commonly believed that the welfare-to-work transition is also the best way out of poverty. The flaw in this argument lies in the fact that no distinction is made between the populations in and out of work, nor between the average jobs and the jobs that poor people can afford. While a job of average quality is likely to prevent the average citizen from falling into poverty, those living in poverty mostly have no access to such jobs because they lack the skills, the health, the social capital and the market power to acquire them. The poor (including social assistance recipients) are too often bound to take up insecure, low-paying jobs with little prospect for upgrading; and if they can, it is not certain that they will be able to keep this job.

In our research mentioned above (De Blander and Nicaise, 2005) the second simulated strategy is a standard activation programme, targeted at all adults living on or below the GMI threshold. Each of them is assumed to get (and accept) a job comparable to the jobs filled by peers with similar levels of employability, for a period of one year. As is shown in Figure 2, this strategy has a fairly strong and favourable net effect on income security in the short run, with over 20% more people escaping poverty after one year, compared to the baseline scenario. Afterwards, however, the beneficial effect of the programme is gradually eroded in two ways: many activated individuals lose their jobs again (carousel or 'revolving door' effect), while many would have escaped poverty in some other way without the programme (deadweight effect). After five years, the net impact of the activation scenario falls back to 5.5%.

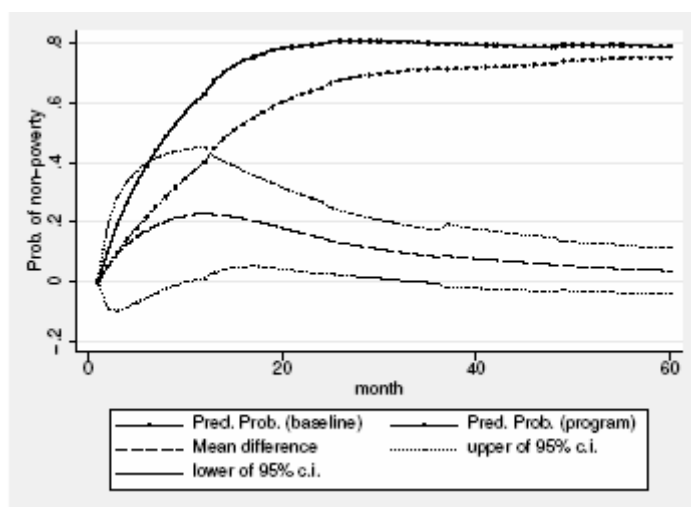


Figure 2. Simulated impact of a 'standard activation programme' on the probability of (non-)poverty, compared to a baseline scenario

Again, we must admit that our simulation relates to the mid-1990s and the circumstances may have changed since then. However, there are no obvious indications of a significant improvement: the quality of activation programmes has not improved to such an extent that they produce more sustainable inclusion. On the contrary, the (regular) labour market has become more flexible, with more temporary and part-time employment, more (regular and fake) self-employment and increased competition from undeclared and under-protected workers. It must be admitted that the bottom end of the labour market no longer provides adequate income security: according to some recent studies, the risk of poverty among 'working households' has doubled in Europe between 1996 and 2004 in Europe (Riera, 2006).

Almost 4/5 of the Belgian social assistance recipients involved in activation in 2004 made use of the 'article 60 §7' provision. Article 60 §7 of the law on the CPAS authorizes the municipal social services to employ their social assistance clients as long as necessary to restore their entitlement to unemployment benefits. The average duration of employment is approximately 14 months. The CPAS can either employ their clients within their own services (laundry, cleaning, aid to dependant elderly persons etc.) or 'detach' them to a social enterprise.¹⁸ During this period, the share of costs reimbursed by the Administration is larger than for non-activated benefits. This rule has been set by way of incentive for the social services to invest in activation. However, the reverse side of the coin is that the state support is strictly limited in time, and does not take into account the time needed for the client to acquire enough attitudes, experience and skills for sustainable integration. According to some insiders, article 60 is focused on reintegration into social security rather than into the labour market.

