

# National Reform Programme **2017**

April 2017



## Inhoud

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# 1. Introduction

In its most recent Country Report, the European Commission is relatively positive about the progress Belgium has made with the structural reform of its economy. While the report was being compiled, the Federal Government and the governments of the communities and regions had the opportunity to add comments and further clarifications to the draft text. They considered this particularly valuable.

In this National Reform Programme, the various governments report on the structural reforms since the Country-Specific Recommendations of 2016, indicating which measures can be expected in the near future. The measures are complementary to the budget measures outlined in the Stability Programme. In the opinion of the governments, they are in line with the conclusions of the Country Report, the Country-Specific Recommendations 2016, the priorities of the Annual Growth Survey and the process for achieving the Europe 2020 objectives.

The most visible measure is the review of the Labour Cost Law of 1996. This review must ensure that the labour-cost handicap, which has grown since 1996 compared with the neighbouring countries, does not increase more, something for which the original law did not prove sufficiently effective. Under the new law the historic labour-cost handicap may even potentially be eliminated, achieving an approximately equal evolution in wages and productivity. As such, the country's competitiveness will be strengthened, which in turn may give rise to further job creation.

The Country Report already indicated that the latter was robust, albeit with a side note that certain groups do not sufficiently reap the fruit of this situation. In 2016, a Federal Poverty Reduction Plan was launched to, among other things, address this issue. Moreover, the regions are granting reductions on the social security contributions of certain target groups and implementing a targeted activation policy for unemployed persons.

Two other important issues that Belgium is working on are the investment pact and the energy transition. In September 2016, the Federal Government announced a National Pact for Strategic Investments. This follows on from the European Investment Plan and must serve as an incentive for public and private investments in strategic sectors. The energy transition is part of the forthcoming phase-out of nuclear energy, but also serves the energy and climate objectives. In both cases, there will be strong interaction between the federal and regional levels.

Progress has been made in several areas thanks to a number of measures. This relates, among other things, to the tax shift, the promotion and funding of innovation, the single market for regulated professions, the modernisation of industry (Industry 4.0) and the promotion of entrepreneurship. Finally, initiatives have also been undertaken to reform education and increase competition in retail.

The communities and regions - both the governments and the parliaments - and the social partners are closely involved in the structural reform process. The reform plans of the communities and regions have been included in full in this report as Annexes 1 through 5. They offer a detailed explanation about their measures to implement the Country-Specific Recommendations. These programmes also highlight the progress in terms of the regional Europe 2020 objectives and the supporting measures. The advice of the social partners has also been included as an Annex.

## 2. Macroeconomic scenario

The projection has been drawn up based on unchanged policy and unchanged legislation. The Board of Governors of the National Accounts Institute (INR/ICN) approved the figures on 20 March. As a result, the measures of the 2017 budget review could not be taken into account. The forecasts for 2017 are largely consistent with those of the 2017 Economic Budget, which the Federal Planning Bureau published on 9 February. Nonetheless, these forecasts were updated to take into account more recent developments and additional information from the national accounts for 2016.

**Table 1: Key figures of the macroeconomic scenario 2015-2019**  
*Evolution in %, except when mentioned otherwise*

	2016	2017	2018	2019	2020	2021	2022
GDP in volume	1.2	1.4	1.5	1.5	1.6	1.4	1.3
Consumer price index	1.5	2.2	1.6	1.7	1.6	1.7	1.7
Domestic employment (change in '000)	58.8	50.9	41.1	35.2	49.1	42.9	37.7
Domestic employment (change in %)	1.3	1.1	0.9	0.7	1.0	0.9	0.8
Employment rate (persons aged 20-64 years)	67.8	68.3	68.8	69.3	70.0	70.6	71.3
Unemployment rate (FPB definition)	11.2	10.6	10.3	10.1	9.6	8.9	8.3
Unemployment rate (Eurostat definition)	8.0	7.6	7.5	7.4	7.1	6.6	6.1
Government financing balance (% of GDP)	-2.6	-1.9	-1.9	-2.1	-2.2	-2.1	-2.1
Gross public debt (% of GDP)	106.6	106.2	105.5	105.2	105.0	104.7	104.2
Current account balance (National Accounts - % of GDP)	0.7	0.7	0.7	0.6	0.4	0.3	0.3

This year, the Belgian economy is expected to maintain a growth rate of 0.3% to 0.4% per quarter driven by domestic demand, while net exports make a zero contribution. As a result, annual economic growth increases slightly to 1.4% in 2017. During the 2018-2022 period the Belgian economy should post growth of 1.5% on average, which is in line with European GDP growth. The Belgian output gap would gradually be reduced, amounting to about zero in 2021-2022<sup>1</sup>.

For the 2017-2022 period, a total of 257,000 jobs are expected to be created. The number of salaried employees in the private sector should increase by 217,000 and the number of self-employed by 47,000, whereas employment in the public sector is to be reduced by 7,000 units. Measures aimed at reducing labour costs for wage earners support employment growth mainly in 2016, 2017 and 2020. The employment rate (persons aged 20-64 years) should gradually increase to 70% in 2020 - thus remaining below the objective of the Europe 2020 strategy (71.3% in 2020). The number of unemployed persons (including non-jobseeking wholly unemployed persons entitled to benefits) is expected to be reduced by a total of 146,000 persons for the 2017-2022 period.

In 2016, Belgian inflation accelerated to 2%, which can be partly attributed to a sharp increase in electricity prices resulting from various measures. These measures only have a temporary impact on inflation, which nonetheless is expected to further accelerate to 2.2% in 2017 as a result of significantly higher oil prices. In 2018, the stabilisation of oil prices will temporarily slow inflation to 1.6%, but new oil price increases from 2019 onwards will gradually raise it to 1.7%.

<sup>1</sup> The output gap calculation is directly derived from an estimate of potential growth. This is based on the European Union's reference method, but is applied to the statistical concepts and the project framework of the FPB's national macroeconomic models.

## 3. Country-Specific recommendations

### 3.1. Budget consolidation (Recommendation 1)

*THE COUNCIL RECOMMENDS that Belgium take action in 2016 and 2017 to achieve an annual fiscal adjustment of at least 0,6 % of GDP towards the medium-term budgetary objective in 2016 and in 2017. Use wind-fall gains to accelerate the reduction of the general government debt ratio. Agree on an enforceable distribution of fiscal targets among all government levels. Simplify the tax system and remove distortive tax expenditures.*

The budgetary policy of the Belgian authorities is detailed in the Stability Programme 2017-2020.

In addition, measures were taken at the regional level to make motor vehicle tax more environmentally-friendly. More specifically, the *Flemish Region* has extended the system of the eco boni and mali to light commercial vehicles that are not leased. The possibility of extending road pricing to these vehicles was also studied. In 2017, the *Brussels-Capital Region* is considering greening its road tax, with a higher tax for diesel-powered vehicles. The *Walloon Region* is also planning to amend its motor vehicle tax to take environmental criteria into account.

