

Chapter 1

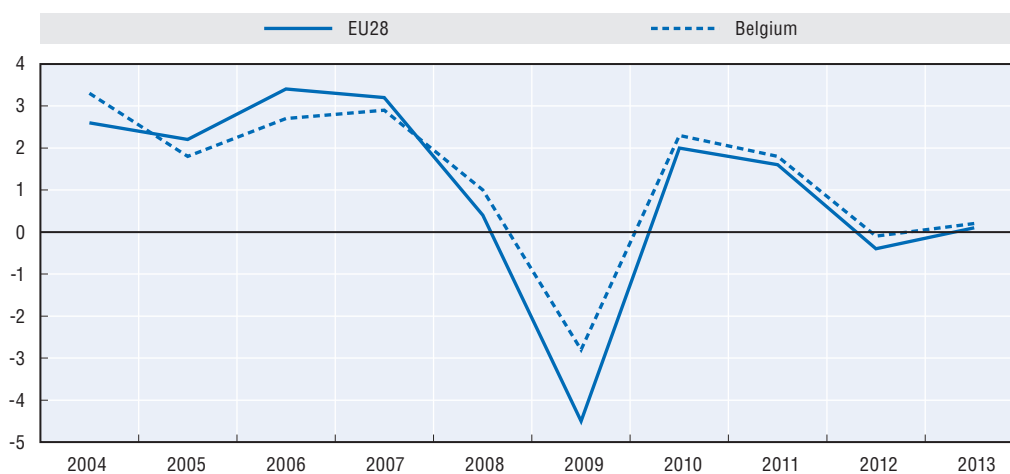
Policy context for employment and skills in Flanders, Belgium

The Belgian economy remained relatively resilient through the recent economic crisis. In particular, Flanders has one of the lowest unemployment rates across the three main regions in the country. However, unemployment among youth remains stubbornly high and will be a significant policy challenge moving forward. This chapter provides an overview of the employment and skills system in Flanders and describes the key institutional actors at the national, regional, and local level.

Economic and labour market trends

While the economic crisis had an impact on the Belgian economy, it was relatively resilient when compared to other countries in the European Union. While there was a significant contraction of GDP between 2008-2010, it was not as dramatic as the EU28 average (see Figure 1.1). Since 2008, Belgium continues to perform slightly better than the EU average. According to the latest *OECD Economic Survey of Belgium*, the economy experienced a small contraction in 2012 due to continued weak growth in real disposable income, fiscal consolidation and weakening growth in Europe and the world (OECD, 2012).

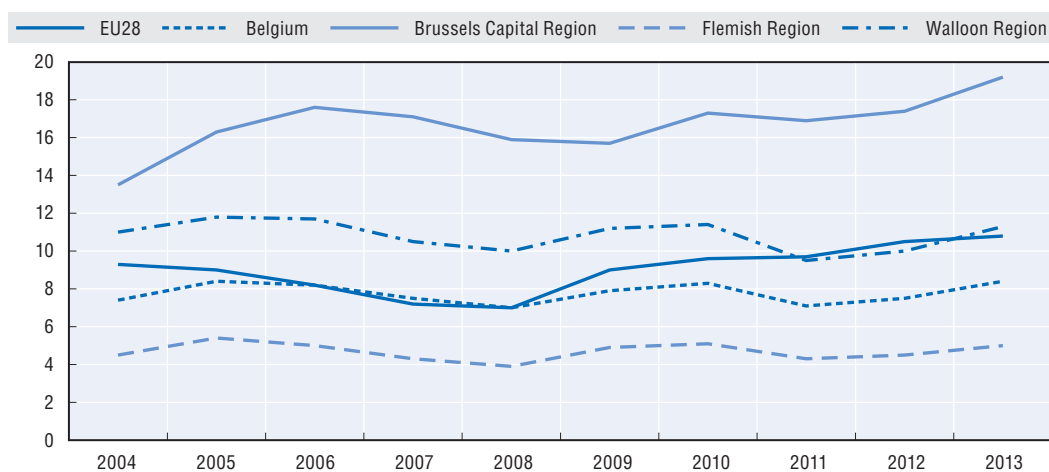
Figure 1.1. **GDP growth in Belgium compared to the EU average, 2004-13**



Source: Eurostat, <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tec00115>.