A recent evaluation indeed suggests that the (vast) majority of clients employed under article 60 end up in unemployment again. Lemaître (2005) used longitudinal social security register data to measure employment rates of 2804 individuals who had participated in the scheme during the last trimester of 1998. Three years later, in the 3rd trimester of 2001, 42% of the beneficiaries were at work, while the others had moved into unemployment (47%) or inactivity (12%). The corresponding employment rate for participants in 'article 61' (employment by third employers) was substantially higher (68%).¹⁹

The government is aware of this problem. In section 3, we will discuss some of the most recent measures that aim to prevent clients from falling back into unemployment after the subsidised activation period has expired. We will also point to alternative approaches which, in our view may yield better outcomes in the longer run.

At this point, we would like to return to simulation model (De Blander and Nicaise, 2005) and discuss the results of a third scenario, which consists of an education offer to all individuals living on or below the GMI level, who have not completed upper secondary education and are aged less than 50. Assuming that it should be feasible for most of this group to achieve a qualification at upper secondary level, we find fairly strong and, above all, sustainable effects in the long run. As is shown in Figure 3, the net impact of the measure increases over time and stabilises at 17% after a few years. The average duration of social assistance spells is reduced by 40%.

¹⁸ Analogously, provision has been made (in article 61) for the CPAS to place their clients with commercial employers, provided that the latter invest in guidance and training.

¹⁹ Note also that the study covers the Walloon Region, where the labour market is far less dynamic than in Flanders.

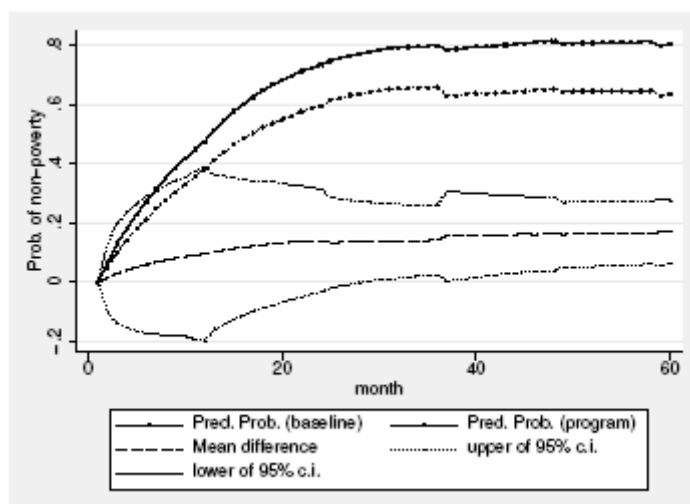


Figure 3. Simulated impact of a 'learnfare programme' on the probability of (non-)poverty, compared to a baseline scenario.

We conclude from these simulations that the introduction of a 'learnfare' component in the Law on Social Integration may significantly raise the role of the GMI as a springboard out of poverty. There is no need to make this learnfare compulsory: raising the awareness of the target group about the beneficial effects of education, creating genuine opportunities to engage in learning while maintaining the right to income support, and providing enough encouragement and guidance, should suffice to convince many clients.

As we will see in section 3, a step towards the learnfare approach is currently being made by raising the number of activation offers combining work placement and training. Our proposal goes further in that it is targeted at the least educated among the welfare claimants and aims to help them achieve a genuine qualification.

2.4 A more holistic approach to active inclusion

Another fear expressed by anti-poverty associations concerns the 'work first' principle underpinning the Law on Social Integration. The associations point out that many social assistance recipients are (at least temporarily) too far removed from the labour market that a re-integration pathway of three months – or indeed several years – may be an unrealistic option for them. They advocate the guarantee of a 'right to participate' through alternative activities such as voluntary work, cultural activities etc. (ATD-Quart Monde, 2004).

From a theoretical perspective, we would interpret this claim as a demand for investment in the *capabilities* of poor people, rather than labour market activation 'per se'. Whereas the generic term 'activation' refers to personal responsibility and the duty to give something in return for a benefit, the capability approach refers to activities aiming at the empowerment of clients, so as to expand their action radius for the future (European Foundation, 2003).