The second phase of the *Brussels* tax reform also entered into force in 2017, resulting in a further shift away from tax on labour to tax on property.

### 3.2. Competitiveness and labour market (Recommendation 2)

*THE COUNCIL RECOMMENDS that Belgium take action in 2016 and 2017 to carry out the intended review of the Law of 1996 on the promotion of employment and the safeguarding of competitiveness in consultation with the social partners. Ensure that wages can evolve in line with productivity. Ensure the effectiveness of labour market activation policies. Move forward with education and vocational training reforms and provide training support for disadvantaged groups, in particular people from a migrant background.*

#### 3.2.1. Wage formation was revised

Since 1996, the framework for Belgian wage formation has been the Wage Norm Law, which every two years establishes the total maximum margin for wage negotiations on the sectoral, company and individual level. The law's objective is to safeguard the external competitiveness of Belgium's economy. Nevertheless, it was unable to prevent the wage handicap with the neighbouring countries from increasing for many years. To this end, the *Federal Government* decided to temporarily suspend automatic wage indexation (index jump) in 2015-2016.

The law itself subsequently was also thoroughly revised.<sup>2</sup> The essential features of the wage negotiation system were maintained, including automatic indexation and the principle that lower negotiation levels may only deviate from what was decided at a higher level if this benefits the employee. The calculation of the wage margin was, however, adjusted to restore the balance between safeguarding competitiveness and strengthening purchasing power.

In addition, as regards the correction mechanism, the wage handicap, i.e., the difference in hourly labour costs compared with Belgium's main trading partners, is no longer considered on the basis of the past two years only. Instead, the calculation always starts from the total wage increase since 1996. The result is an automatic correction. A safety margin of at least 0.5% is also built in, mainly to compensate

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<sup>2</sup> See Annex 7 for a partial estimate of the impact of this change

for forecasting errors. Moreover, this avoids that measures for reducing labour costs translate into a higher margin, and thus potentially result in higher wage increases. The measures taken in the framework of the recent tax reform (tax shift) are thus kept out of the margin, as are the wage subsidies. Future reductions of social security contributions are only added to the margin at 50% at most. As such, the wage handicap since 1996 is kept under control and the previously-accrued labour cost differential is also gradually reduced.

The social partners already used the new legislation, even before it was adopted, for establishing the wage margin for 2017-2018. They established a norm of 1.1%. This norm has been formally enshrined in a collective labour agreement - the new law also provides a more solid legal basis for the norm, tightening sanctions in the event of non-compliance.

While the change in productivity as such is not factored in in the calculation of the wage margin (which would not be straightforward, technically speaking), the new legislation should lead to a comparable evolution of wages and productivity in the longer term.

### **3.2.2. The activation policy was allocated to the regions and simplified**

In the framework of the Sixth State Reform, the policy for better integrating certain target groups in the labour market became the full responsibility of the regions and the German-speaking Community. As such, this paved the way for an important simplification of measures that overlapped each other in part or full, which should also increase efficiency.

The *regions* chose to grant reduced social security contributions to employers for low-skilled young people<sup>3</sup>, older workers<sup>4</sup>, the long-term unemployed<sup>5</sup> and employees with a disability<sup>6</sup>. These employment subsidies also tie in better with the measures for a temporary work experience, which are accessible for the groups that are most difficult to employ. These will be focused much more on getting these employees to move to the normal economic circuit and replace a number of schemes, some of which were aimed more at direct job creation. As far as young people are concerned, these subsidies are part of the Youth Guarantee, which applies in particular to the comprehensive approach of the Flemish employment service (VDAB) in Flanders and the new integration contracts in Brussels and Wallonia: a first work experience for long-term unemployed young people.

The new measures will enter into force in 2017. The regions will continuously evaluate them, among others to avoid undesirable effects on each other's policies and to prevent too many jobs from being subsidised which would also have been created without the subsidy (deadweight effects).

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<sup>3</sup> Flanders, Wallonia and Brussels – the German-speaking Community considers all young people as a target group

<sup>4</sup> Flanders, Wallonia, Brussels and the German-speaking Community

<sup>5</sup> Wallonia, Brussels and the German-speaking Community

<sup>6</sup> Flanders and Brussels – the German-speaking Community in general considers unemployed persons that are difficult to place as a specific target group.

### 3.2.3. Education and vocational training have been reformed

Although the Belgian education system performs relatively well in international terms, the inequality between schools and socioeconomic groups is too high. Moreover, the acquired skills do not always tie in with the labour market requirements, a mismatch that is particularly apparent in the employment rate of low-skilled workers, which is too low. That is why a reform of the education and training policy is a priority for the Belgian authorities, in close cooperation with the social partners.<sup>7</sup>

The communities will continue with education reform, which was launched a few years ago. The *Flemish Government* chose to rationalise the study offer and strengthen differentiation in the first years of secondary education. Moreover, the discussion about learning objectives in education (attainment targets) continues and adult education and higher vocational education are being reformed (see section 4.3.1). After a comprehensive consultation of the education sector, the *Government of the French Community* approved an ambitious educational reform.<sup>8</sup> It aims to improve pupils' skills, provide better support for their schooling (through remediation), improve governance (by more actively managing schools) and offer guidance to educators. In line with this reform, a study about the reform of the initial training is also under way (see section 4.3.1). Both communities are also working on reforming teaching careers.

In the margin of the education reforms, dual learning is also further developed, i.e. by strengthening the underlying structures (such as the *Flemish Dual Learning Partnership*), by increasing the number of available internships (in *Wallonia* by offering bonuses to companies and young people) and by reducing the number of different employment statuses. The *French Community* is investing in a generalisation of dual learning in higher education.

Belgium's scores for lifelong learning are not sufficient. However, training and education are important for the employability of the individual employee, the competitiveness of companies and the functioning of the labour market. The remaining federal measures in this respect were transferred to the *communities and regions* under the Sixth State Reform. In this domain as well, the existing systems were simplified, with an integrated framework in every region with one uniform system for the funding of training (training vouchers) and one scheme for training leave (in addition to the time credit for training, which was maintained as a federal measure<sup>9</sup>). Finally, at the *federal level*, the Workable and Flexible Work Law (see section 4.1.2) established the objective to arrive at an average of five training days a year per FTE at the interprofessional level. Efforts in the past are used as the starting point for this, and a growth path is being developed to achieve this figure.

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<sup>7</sup> More specifically in the margin of the "Pacte pour l'Emploi et la Formation" in Wallonia and the "Strategie 2025" in the Brussels-Capital Region.

<sup>8</sup> On 22 March 2017, the Government of the French Community adopted the "Pacte pour un Enseignement d'Excellence.

<sup>9</sup> Which is further encouraged in Flanders with a bonus.