These factors were reflected in a contraction of household consumption and housing investment, as well as a sharp slowing of exports (OECD, 2013a). A slow recovery is expected in 2015 as world trade growth is gathering speed and domestic demand is being stimulated by supportive euro-area monetary policy. The performance of the labour market has been relatively good. During the crisis, the unemployment rate increased less than in other European countries reflecting widespread labour hoarding, in part through the large use of reduced work time schemes (see Figure 1.2) (OECD, 2013a).

Despite the continuous increase of the unemployment rates in all 3 regions in Belgium since 2011, the national average unemployment rate of 8.4% in 2013 was still lower than the EU-28 average of 10.8%. Belgium has the fourth highest level of regional variation in the unemployment in 2012 among OECD countries after Spain, Italy, and the Slovak Republic (OECD, 2014a). Regional variation increased in 2013 as the unemployment rate of the Brussels Capital Region increased by nearly 2% in one year. Unemployment has remained lowest in Flanders (5% in 2013), whereas Brussels had an unemployment rate well above the EU average (almost 19.2% in 2013). The unemployment rate for Wallonia was close to the

Figure 1.2. **Unemployment rates in Belgium compared to the EU average, 2004-13**

Source: Eurostat, http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfst_r_lfu3rt&lang=en.

EU28 at 11.3% in 2013. Among Flemish provinces, Antwerp and Limburg are the regions with higher unemployment rates. Between 2007 and 2013, unemployment increased in Antwerp, Flemish Brabant, and West Flanders, while Limburg and East Flanders saw mild decreases.

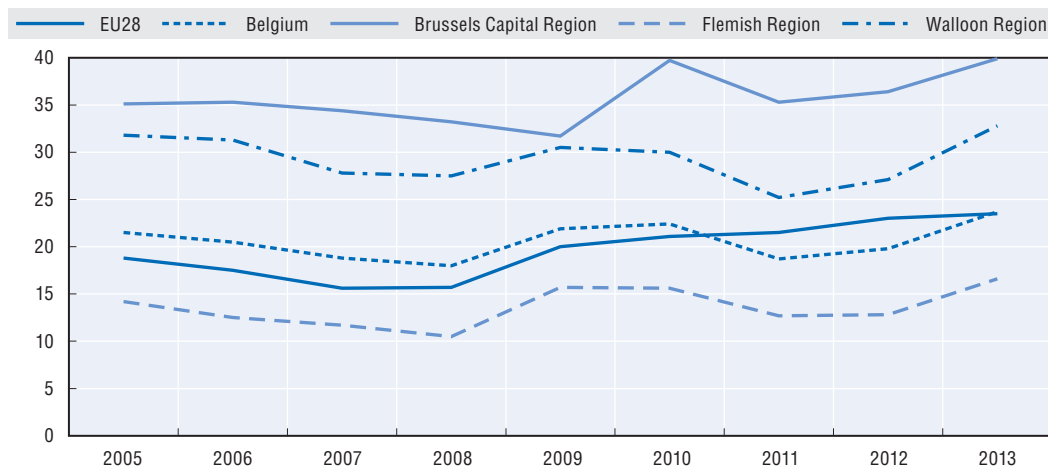
The OECD's 2013 *Economic Survey of Belgium* notes that longstanding structural labour market problems remain, such as high structural unemployment, low employment rates for younger and older workers and for low-skilled immigrants; as well as large labour market mismatches (OECD, 2013a). Labour market mismatches are roughly similar to 2007, before the crisis began. Vacancies are mostly for skilled workers but 80% of job-seekers are low or medium skilled workers, and about half are long-term unemployed (Zimmer, 2012). In Flanders, a large number of jobs remain vacant in 162 identified positions with particular shortages in IT engineers and nurses. Eighty-eight of these professions require a diploma above secondary education but below a bachelor's degree (Flemish Department Education and Training, 2013).