The capability approach to social inclusion builds on the theory of Amartya Sen (1985) who criticised current economic measures of welfare such as income or 'utility'. The concept of 'capabilities' refers to the set of potential combinations of functionings which can be attained by individuals. Functionings

(communicating, working, living healthily, educating children, active citizenship etc.) are defined as the level of quality of various types of human activity. A higher level of welfare is reached when the capabilities of an individual (i.e. his/her *potential* levels of functioning in one or more dimensions of life) increase. Employability can be seen as one dimension – among others – of human capabilities. A related approach builds on the concept of ‘resources’ developed by Roemer (1996). Resources include material wealth as well as competences, health, social networks etc. which can be observed and, to some extent, also measured. Suppose that there is a monotonic positive relation between a person’s resources and his/her capabilities, then increasing one resource without reducing another one necessarily implies increased capabilities and, eventually, a welfare increase. In sum, the fight against poverty implies that society invests in the resources and capabilities of the poor. This objective is wider than activation, though not contradictory: it is just more multi-dimensional. It can be expected that such investments raise the employability of the poor in the long term.

In this context, it is clear that Belgium – as well as other EC Member States - can learn a lot from the Dutch ‘social activation’ experiments, which have been discussed at the peer review in The Hague in 2004 (Meinema & Nicaise, 2004 – see also Serail & van de Pas, 2002). The new Dutch law on social activation maintains the priority of employment as the ultimate objective of integration pathways, but acknowledges that it is very hard to achieve in the short run for some social assistance recipients; therefore, the law offers the possibility for municipalities to set up partnerships with other social, educational and health care organizations and to offer alternative meaningful activities such as (combined) periods of voluntary work, psychiatric care, education, training, care for family members etc. During the experiments, participants could be exempted from job search and even ‘earn’ a modest supplement to their benefit.

The evaluation of the Dutch social activation experiments has shown that, on average, they have had substantial effects on the participants’ resources:

- physical and mental health;
- social capital (social contacts, feeling of participation and citizenship);
- human capital: learning-by-doing, education, training;

Whereas the effects on cultural capital have not been explicitly studied, they may well exist, as many SA projects relate to cultural activities. The above means that the potential welfare level (capabilities) of individuals increases, not only in the short run, but also for their future life – despite the very limited short-run effects on labour market re-integration. This contrasts with the mixed findings of evaluation studies of other activation programmes in Europe. Our own recent research (Nicaise et al., 2004a) even suggests that, on the macro-level, traditional activation policies in the 1990s have produced more exclusion than inclusion across the EU. This may be explained by the poor quality of activation programmes, carousel and displacement effects, sanctions and their deterrent impact on potential benefit claimants, etc.

The NAP implementation report of 2005 has to some extent taken on board the call for a more holistic approach to integration. Previous experiments to promote the participation of social assistance clients in ICT initiation, cultural and sports activities have been extended and perpetuated. The first evaluation of these measures had indicated the following outcomes:

- a more positive self-image of beneficiaries,
- a greater psychological well-being, social integration and indeed empowerment of their clients,
- a better co-operation between the public centres for social welfare and private organisations,

- greater awareness among social workers about the importance of social, cultural and sportive activities.

The experiments were so ‚revealing‘ that they genuinely influenced the strategies of some social services for the long run.

It should be acknowledged that, despite the strong emphasis on regular employment as the primary objective, the Law on Social Integration also provides for integration pathways other than employment. Note also that the legal remit of the municipal social services, entrusted with the implementation of the Law on Social Integration, is to ensure ‘the right to a dignifying life’, which goes far beyond the payment of benefits or activation of clients. They can intervene in virtually any dimension of life: education, health care, housing, debt mediation, shelter, legal advice etc. During the Peer Review in November 2005, the visitors from the peer countries even expressed their appreciation for the flexible and holistic assistance offered by the municipal social services in Belgium.