### 3.2.4. Additional attention to people from a migrant background

As per the European Commission's conclusion in the Country Report, the Belgian labour market is heavily segmented. There is a very high employment rate for the highly educated, but also a large number of jobless households and difficult labour market access for young people, older workers and above all, low-skilled workers. People of foreign origin thus find it very difficult to find a (long-term) job. To remediate this, measures are firstly being taken to improve the labour market's functioning in general, to encourage lifelong learning and create more equal education opportunities (see above).<sup>10</sup>

Specific measures are also implemented. In *Flanders* companies are encouraged to achieve diversity through their HR policy. Eight ESF-funded projects have been launched to combat prejudice and discrimination. Newcomers must follow a compulsory integration programme, and in education schools with a large population of foreign language pupils or with many pupils from a more fragile socio-economic environment receive additional resources. In *Wallonia*, the public employment service (SPE) among others is tasked with organising a public tender for services to newcomers among its partners for socio-professional integration. In December 2016, the *Brussels Government* validated a Plan for Combating Discrimination in Recruitment, with a view to continuing and extending the existing positive actions (promotion of diversity in terms of HRM, counter and so on) with ten supplementary measures. The Plan's main measure is the approval of a control and sanction mechanism for Brussels employers. The draft ordinance that was approved at first reading aims to allocate new control instruments to the regional inspection for employers who are suspected of illegal practices in terms of non-compliance with discrimination legislation (such as the situational test).

The labour market services<sup>11</sup> are also paying additional attention to the position of people from a migrant background, more specifically given the recent inflow of refugees, by offering reception in another language or individualised guidance. Immigrants are also encouraged to have their diplomas or other skills they acquired officially recognised, where necessary through simplified procedures.

The fight against labour market discrimination remains a priority. Preventative action is taken, by encouraging diversity plans in businesses and through awareness campaigns, as well as curative action. Some sectors have developed a system of mystery calls through self-regulation, while the inspection services carry out targeted and proactive controls.

Finally, the follow-up of persons from an immigrant background on the labour market is assured<sup>12</sup> and in 2016 an intergovernmental consultation was organised regarding this issue.

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<sup>10</sup> 75% of the training courses organised by Bruxelles Formation are populated with people of non-Belgian origin.

<sup>11</sup> Forem, Actiris, VDAB and ADG

<sup>12</sup> Among others based on the Labour Market and Social Protection Data Warehouse, to which origin variables were added.

### 3.3. Competitiveness and competition (Recommendation 3)

*THE COUNCIL RECOMMENDS that Belgium take action in 2016 and 2017 to boost the capacity to innovate, in particular by fostering investment in knowledge-based capital. Increase competition in the business services sector and the retail sector by removing unwarranted operational and establishment restrictions. Address short-falls in investment in transport infrastructure and energy generation capacity*

#### 3.3.1. Capacity to innovate

An important incentive for innovation is the co-financing of research and innovation projects. The *Flemish Government* invests in knowledge-based capital. It funds fundamental and strategic basic research through grants for specific programmes, initiatives, infrastructure and institutions. In 2017, the R&D&I budget was increased by 195 million euros, and funding for research infrastructure was increased by 60 million euros. Within the ERDF resources made available to Flanders, a larger amount will be earmarked for R&D&I in 2014-2020 than in the previous multiannual period. In 2016, the reform of the decree on R&D&I aid entered into force in *Wallonia*. This reform aims to enhance excellence, simplify support measures and make them more efficient in accordance with the regional industrial policy (see section 5.1). R&D&I measures have been taken that have been co-financed by the ERDF. This comprises the financing of technological equipment, support for research projects by companies and research and education institutes, support for demonstration and pilot projects, and vouchers that are used to finance the protection of intellectual property. Special attention is also paid to SMEs. The *Brussels Government* approved the Regional Innovation Plan (Gewestelijk Innovatieplan, GIP / Plan régional pour l'Innovation, PRI) 2016-2020 in July 2016. The GIP/PRI, which is a priority of the 2025 Strategy, comprises the region's smart specialisation strategy that is subdivided into three strategic activity areas, namely health, green economy and digital economy. The accompanying decrees on financial support for RDI are currently awaiting approval by the regional parliament. These ordinances will expand the framework of the region's R&D&I policy, in terms of the type of support measures and the stakeholders who can apply for this support. A stimulus of the *Federal Government*, although it was originally intended as a tax measure, is the new tax deduction system for revenue from innovation. In line with the OECD's action plan for combating base erosion and profit shifting, the deduction for patent revenue was abolished in July 2016 and replaced with the deduction for innovation revenue. This deduction is in accordance with the OECD's Nexus approach. Henceforth, businesses must prove that the costs are effectively associated with their own R&D.

Besides making available financial resources, innovation and investments in knowledge-based capital are encouraged through strategic plans and administrative simplification, among others. Cooperation and cluster-oriented initiatives have also been developed. In the *Walloon Region*, for example, since 2016 a second version of the Plan Creative Wallonia and the Digital Wallonia Action Plan has been in place. The former aims to promote the creativity of the business community, the government and education in the region. The new plan will concentrate on the SMEs, the dissemination to the industrial and public sector, the development of skills and the adaptation of the education systems. The first measures include, among others, living labs, co-working, a creativity week, vouchers for the creative economy, creative school labs, prototyping measures, the support and stimulation of start-ups and creative hubs. In the framework of the application of the Walloon digital plan, a number of measures were introduced together with the Walloon digital stakeholders, in terms of support for R&D&I and SMEs, the financing of digital start-ups, education, very high-speed mobile internet infrastructure, open data, e-administration and so on. In the *Brussels-Capital Region*, the NextTech.brussels plan adopted in January 2017 for support to the digital sector aims to achieve the same objectives. Moreover, the Institute for Research and Innovation (Innoviris) is at the heart of a number of new initiatives. It is currently responsible for the management of the platform for public incubators, which is developing an array of technological and legal services. The institute also launched the new Team Up campaign to promote cooperation

between the academic world and industry. In its first edition, the campaign will focus on artificial intelligence (AI). In the framework of the Co-Create campaign, the theme of urban resilience was chosen for 2017. The *Flemish Government* wishes to stimulate strategic cooperation between businesses, sectors and researchers with a new and targeted cluster policy, with the aim of accelerating the conversion of innovation into products, investments and jobs. In May 2016, 14 innovative business networks (IBNs) were approved, which will receive support over a three-year period. In autumn, proposals for long-term spearhead clusters in sustainable chemistry, logistics, materials and energy were approved. Besides this, Flanders is also actively disseminating knowledge about intellectual property rights, offering guidance to academics who want to start up their own business, teaching digital skills, offering workplace training, matching supply and demand for innovation, better valorising research results, increasing the number of innovative companies and promoting STEM programmes.<sup>13</sup> Applications of the internet of things are also in the pipeline.

Further information about the measures taken to promote innovation are outlined in section 4.2.