Youth have been particularly impacted by the crisis, including in certain regions in Belgium. The youth unemployment rate in Belgium reached 23.7% in 2013, the highest level in the last 10 years and for the first time since 2010 slightly higher than the EU average (see Figure 1.3). Regional variation is also significant; in the Brussels Capital region, the rate is 39.9%, which is slightly above the post crisis rate in 2010. Youth unemployment increased in the Walloon region by nearly 6 percentage points in one year reaching 33% in 2013. In the Flemish region, it was 17% in 2013 which was also the highest rate in the last decade even though this is still well below the EU average. The share of Belgian youth (aged 15-24) who are not employed and not in education or training (NEET) was 12% in 2013 which is lower than the OECD average (OECD, 2014b).

Worrying trends in job creation

Work undertaken by DynaM analysis points to some worrying concerns in job creation trends across Belgium. Recent figures show that at no time in the last ten years have fewer jobs been created in the labour market than during the most recent crisis period (2011-13) (Bulté and Struyven, 2013). The recent crisis (2011-13) has brought a worrying degree of low job creation compared to the first period of the crisis from 2008-09 where there was an even

Figure 1.3. Youth unemployment in Belgium compared to the EU average, 2005-13



Source: Eurostat, http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfst_r_lfe2emp&lang=en.

process of “creative destruction” (e.g. while many jobs were lost, new ones were being created at the same time).

Between June 2011 and June 2012, there was a net change of -14 500 jobs (-.04%) with 187 000 jobs created but 201 500 jobs destroyed. The jobs that were created were within existing companies (not by new companies). The loss of jobs continued in 2012 with a net change in job creation of -0.7% meaning more jobs were destroyed than created. In particular, jobs in the public sector and education are disappearing faster than they are being created, carrying significant implications for both the case study areas that are analysed in-depth as part of this study. Unfortunately, job creation data is not available at a lower disaggregation within Belgium to compare regions within Flanders.

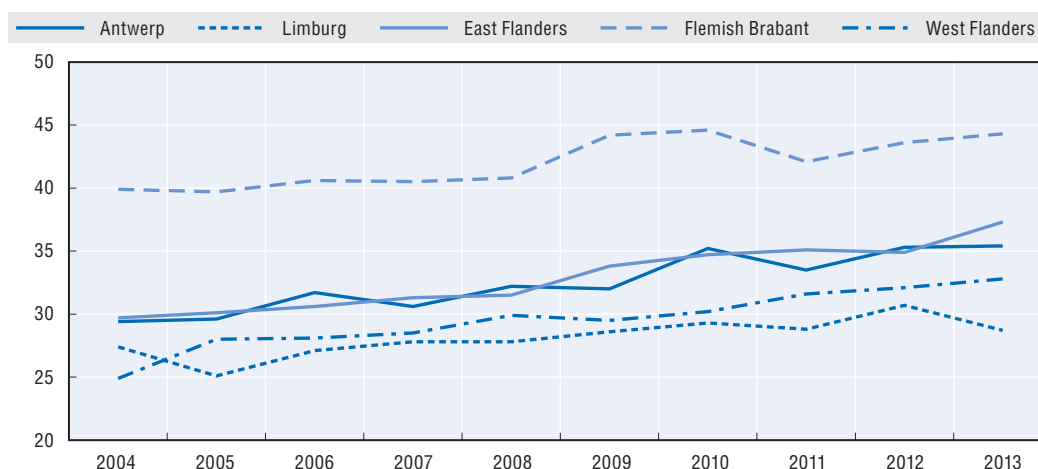
The supply of skills

In 2011, almost three of four Belgians had at least an upper secondary education: 71% of 25-64 year-olds compared to the OECD average of 75% (OECD, 2013b). 82% of 25-34 year olds have at least an upper-secondary education equal to the OECD average. Within the region of Flanders, the province of Flemish Brabant has a significantly higher percentage of population with tertiary education than the other four provinces. It was 44.3% in 2013 which compares to a regional average of 35.7%. Limburg shows the lowest rate at 28.7% in 2013. All five provinces show an average growth in the last decade, among them West Flanders shows the most rapid increase of population with tertiary education, where the rate grew by 8 percentage points between 2004 and 2013.