2.5 Contractualisation of basic rights

Grassroots associations have also criticised the Law on Social Integration for linking social assistance to a ‚right and duty‘ to activation – at least, for young people. They claimed that a basic social right such as a guaranteed minimum income should in principle be unconditional. Whereas very few poor people would reject the idea of ‚doing something in return‘ for their support, we would again refer to Sen’s capability approach as the reference framework for evaluation of the activation offers. One of the novelties of Sen’s theory of capabilities has been the explicit *link between freedom and welfare*. Persons with the same level of functioning(s), but with unequal freedom, have a different degree of welfare, because the ‘capability’ of the less free persons (i.e. the set of functionings that are feasible for them) is more restricted than the capability of the more free persons. In principle, therefore, free participation can be considered preferable. However, this statement implies that all people are rational and able to make well-informed choices. Given the profile of the target group, it is quite plausible that e.g. people in poor mental health condition feel uncomfortable about making up their mind; they may indeed be better off with a ‘boost’ from their case manager. Even in cases of rational choice, individuals who know in advance that participation involves some minimal commitments will not have any major problems with the requirements of the system. Genuine problems will however emerge when an imbalance emerges between the perceived demands and benefits of a programme. Compulsory participation in activation may reduce the perceived net advantage of a benefit claim and this may explain why some (potential) benefit claimants give up their entitlement.

Rather than engaging in ideological debates on the pros and cons of mandatory activation programmes, we would like to list a series of *criteria that help in distinguishing between two ‘poles’ of welfare-to-work programmes*: the *workfare* approach and the *social inclusion* approach (see Nicaise, 2002). These notions are abstractions which are not represented in their pure form in any national system.

- (a) *underlying premises and objectives*: the workfare model is aimed at *combating the dependency culture* by tightening the conditions of access to (minimum) benefits (typically, obliging claimants to perform some community work in exchange for their benefit); by contrast, the *social inclusion* model is based on the premise that a purely financial approach to social protection is not

sufficient to combat social exclusion, hence it aims at ensuring additional services (not obligations) such as education, relief work etc.;

- (b) *target groups: workfare* systems are aimed in the first place at *welfare* clients. This is explained by the fact that they fit more into a conservative/individualistic political culture where the emphasis is on personal responsibility and where social insurance principles tend to be minimal. The social inclusion approach seeks to achieve more *universal coverage*, as the emphasis is on rights linked to citizenship.
- (c) *content of the programmes*: workfare programmes tend to restrict the individual's choice (e.g. through the 'work first' principle) as they seek to discourage dependence on benefits - whereas the social inclusion approach offers more choice (subsidized jobs in the private sector, community work, education, training, voluntary work etc. - in its extreme form, through individual case management). Even when participation is compulsory, individuals will be free to choose between different alternatives. A better match between services and needs must ensure a better integration.
- (d) *financial and legal status of participants*: workfare systems place greater *financial and legal pressure* on individual job-seekers. Financial 'incentives' may be both positive ('carrots') and negative ('sticks'), but in either case the objective is to 'make work pay'. Another characteristic of workfare is its repressive, *punitive* nature. 'Desired behaviour' is if necessary imposed as a condition for the receipt of income transfers; 'undesirable behaviour' is punished with sanctions or suspension, with little or no opportunity to appeal against these sanctions. A social inclusion approach, by contrast, offers job-seekers a better status both financially and legally. Where possible (e.g. in job-creation programmes) a remuneration is offered which corresponds with wages on the regular jobs market. At the same time, a balance is sought between rights and obligations (on the part of the job-seeker): the duty to adopt an 'active' approach is balanced by free choice between alternative activities, an enforceable entitlement to an appropriate offer, etc. In other words, the aim is to achieve a degree of *reciprocity* between the commitments of the individual and the government (agency).

The final position of the Belgian Law on Social Integration on the continuum between the two poles described above may differ between municipalities and should be evaluated on a regular basis. However, it seems to us that the law does not a priori bend towards a workfare system.