### 3.3.2. Competition in business services

The federal and regional governments are both working on the transposition of Directive 2013/55 on the qualifications of regulated professions. A cooperation agreement will be drawn up to ensure coherence within Belgium. The “horizontal” provisions were transposed at the *federal level* in 2016. This ensures that people and businesses from other Member States can practice their profession more easily and faster in Belgium. Be-Assist was simultaneously founded, which provides citizens with information about the rights conferred to them under the directive. On 15 February 2017, the *Flemish Parliament* approved the horizontal transposition of the directive by a decree. On 24 February 2017, the Council of Ministers approved a preliminary draft of the legislation for the “vertical” transposition, which relates to specific professions. In *Wallonia*, an orientation paper has been submitted to the government, which screens the existing legislation. The first readings of the decree for transposing the directive and the decree for transposing federal legislation have since been approved. On 17 March 2017, the Flemish Government on principle decided to abolish the law on establishment for a number of specific professions.<sup>14</sup> The decisions to this end are being drafted and will be submitted for approval to the Flemish Government during the first semester of 2017. Besides this, talks have been launched with the construction industry during which the conditions for establishment for a number of typical construction-technical professions will be audited with the aim of reforming them. Finally, a dialogue is also ongoing with civil society, as well as a study about the possible reform of the certificate of basic business management.

Initiatives have been taken at several levels to promote competition in retail. In the regions, the competence - which was regionalised after the Sixth State Reform - for establishment for retailers has entered into force. In *Wallonia* a number of improvements have been made to certain provisions, more specifically in terms of administrative simplification. In March 2017, a draft decree was also approved about short-term rentals. The so-called “short-term” trade is now regulated and thanks to the flexible and targeted legal formula, this also provides a new dynamic for shopping centres. A plan was also approved to support the development of retail trade. In July 2016, the *Flemish Government* approved a decree on retail establishments for implementation. Transparency, predictability and monitoring were all taken into account in this decree. In order to cut red tape, the commercial settlement licence was incorporated in the environmental licence.<sup>15</sup> At the *federal level*, consultations are currently ongoing

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<sup>13</sup> Science, technology, engineering and mathematics.

<sup>14</sup> Butcher-wholesaler, dry cleaner/dyer, restaurant owner or caterer-banquet organiser, bread and pastry maker, hairdresser, beautician, masseur, pedicure, optician, dental technician, undertaker, butcher-retailer and the practice of self-employed activities relating to bikes and motor vehicles.

<sup>15</sup> Previously the urban planning, environmental and parcelling permits were already combined in the environmental licence.

about the abolition of the period prior to the sales period. By abolishing this cool-off period, it will become possible to announce price reductions just before the sales. The Federal Minister has asked the Council for Consumption and the Supreme Council for the Self-Employed and SMEs for their opinion. At the same time, the Minister asked whether it would be possible to change the dates of the sales periods.

The so-called “territorial restrictions on supply” are restrictions that a supplier imposes on its distributors to prevent them from freely finding supplies, in particular as concerns the countries of their choice. Such restrictions can cause a market failure for traders and consumers. The *Benelux* is tackling this issue in the framework of the Action Plan for Jobs and Growth. The Benelux expert group will analyse the results of an online survey in 2017 and based on this analysis they will determine whether new measures must be taken. In that same framework, an inventory of the obstacles was established and presented to the Ministers of Economy of the Benelux countries on 20 February 2017. A working group will be established to identify the unjustified obstacles and eliminate them so as to transform the Benelux retail market into a more integrated and competitive market.

### **3.3.3. Investments in transport and energy**

The management and development of the road network, the waterway network and local and regional public transport are a regional competence. Until the end of the coalition period, the *Flemish Region* wishes to invest another 5.8 billion euros in infrastructure. In 2016, the *Walloon Region* started to implement its Plan Infrastructure, which is focussing on the upgrade of the road and waterway network. The *Brussels-Capital Region* will mainly invest in public transport and cycling routes in the following years. More specifically, for the *Flemish* road network, the government is preparing the capacity increase of the ring roads of Brussels and Antwerp, but elsewhere they are also tackling bottlenecks and missing links. In *Wallonia*, roadworks started in 2016 in 14 locations, while works started on an additional 49 locations in 2017. *Brussels* is working on the renovation of its many traffic tunnels. In April 2016, *all three regions* implemented road pricing for road haulage. In first instance, this generated a revenue of 100 million euros, to be used for new investments. The waterway network plays an important role in the modal shift from road haulage and the reduction of congestion. In 2017, works will start on the Seine-Scheldt link in *two regions*. Besides this, works are ongoing throughout the country on the old canals and on several sea and inland locks, or projects are in the pipeline. Public transport plays an important role in the modal shift of passenger transport. In *Brussels*, the modernisation and expansion of the metro and tram networks is ongoing and 8,000 P+R spaces will be added in the years to come. To the north of the city, *Flanders* is preparing the construction of a regional light rail network (Brabantnet). Eurostat gave *Wallonia* the go-ahead for the financing of a public-private partnership to build a tram line in Liège. The government will approve the specifications in the spring of 2017. Public transport is also being improved with small-scale projects.

Contrary to local and regional public transport, the railway network is a *federal* competence. Currently negotiations are ongoing about a new, multiannual investment plan. The plan is aimed at investments for the next five years. At the same time, the government has committed to invest another 1 billion euros. Priority will be given to the completion of the Regional ExpressNet (GEN/RER) around Brussels. The NMBS/SNCB has started developing a new, suburban rail service around four cities. In the framework of the CEF Blending Call, currently the option is being studied of combining debt instruments with European subsidies for the financing of railway infrastructure projects.

The investments in energy generation capacity are part of the energy transition approach. The 2022-2025 period is a concern in this context, as this is when nuclear power plants will be decommissioned. In December 2016, the *federal* Minister of Energy published a strategic memorandum on the measures to be taken to safeguard supply by that point in time. It includes points of action for competition, interconnection, demand management, storage, the strategic reserve and a new capacity compensation

mechanism. In its Energy Plan 2020 of July 2016, the *Flemish Government* acknowledges that renewable energy is one of the main components of this transition. Because of the uncertainties surrounding biomass, it also includes higher ambitions in terms of solar and wind energy and green heat. On 3 February 2017, the Flemish Government approved a draft paper that initiates the large-scale roll-out of the digital electricity metres needed to facilitate the energy transition. In *Wallonia*, various investment projects in renewable energy were launched, including the construction of a biomass facility, wind farms along motorways, renewable heat production in the public sector and so on.

In September 2016, the *Federal Government* announced a National Pact for Strategic Investments. In line with the European Investment Plan, it aims to provide a stimulus for public and private investments in a number of strategic sectors, not only of energy and transport. The period until January 2017 will be used for consultations between the federal and federated entities and the European institutions for drawing up a strategic note and to set up a steering committee and a strategic council. The note will analyse the needs and obstacles to investments and will suggest recommendations for overcoming these obstacles. Besides the investments that *Flanders* makes in energy and transport, the government also continues to focus on school infrastructure, as is evident from the call for tenders in March 2017 for a new DBFM programme for school infrastructure (300 million euros). *Wallonia*, meanwhile, approved a new, multiannual investment plan in various priority areas including housing, the hospital and medical-social sector, child-care, airports, the energy efficiency of public buildings, business parks, ports, training and so on. In *Brussels*, finally, extensive, multiannual investment plans have also been drawn up to stimulate territorial development, urban regeneration and housing.