As part of its Programme for the International Assessment of Adult Competencies (PIAAC), the OECD collects and analyses data that assist governments in assessing, monitoring and analysing the level and distribution of skills among their adult populations as well as the utilisation of skills in different contexts. It measures the key cognitive and workplace skills needed for individuals to participate in society and for economies to prosper.

Looking at the results from the PIAAC survey, adults in Flanders show above average proficiency in literacy and numeracy and average proficiency in problem solving in technology-rich environments compared with other countries who participated in the survey (OECD, 2013c). Young adults in Flanders (16-24 years old) have above average

Figure 1.4. **Persons aged 25-64 with tertiary education attainment, Flemish regions, 2004-13**



Source: Eurostat, <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tgs00109&plugin=1>.

proficiency in literacy, numeracy, and problem solving in technology rich environments on average compared with other OECD countries (OECD, 2013c).

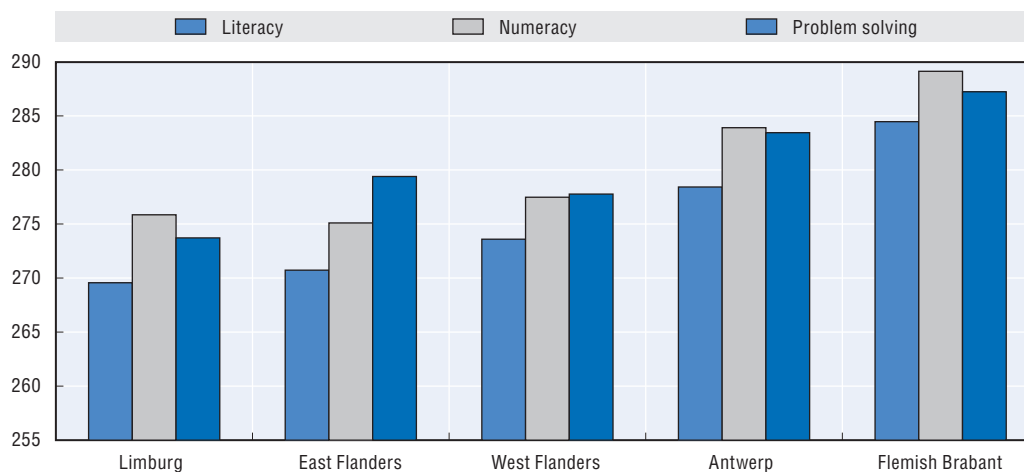
For example, some 12.4% of adults in Flanders (aged 16-65) attain the two highest levels of proficiency in literacy (Level 4 or 5) compared with the average of 11.8% of adults in all participating countries. Some 14.0% of adults in Flanders attain only Level 1 or below in literacy proficiency (compared with the average of 15.5%) and 13.4% attain Level 1 or below in numeracy (compared with the average of 19.0%) (OECD, 2013c). Some 82.1% of adults in Flanders scoring at Level 4/5 in literacy are employed compared to only 55% of those scoring at or below Level 1, which demonstrates the strong impact that literacy and numeracy have on labour market outcomes (OECD, 2013c). The rate of inactivity (16.3%) among highly proficient (Level 4/5) adults in Flanders is slightly below the average (17.1%) among participating countries (OECD, 2013c).

Proficiency in literacy, numeracy, and problem solving differs significant when looking at the results at the regional level in Flanders (see Figure 1.5). Adults in Flemish-Brabant show relatively higher levels of literacy, numeracy, and problem solving skills. Antwerp also has relatively high scores especially in numeracy and problem solving. The region of Limburg shows a relatively lower level of proficiency in literacy and problem solving skills when compared to other regions in Flanders. Numeracy was the lowest in East Flanders. Mobility may partly explain the strong regional variations with more proficient individuals likely to move to areas where there higher skilled jobs (e.g. Antwerp and Brussels – of which Flemish Brabant is the periphery). Understanding these regional differences in skills is important as individuals with lower levels of literacy are more likely to have poorer labour market outcomes relative to those with higher skills.

Mapping the institutional framework for employment and skills policies

Belgium is a federal state, where competences are divided among the federal (national) level, the regions (which encompass the territorial divisions of Flanders, Wallonia and Brussels) and the communities (a division organised by language: Dutch, French or German speaking). There are also provinces, cities, and municipalities which mainly implement federal and regional decisions.