3. Recent policy changes

After the launch of the Spring Programme in 2000, various efforts have been made to raise the quality of the activation offered to social assistance recipients. A first set of measures aims to improve the sustainability of the labour market integration:

- services such as training and counseling have been added to the 'package'. Whereas these accompanying measures had lost some ground in recent years, the government intends to double the number of participants in training during the current government period.
- The most recent measure, launched in the framework of the NAPincl 2003-2005, assigns guidance premiums to employers hiring the beneficiaries *after* their 'article 60' employment.
- The period of employment in article 60 has been assimilated with unemployment in the eligibility conditions for a set of further activation schemes for job seekers entitled to benefits: in this way,

ideally, the article 60 period can be extended with a subsequent activation measure for the long-term unemployed.

- Given that subsidized employment in the private labour market appears to produce more durable employment outcomes than direct employment in relief jobs, a set of instruments to encourage recruitment in the private sector has been developed, similar to the measures for the insured unemployed.
- Another new incentive aims at encouraging partnerships between the social services (CPAS), the public employment service and third actors, with a view to providing route counseling and job coaching to minimum income recipients. A monthly premium of up to 500 EUR can be shared between the social service and its partners. Although the objective of partnership agreements is to place the client in a regular job, they can be used cumulatively with 'article 60' or any similar activation measure.

As regards the more holistic approach, we already mentioned in section 2.4 the recent measures encouraging participation of social assistance recipients in associations, cultural and sports activities and ICT initiation.

4. Governance, funding, monitoring and evaluation

The implementation of the Law on Social Integration has been assigned to the municipalities. Depending on the number of clients, the municipal social services are reimbursed between 50 and 65% of the GMI, and up to 100% of the GMI for employment measures. In the case of small municipalities, block grants are used to encourage mutual collaboration in the context of a 'cluster plan'.

In the case of an 'integration pathway', additional subsidies are attributed for the guidance of clients. Nevertheless, the association of municipal social services complained about the imbalance between the staff subsidy on the one hand, and the burden of paperwork and guidance on the other.

ESF subsidies are used for two specific types of projects submitted by the municipal social services: (a) projects combining article 60 with training, and (b) projects for the guidance of individual integration pathways. In contrast with the past, the projects can now cover several years.

It goes without saying that, both for labour market integration and for other types of 'active social inclusion', co-operation with private organisations (enterprises, the social economy and the voluntary sector) is encouraged.

All these measures are being evaluated in a fairly systematic and transparent way. The website of the Administration for Social Integration publishes statistical series about the evolution of different categories of beneficiaries. As regards labour market integration, the connection of the PRIMA database of social assistance recipients with the Crosspoints Database of Social Security now enables longitudinal follow-up studies of participants in activation measures. The study by Lemaître, mentioned in section 2.3, illustrates the usefulness of this instrument. Qualitative evaluations involving different types of stakeholders (municipal authorities, social workers, beneficiaries) have been carried out as well: the evaluation of the Law on Social Integration after two years of operation, reported in our previous report (Nicaise, 2005b) can be seen as an example in this regard.

5. Conclusion

The Belgian Spring Programme (2000) and the Law on Social Integration (2002) were the major instruments of the last two governments to achieve a further shift from a mere 'guaranteed minimum income' to an active social inclusion system. The link between income support and activation has been strengthened, without shifting to a hard workfare system. Legal opportunities to create jobs for social assistance beneficiaries have been extended. Admittedly, the results so far have not been miraculous, due to the multiple obstacles faced by the target group. Therefore, the new emphasis on other dimensions of active inclusion (ICT, sports, culture etc.) must be welcomed.

In order to improve the system further, we would suggest (a) to further extend the employment component and promote the sustainability of the job offers, (b) to develop genuine 'education pathways' as a second pillar in the Law on Social Integration and (c) to study the possibility of implementing 'social activation' pathways similar to the ones launched in The Netherlands in the late 1990s.

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