## 4. Europe 2020 objectives

### 4.1. Employment

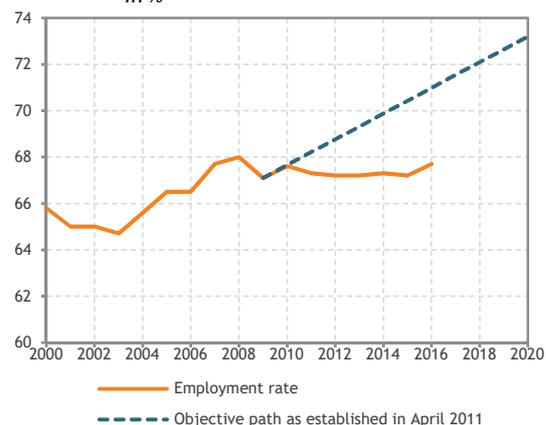
**Table 2: Employment targets**  
In % (unless stated differently)

	BE2010	BE2015	BE2016	BE2020	Required job creation 2016-2020
Employment rate 20-64	67.6	67.2	67.7	73.2	339,138
Female employment rate	61.6	63.0	63.0	69.1	217,062
NEET (percentage of young people neither in employment, education or training)	10.9	12.2	n.a.	8.2	
Employment rate 55-64	37.3	44.0	45.4	50.0	101,901
Employment rate gap between non-EU citizens and Belgians	28.4	25.8	27.7	<16.5	

Source: Eurostat; the figures for 2016 come from Statistics Belgium  
\*) Numbers

In 2016, Belgian employment further increased (+ 59,000 jobs), and further growth is expected in 2017 (+51,000 jobs<sup>16</sup>). The tax reform (tax shift) and the measures for increasing employment through decreasing unemployment benefits have definitely contributed to this situation. The steps in recent years to increase the employment of the 55+ age group and to postpone retirement from the labour market (raising the retirement age, stricter conditions for early retirement, active availability, etc.) have also visibly yielded results. The fact that these changes do not always translate into a substantial increase of the employment rate is related to the change in the working age population. The size of this 20-64 age group increased by 1.9% in Belgium in 2010-2015, whereas it decreased by 0.1% across the EU.

**Graph 1 Employment rate 20-64 and pathway towards the 2020 target**  
In %



Source: Eurostat; for figure for 2016 comes from Statistics Belgium

Additional efforts are required to achieve the 2020 objective. The authorities are focusing on strengthening economic activity, entrepreneurship and innovation policy (see sections 3.3.1, 4.2 and 5.2), more effective education (see sections 3.2 (CSR 2) and 4.3) and a better functioning of the labour market (see section 3.2 (CSR2) and below).

#### 4.1.1. Tackling long-term unemployment and industrial restructuring processes

The European Council's recommendation on the integration of the long-term unemployed from 2016 is being implemented by the *regions and the communities*. The registration of the long-term unemployed as jobseekers is not a problem as this is a condition for receiving unemployment benefit, also for young people after graduation.<sup>17</sup> Besides the new temporary work experience scheme, *Flanders*, from 2017, will offer a financial incentive for employers who hire long-term jobseekers. In Wallonia, the cooperation

<sup>16</sup> Source: 2017 Economic budget

<sup>17</sup> With the exception of school leavers, but they are reached through the outreach initiative in the framework of the Youth Guarantee.

between the SPE and the public social welfare centres will be enhanced to guarantee the social-professional activation of the most vulnerable groups in our society. This cooperation provides for professional reorientation strategies, among others through work placements.

The labour market services are the Single Point of Contact, which, however, work closely with the local social services<sup>18</sup> and with other service providers, often through one personal (often digital) file and with one counsellor who keeps an overview of the file. By focussing more heavily on online services for more self-sufficient jobseekers, counsellors can also set aside more time for long-term jobseekers. All long-term jobseekers will be offered an individual action plan, based on a screening of their situation and possibilities.

Additional resources will also be used for major company restructuring processes. For example, after the announcement of the closure of Caterpillar (Gosselies), a series of actions were taken, in consultation with the local, regional, federal and European authorities, aimed at providing assistance to the employees and for the site's reconversion. More generally, businesses in areas where important restructurings took place ("disrupted zone") can rely on increased investment support. The social partners have agreed to discuss the general issue of restructurings at length in 2017 and 2018 and to formulate joint proposals.

#### **4.1.2. Modernise the labour market and facilitate combining work and private life**

In the frame of the Workable and Flexible Work Law, several initiatives have been taken to modernise labour legislation, to facilitate more flexibility for employers and employees alike and simplify the combination of work and private life. Working time can now be set on an annual basis, the use of overtime has been relaxed, the formalities for part-time work have been simplified and a legal framework for occasional telework has also been created. At the sectoral level, the social partners now have the option of further adapting working hours (with sliding working hours, by spreading working hours over several years or carrying over certain holidays) and of further fine-tuning the relationship between employers and employees (through employer groups or through open-ended temporary employment).

The new legislation also extends the options for taking palliative and care leave and allows employees to donate holidays to parents of sick children. The extension of the available child-care facilities in *Wallonia* and the *Brussels-Capital Region* and the additional investments in child care, the extension of care leave and the reform of training incentives in *Flanders* further supplement these measures.

In their recent *national agreement*<sup>19</sup>, the social partners also agreed to pay special attention to the issue of burn-out.

#### **4.1.3. Take full advantage of the potential of the digital economy**

In that same agreement, the social partners also agreed to take full advantages of the potential of digitisation for creating jobs, and to develop an appropriate framework. The High Council of Employment dedicated its annual report for 2016 to this topic, while the *Federal Government* took a first step by simplifying the use of night work in the e-commerce sector. The *regions and communities* have specifically geared their training programmes to the digital evolution.

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<sup>18</sup> The public social welfare centres.

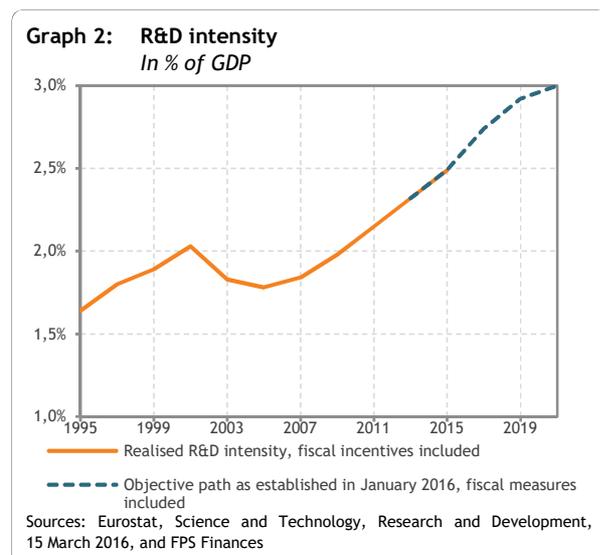
<sup>19</sup> Interprofessional Agreement 2017-2018

## 4.2. R&D and innovation

**Table 3: R&D target**  
In % of GDP

	BE2010	BE2011	BE2013	BE2015	BE2020	Required change 2012-2020
R&D intensity, fiscal incentives included	2.05	2.15	2.32	2.49	3.00	0.51

Sources: Eurostat, Science and Technology, Research and Development, 15 March 2016 and FPS Finances



Following the outstanding results achieved in 2014 (in the course of which Belgium allocated 2.46% of its GDP to research), this positive trend appears to be confirmed for 2015. The forecast for 2015 is 2.45%, which would put Belgium in 6<sup>th</sup> place in the EU. According to our projections, and taking into account the evolution in recent years (an average annual growth of about 5.69% over the past twenty years), it should be possible to achieve the 3% target by 2020, if present conditions remain unchanged.