Figure 1.5. OECD Survey of Adult Skills, results across regions in Flanders



Source: OECD (2013c), OECD Survey of Adult Skills.

All levels can take actions related to labour market policy. These powers are mutually exclusive: a power exercised by the federal level cannot be exercised by another level and vice versa. This division of powers and more specifically the transfer of powers to the regions started in the late 1970s and the process of state reform is still ongoing, as the sixth state reform is in the final stage. The federal state is responsible for labour law and social security (e.g. legislation/financing/administration of unemployment, pensions, health and disability insurance).

The regions are responsible for the so-called “territorial matters” (matters related to the region in a broad sense). Economic and employment policies are considered to be territorial matters so the regions have powers related to active labour market policies, labour mediation, and the social economy. The powers associated with the communities are related to the individual. The communities deal with matters such as education and training, assistance to individuals (e.g. support for handicapped persons and immigrant assistance). These responsibilities also include vocational education and training, adult education, literacy programmes, language training and civic integration policies.

Provinces are responsible for everything in their territory residual to the interests of the federal state, the regions and communities. Cities and municipalities can cover everything that is in the interest of the collective needs of their inhabitants. They mainly implement decisions taken at the higher levels, and can develop initiatives of local importance, also related to local labour market policy, education and social welfare. However, local authorities do not receive specific funding for labour market initiatives (except for the so-called central cities who do receive contributions to support their co-ordination role in relation to the local services economy – see below – and who can use the “City Fund” to finance additional costs of regional co-ordination). Cities and municipalities usually have an alderman who is responsible for the local economy, and some also have a local employment department. Local authorities are legally allowed to operate as director with regard to local labour market policy. This role has to be defined in partnership agreements. Flanders consists of five provinces and 308 cities and municipalities. Due to the division of powers articulated above, regional governments each develop different policies and administrative practices.

Active labour market policies in Flanders

Flemish labour market policy is developed using both regional and community competences. Many topics are covered, including diversity in the workplace, entrepreneurship, public and private labour mediation, social economy, employment measures, labour migration, sectoral policies and active restructuring. Flemish educational policy covers aspects related to labour market policy, such as career guidance, collaboration between the educational system and the labour market. As in other countries, policy is developed according to the European frameworks and strategies.

The division of competences creates a system where different actors and institutions are involved in the field of employment policy, operating at various policy levels. Policy instruments and activities take many forms, and are made and delivered not only by the institutions, but also by platforms, partnerships, counsels and co-operation mechanisms.

The management of employment services

The majority of labour market policies in Belgium are managed at the regional level by four public employment services, which cover the Belgian territory. Within Flanders, VDAB (the Flemish public employment service) offers employment services, career services, vocational training and assessment of competences, and manages the majority of Flemish labour market activation measures.

Services are offered to both the unemployed and employed. With regard to the unemployed, VDAB is responsible for registration and placement. Part of the services offered are preventive, part are curative. Comprehensiveness is an important feature of the VDAB approach. The guidance model used consists of different stages, with several modules, to provide services tailored to the needs of jobseekers and the long term unemployed.

VDAB also performs the role of director of labour market and facilitates the functioning of the local labour market. This means that VDAB has to stimulate collaboration with other actors and create partnerships to align services with other labour market actors. The role of director also includes making strategic choices, based on information and expected evolutions in the labour market.

Recently, VDAB has been reorganised to provide more flexibility in the management of employment policies to the local level. There is a central steering organisation and several central support services, but there is also an intermediate provincial structure being given autonomy, on top of 13 regional labour market offices. The local offices can implement and use the centrally provided measures with a certain degree of autonomy. A small proportion of their budgets can be used flexibly to support local projects covering specific local needs.