The budgets drawn up by the various governments in Belgium for 2016 show an increase in the resources earmarked for R&D. It is also apparent from the budgetary figures that the appropriations for innovation and other economic activities are increasing proportionally more than those earmarked for research as such.

In addition to the rise in budgetary appropriations, research has also benefited from increased fiscal support. The tax deductions designated by the Finance Department as “linked to research and innovation” currently amount to 1.31 billion euros, which represents a (slight) increase in relation to the previous year. It should also be noted that, under the Horizon 2020 European framework programme, additional resources worth some 718 million euros have been released for research and innovation (2014-2016).

The reforms introduced in the area of innovation by the federal and regional authorities from the second guiding thread throughout the changes of the past year. This highlights the various authorities’ determination to link and integrate innovation and research more closely through institutional reforms, new regional decrees, the updating of the regional innovation plans, and, lastly, new programmes and initiatives in the fields of research, development, and innovation.

The *Federal Government* decided to set up the Inter-Federal Space Agency Belgium (ISAB), whose Board of Directors includes representatives of the communities as well as of the regions. At the same time, the decision was made to integrate the Belgian Science Policy Office (Belspo) in the Federal Public Service Economy, and to enable the federal scientific institutions (ESFs) to function autonomously.

In *Wallonia*, further reforms have been introduced in support of SMEs, the Agency for Enterprise and Innovation (AEI) created two specialised units – one to support the creative economy and another which will focus on innovation. These units bring together a number of stakeholders who operate at regional level as well as in liaison with the European programmes.

In *Flanders*, the new Agency for Innovation and Entrepreneurship (AIO) is the main point of contact for Flemish entrepreneurs, following the integration of the Agency for Innovation through Science and Technology (IWT) into the Agency for Entrepreneurship (AO), while the revitalised Research Foundation Flanders (FWO) is the main point of contact for researchers in Flanders.

In *Brussels*, the number of actors was further rationalized which is confirmed by the creation of a pre-start-up fund via the Brustart subsidiary of finance.brussels.

2016 saw the introduction of new plans to promote innovation (Brussels) and the continued implementation of existing plans (Wallonia). This usually occurred in the framework of a “smart specialisation” policy. In *Brussels*, a 6% increase in the R&D&I budgetary appropriations in 2017, in comparison with the previous year, will be accompanied by a new regulatory framework for supporting R&D&I, thus enabling Innoviris to deal with all new forms of innovation. In *Wallonia*, as part of the reform of the decree on R&D&I aid, a new programme, WALInnov, was launched in 2016 with a special focus on smart-specialisation market niches, projects in cooperation with different partners, and interdisciplinary projects. Nine projects were selected in 2016, with an overall budget of 18.5 million euros. Governance of R&D aid has been strengthened by an external selection panel, and the number of calls for projects has decreased significantly. In *Flanders*, the first group of leading-edge clusters were selected (sustainable chemistry, smart logistics, materials, energy, and agri-food). 14 more clusters were selected under the first call for innovative enterprise network projects. In 2016, the strategic research centres Imec and iMinds were merged, bringing together the competencies relating to hardware and software, thus creating in Flanders a world-class innovation centre in the fields of nano electronics and digital technology. Financial support for this strategic research centre has been raised to 108 million euros per year.

Before turning to the most recent major initiatives by various authorities in the areas of research, development, and innovation, it should be mentioned that these authorities drew up their ERA (European Research Area) roadmaps and submitted them to the European Commission in the spring of 2016 as a contribution to Belgium’s ERA roadmap. Furthermore, a structural framework has been prepared with a view to participating in a number of international research infrastructures, including the European Strategy Forum on Research Infrastructures (ESFRI). At *inter-regional level*, the BEL-SME call for projects, which aims to promote R&D projects developed jointly by SMEs from the various Belgian regions, was renewed in 2016. The inter-university attraction poles (PAIs) were transferred from the Federal Government to the communities. In 2017, the Research Foundation Flanders (FWO) will launch a call for the *Flemish Community*. The call will take place at the same time as the one issued by the Scientific Research Fund (FNRS) for the *French Community*.

The *Federal Government* pledged to contribute 121 million euros to the ESA mandatory programmes as well as 450 million euros (2017-2021 period) to optional programmes. Taking into account previous commitments, this adds up to an annual expenditure of 206 million euros for space activities in the 2017-2021 period. Furthermore, the universities and the federal scientific establishments (ESFs) have developed a joint cooperation project based on the creation of common research profiles.

In 2017, the *Flemish Government* will be allocating an additional 195 million euros to research, development, and innovation (including 185 million for R&D). The main recipients will be: research institutions (including Imec and VIB), higher education institutions, a number of specific scientific research projects, the FWO and the Special Research Fund (BOF) for universities, as well as the new cluster policy (see section 3.3.1), innovation aid for enterprises and, lastly, the Internet of Things Lab and the transition priority, Industry 4.0. To this we should add the 60 million euros that have been earmarked for investments in research infrastructures.

The Action Plan for Innovative Public Procurement was approved in the autumn of 2016. An initial budget has been prepared to launch five Pre-Commercial Procurements (PCPs) and 10 Public Procurements of Innovative solutions (PPIs). Imec and iMinds, two Flemish strategic research institutions, merged in the month of October, as announced at the beginning of 2016.

One of the aims of the 2025 Strategy for the *Brussels-Capital Region* is to reinvigorate the region's economy. In the context of Open Innovation, several actions were already initiated or continued in 2016 (launch or strengthening of a number of incubators, business centres and support programmes for start-ups, a call for 2017 under the Co-Create programme, two new strategic platforms, etc.).

In *Wallonia*, a number of R&D&I measures financed at regional level and under the ERDF (budget of 440 million euros for the 2014-2020 period) focus more on research infrastructures, prototypes and pilot lines, and collaborative projects. For example, the Marshall Plan 4.0 (2015-2019) includes substantial budgets for innovation, particularly targeting centres of competitiveness. As part of this effort, 27 R&D projects were financed in 2016. Furthermore, a new interdisciplinary research centre, dedicated to bio-engineering, is being set up and a three-year agronomic research plan has been adopted (70 million euros).

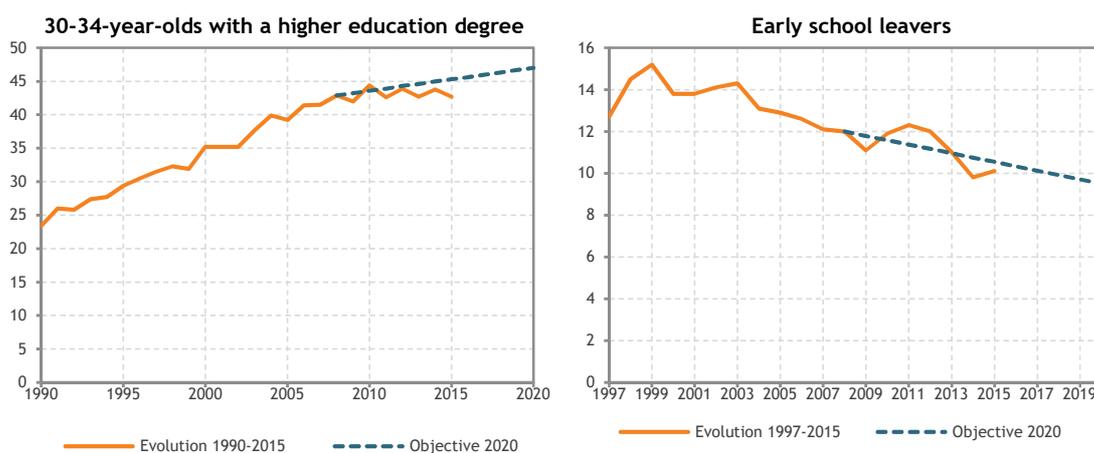
## 4.3. Education and training

**Table 4: Education targets**  
In %

	BE2014	BE2015	EU2015	BE2020	Required change 2015-2020
30-34-year-olds with a higher education degree	43.8	42.7	38.7	47.0	+4.3
Early school leavers	9.8	10.1	11.0	9.5	-0.6

Source: Eurostat

**Graph 3: Education and training indicators**  
In %



Source: Eurostat

In Belgium, education is the responsibility of the Flemish, French and German-speaking Communities, while training falls within the competence of the communities and/or the regions. In the following we present the new initiatives launched by the communities and regions within the framework of the objectives of the Europe 2020 strategy for education and training.

### 4.3.1. Higher education

Belgium has undertaken to raise the proportion of 30-34 year-olds with tertiary qualifications to 47% by 2020. This target is more ambitious than the one set for the EU as a whole (40%). In 2015 Belgium ranked 14<sup>th</sup> among European countries, with 42.7%.

In the spring of 2016, the *Flemish Government* launched the Columbus Programme to provide students with qualitative assistance in choosing their higher education pathway. This instrument gives concrete form to the mandatory but non-binding career guidance test that must be taken by all students in the third stage of secondary education who wish to pursue their studies. In order to facilitate a good initial diagnosis at the outset of higher education, a series of mandatory but non-binding tests were devised and implemented for students intending to follow engineering and integrated teacher-training courses. The operating budgets of higher education institutions and universities are set to increase in the 2017 financial year. The full implementation of the “ratchet mechanism” established by decree, on the one hand, and the 2013 Integration Decree, on the other, entail an allocation of additional resources worth 25.3 million and 14 million euros respectively. In Flanders, the higher vocational education sector has been reformed. This reform aims to attract students who have not yet found a pathway into higher

education and therefore to contribute to democratising higher education in Flanders. The full integration of these higher vocational training programmes into the university system is planned for the 2019-2020 academic year.

In order to enable higher education institutions to continue accepting students while maintaining high educational standards, the *Government of the French Community* passed a decree to refinance higher education with 107.5 million euros in the 2016-2019 period. In 2016, the resources allocated to higher education increased by 10 million euros to cover the operating costs of universities and higher education institutions, with 75% of the funds being allocated to the former and 25% to the latter. In 2017, the university colleges of arts and music will benefit from refinancing measures. The appropriations for educational grants currently amount to 60 million euros (compared with 45 million a few years ago). The September 2016 reform of the grant system takes into account the overall income of the student's household. At the same time, the qualifying income levels have been revised upwards. On 29 June 2016, a decree was approved making work-based education generally available in higher education. The decree aims to allow work-based education not only in master's degree courses, as was the case until now, but also in shorter courses leading to bachelor's degrees and diplomas. Work-based education/training can now be organised in study courses leading to jobs for which there is a shortage of qualified workers, new types of jobs, jobs undergoing major changes and jobs related to sustainable development and economic recovery. The renewed higher education system will make quality infrastructures and equipment available to all higher education establishments and vocational training providers in order to develop a range of proximity-based higher education and training opportunities which meet local socioeconomic needs. Furthermore, it will make it possible to delocalise higher-level training opportunities to the geographical and professional areas where they are deemed necessary, targeting in particular jobseekers, workers following further training programmes and, more generally, all students following higher education or social advancement courses. A proposed reform of initial training is under discussion with the aim, among other things, of promoting skills development, including language skills and learning skills, and achieving a closer link between theory and practice. Measures to strengthen the training of teacher-trainers are also being planned as part of these efforts.

Lastly, it should be noted that in September 2017 the *Brussels-Capital Joint Community Commission* will launch a bilingual training programme enabling future primary school teachers to work in educational establishments in both language communities.

#### **4.3.2. Early school leaving**

Belgium is committed to reducing its school dropout rate to 9.5% by 2020. This target is also more ambitious than the one set at European level (10%). In 2015, the dropout rate in Belgium was 10.1%, against 9.8% in 2014 and 11.0% in 2013.

Several new measures to combat early school leaving came into effect in the *French Community*. These measures include reducing the number of days of absence allowed, redefining the conditions for referral to special education services, strengthening support for students with learning difficulties in mainstream education, the renewal of all the additional budgetary resources allocated to the streaming system, and a management plan for school establishments. The central working group of the "Pact for Excellence in Education", which issued its final opinion in March 2017, set a target for reducing grade repetition through remedial lessons and the consolidation of educational achievements. On 10 November 2016, the Government of the French Community passed a decree aimed at shifting distance learning towards e-learning. A web portal was created offering learning and remedial exercises. The available modules are designed, first and foremost, to enable pupils to prepare for exams leading to primary and secondary educational qualifications and to obtain tailored learning support on line. Students can enrol at any time throughout the year and financial support is guaranteed, so as to offer students unlimited access to all the educational modules.

The implementation of the *Flemish* action plan “Together against School Dropout” continued in 2016. The plan includes actions centred on the right to education as well as on chronic absenteeism and school dropout. Its aim is to ensure that the greatest possible number of young people leave school with a qualification. The action plan places special emphasis on the monitoring of the dropout rate. The latest Flemish monitoring report confirms that the dropout rate is falling in Flanders. In order to reduce the number of dropouts, Flanders has set out to reform the educational support system. This involves clearly defining the roles and tasks of all stakeholders. The principles of a concept note entitled “Guidelines for reforming educational support in Flanders” will continue to be developed in the course of 2017.