Other actors involved with employment and skills policies at the local level

At the local level, a number of different actors and stakeholders are involved in the design and implementation of employment and skills policies:

Public Social Welfare Centre (OCMW)

The OCMW is a local government agency which provides social assistance to individuals including income support and guidance to those with insufficient or no social security rights (roughly 1% of the Flemish population). Limited services are also available to asylum seekers and people without legal residence. These centres also play a role in labour market policy through social inclusion and support employment for those confronted

with severe difficulties with regard to labour market participation. These centres develop their own activation, training and employment policies and initiatives. This is easier for large centres with larger budgets (means are provided by the cities or municipalities) or those who have partnerships established than for small individual operating centres. Some larger OCMWs have their own employment agency, while smaller OCMWs have to cluster in order to organise such an agency.

Local Employment Agencies (PWA)

Local employment agencies (*Plaatselijk Werkgelegenheidsagentschap* – PWA) are agencies established by (or groups of) communities in order to assist the long-term unemployed, older unemployed, and people on social assistance. These people are employed by the PWA in jobs which include small repair or maintenance work, household assistance, and other occasional administrative tasks. Individuals, local authorities, not for profit organisations, and schools can make use of the services of the people employed by the PWA for a reduced fee. The PWAs are non-profit organisations and are embedded in one-stop job shops (*werkwinkels*).

Local Services Economy

The local services economy (*lokale diensteneconomie*) provides jobs for people who do not manage to find and keep a job in the regular economy. The services delivered by the local services economy are also additional to services delivered in the regular economy such as home care, child care, doing groceries, and maintenance of bicycle tracks. The aim is to create sustainable employment for groups at risk, providing intensive guidance. The supply of these services is co-ordinated by the local authorities. They have to decide upon the services to be delivered taking into account the local needs for services and employment for groups at risk.

The importance of collective bargaining and social dialogue in Flanders

In Flanders, there is a strong network of councils and committees which influence skills policies involving social partners including trade unions (representing the employed as well as the unemployed) and employer's organisations. Collective bargaining with regard to advice and decision-making is very important in the field of socio-economic policy making and implementation. An important feature is "parity" where both parties are considered to be equal.

At the Flemish level, the SERV and VESOC play a role in fostering social dialogue. The SERV (Flemish Socio-Economical Council – *Sociaal-Economische Raad van Vlaanderen*) is a consultative body of employer's organisations and the trade unions. The SERV is an advisory body for the Flemish government related to socio-economic topics. It focuses on issues such as work and the social economy, education and training, social protection, diversity and innovation. The VESOC (Flemish Economic Social Consultation Committee – *Vlaams Economisch Sociaal Overlegcomité*) is a consultative body, where employer's organisations and trade unions debate with the Flemish government on social and economic topics. If consensus is reached, the Flemish government is obliged to act according to the consensus.

At the sub-regional level, the SERR and RESOC are subsidised by the Flemish government and have a strategic role in formulating labour market policies and programmes. Their influence on programmes and policies depends on local institutional and political circumstances. Many other organisations such as the public employment services and the

National Employment Service include representatives of the social partners on their boards or management committees.

The SERR (Socio-Economic Council of the Region – *Sociaal-economische raad van de regio*) gives advice to the different governments and local authorities with regard to economic and labour market policy. These councils are obliged to give advice when asked for, but they can also give advice on their own initiative. They are expected to formulate specific advice on the yearly action plans of VDAB, its local project programme, vocational training programmes and diversity plans. This council also organises consultations regarding socio-economic matters of importance to the region. There are 16 representatives, which include employers (including SMEs), as well as trade unions which are appointed by the SERV. This council supports enterprises with the diversification of their workforce, by developing Diversity Plans (*diversiteitsplannen*). There are 13 SERRs in Flanders and their staffing and operations are supported by the Flemish government. Additional financing can be provided by the provinces or through European projects.

The RESOC (Regional Economic and Social Consultation Committee – *Regionaal Economisch en Sociaal Overlegcomité*) gives advice to cities and communities, the province, the Flemish and also the federal government about socio-economic matters. Advice has to be given with regard to start-up centres for the social economy, insertion companies, sheltered workplaces, the local job shops, work experience projects, and the local services economy. This committee is also responsible for drafting the “pact of the region” (*streekpact*). This document includes the opinion of local authorities and the social partners on the development of the region for a six year period. The RESOC deals with issues such as skills shortages and hard-to-fill vacancies, the alignment of education and the labour market, and the mobility of workers. Advice from the RESOC is expected to be based on a thorough analysis of the local labour market situation. A RESOC consists of the 16 members of the SERR, and at least 8 representatives of the province, the cities and municipalities. There are 15 RESOCs operating in Flanders and similar to SERRs, funding is provided by the Flemish government, the provinces (and the Provincial Development Agency) and European subsidies (ESF/ERDF).

Vocational education and training system (VET)

In Flanders, education is compulsory until the age of 18 (full-time until the age of 16). Secondary education includes three stages (two years each). After a comprehensive first stage, the second stage offers vocational options, to be completed in the third stage. The full-time track offers general education (ASO), technical education (TSO) and vocational education (BSO). The part-time track is offered by vocational secondary schools (one or two days at school and three or four days of other activities, such as labour participation (paid or unpaid work, volunteering), preparatory trajectories and bridging projects for those not having the basic skills or attitudes) or personal development trajectories (intensive individual guidance for severely disadvantaged pupils).

After secondary education, many VET programmes are available in the educational system: “secondary-after-secondary” in secondary schools (Se-n-Se), associate degree programmes offered by adult education centres and university colleges, and professional bachelor programmes provided by university colleges.

Adult education centres provide skills development activities in 420 different programmes at the secondary level and the number of students enrolled has increased significantly in

recent years. In 2007, programmes have been modular and can be combined with general education to lead to a diploma of secondary education (Musset, 2013). Programmes provided in secondary schools, centres for adult education, and university colleges are supervised by the Flemish Department of Education with the exception of a few vocational programmes which are under the responsibility of other ministries of the Flemish community (Musset, 2013).

Vocational training is also provided by the Flemish public employment service (VDAB), which is an autonomous agency that reports to the Minister of Work and Social Economy. Complete programmes geared towards specific occupations are offered, but also courses which develop key competences or specific technical skills, tailored to the needs of the local labour market. Vocational training and the assessment of competences is organised and managed by 87 competence centres (*competentiecentra*) grouped in 40 campuses.

Many sectoral training funds offer training for the employed or for job-seekers aiming to work in a specific sector. These funds provide training and different types of support to employers and other training institutions. The provision of training and assistance is often supported through sectoral covenants, which are agreements between the social partners within specific economic sectors and the Flemish government. Sectoral training funds often collaborate with secondary schools or post-secondary education providers, in order to enhance the quality of training provided.

Syntra Flanders – Flemish Agency for Entrepreneurship

Syntra Flanders, the Flemish Agency for Entrepreneurship (*Vlaams Agentschap voor Ondernemersvorming*) is responsible for the promotion of entrepreneurship and a provider of vocational training. It operates under the supervision of the Department of Work and Social Economy with ties also to the Department of Education. It subsidises and monitors 24 training centres across Flanders, providing 500 different vocational programmes within 28 sectors.

Syntra also has a mandate to promote entrepreneurship, the development of entrepreneurial skills within the education and training system, and to provide flexible and co-ordinated training services. Syntra offers apprenticeship training enabling individuals to spend one day per week in a training centre and four days a week in a company learning on the job. Their courses are open to the general public but aim more specifically at preparing self-employed entrepreneurs, giving them the technical and managerial skills to start and operate their own company.

Regional technological centres (RTC)

Regional technological centres are collaborative partnerships between the educational system and enterprises. They do not provide VET, but they facilitate connections between companies and secondary schools or adult education centres, in order to create workplace training opportunities, the sharing of equipment and infrastructure, and training of teachers. There are 5 RTC's, which operate at the level of provinces and stimulate the exchange of good practices. They are accountable to the Flemish government and have to develop strategic plans every five years, and yearly action plans.

The role of social partners in education and training

The government is advised by the social partners (trade unions and employer organisations) through the Flemish Education Council (*Vlaamse Onderwijsraad – VLOR*). This

council also includes the educational umbrella organisations, centres for pupil guidance, teachers, parents, students and principals. As mentioned before, the SERV is engaged with the Flemish VET system and provides advice with regard to education and training, especially when it comes to vocational education and training and the relationship between education and the labour market.

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