For its part, the *German-speaking Community* is pursuing its efforts to develop a more inclusive school system. A decree enacted in June 2016 put in place a system to “compensate for disadvantages” and “protect student records” (at the duly justified request of the parents) in order to compensate for temporary learning gaps. These systems are due to be extended to newcomer students with temporary difficulties in learning the language of education. All schools are now expected to strive on a daily basis to integrate pupils from immigrant families as well as newcomer pupils. A decree is currently being prepared with the aim of boosting the human and financial resources available to educate and integrate new arrivals by strengthening their language skills. As regards intercultural competence, a range of measures have been developed to raise the educational community’s awareness of cultural differences and develop its intercultural skills in the course of the 2016-2017 school year, which is devoted to intercultural and interfaith dialogue.

The “School Inclusion Plan” of the *Brussels-Capital Region* provides schools with effective means to combat school failure, absenteeism, violence and uncivil behaviour. Furthermore, under Brussels’ new Plan for Education, drawn up as part of the 2025 Strategy, an analysis and diagnosis phase was launched in 2016 with a view to implementing new “school partnerships” to foster positive relationships between educational establishments and the community around them and hence a greater involvement of students in their school environment and the community at large.

### **4.3.3. Inequalities in education**

In *Flanders*, public funding for conventional primary and secondary education is allocated, in part, on the basis of social indicators. Following a temporary interruption in 2015, the planned increase in funding was fully resumed in 2016.

In the spring of 2016 the Flemish Government approved a concept note on the development of a robust policy for teaching Dutch as a second language. The concept note outlines a framework to devise a robust, relevant and effective policy to teach Dutch as a second language to any foreign-language-speaking person who wishes to learn Dutch. The principles of the concept note have been transposed into regulations.

In view of the increased influx of refugees, in 2016 the Flemish Government pledged 18.5 million euros in additional funding to create Dutch as a second language course in adult education. These funds will be used to develop 2,200 modules, which will cater for 26,649 participants. Additional funding worth 9.8 million euros was made available in 2017.

Again against the background of refugee arrivals, the Flemish Government earmarked additional funds for primary and secondary schools to organise “reception classes” (known as OKAN in Dutch) for foreign-language-speaking newcomers. The programming of these induction classes in secondary education has been made more flexible in order to meet spikes in demand. Additional resources have also been allocated to provide the students with individual coaching and support during their transition from the reception classes to conventional education.

Furthermore, during the 2016-2017 school year, some schools that are admitting a growing number of foreign-language-speaking pupils under five years of age are receiving a supplementary allowance of 950 euros per child. This allowance is intended to help these pupils learn Dutch and improve their fluency in that language.

In addition to the above-mentioned measures, other positive steps have been taken to combat inequalities in the Flemish education system, including the implementation of a new parliamentary act (“M-decreet”), the reform of the educational support system for students and the implementation of a strategic plan to promote literacy.

Under the Pact for Excellence in Education, the *French Community* has taken a number of measures to promote inclusive education for all students, reduce early school leaving and avoid grade repetition, particularly through remedial activities (management plan for school establishments, which will come into force in 2018; increase in the number of teachers in early grades; new provisions concerning attendance in the 3<sup>rd</sup> preschool year).

Furthermore, in June 2016 the French Community strengthened its specific provisions concerning the schooling and reception of newcomer pupils in compulsory education by introducing new measures and allocating additional resources for these purposes. The integration needs of newcomers and of migrants in general are also taken into account through provisions relating to schooling and official recognition of qualifications and competences.

In response to the immigration wave in 2015, the Government of the French Community streamlined the equivalence recognition process for refugees and beneficiaries of subsidiary protection. Pursuant to the Decree of 29 June 2016, refugees who are unable to produce the relevant supporting documents, or whose documents cannot be authenticated, may be granted official recognition of the equivalence of their educational level by the Minister for Higher Education, on the advice of an “Equivalence Committee”. Refugees and beneficiaries of subsidiary protection are exempt from paying any fees for either of the procedures concerned, i.e. the request for a decision concerning admission to an educational establishment and the request for a decision concerning recognition of their educational level.

Lastly, in August 2016 the Government of the French Community set aside 1.45 million euros to implement 153 projects aimed at supporting citizenship education for young people, fighting against racism and protecting the rights of people made vulnerable by exile.

## 4.4. Energy and climate

Table 5: State of affairs in 2014 and 2015 and objective for 2020 concerning climate and energy

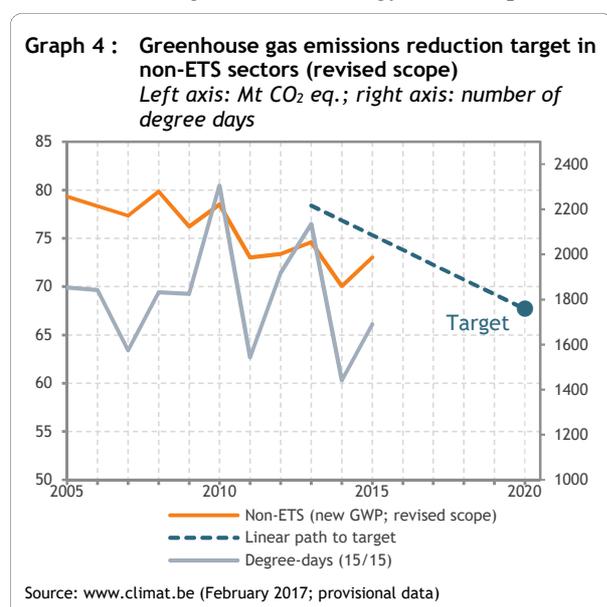
	BE2014	BE2015	BE2020	Required change 2015-2020
Greenhouse gas emissions non ETS, revised scope (Mt CO <sub>2</sub> eq)*	70.1	73.0	67.7	-5.4
Share of renewables (%)**	8.0	7.9	13.0	5.1 pp
Primary energy consumption (Mtoe)**	45.2	45.7	43.7	-2.0

Sources: \*) www.climat.be (February 2017; provisional data); \*\*) Eurostat (Energy balances and SHARE2015; February 2017; provisional data)  
pp: percentage point.

In order to implement the Europe 2020 strategy, Belgium must achieve three energy and climate change targets by 2020: (1) a 15% reduction in greenhouse gas emissions (GHG) in relation to 2005, in the sectors that are not covered by the European Scheme for Greenhouse Gas Emission Allowance Trading (commonly referred to as non-ETS sectors), to be achieved following a linear progression (annual emission ceilings) in the period from 2013 to 2020; (2) an increase in the gross final consumption of energy from renewable sources to 13%; and (3) an indicative target of 18% primary energy savings by 2020. The table and the graphs below illustrate these three targets and show Belgium's current status in relation to each of them.

In 2015, greenhouse gas emissions in the non-ETS sectors increased in relation to 2014 (the warmest year since 2005). GHG dropped below the 2005 level by 8% (to 6.7 percentage points from the target for 2020) as well as below the reduction trend set for the 2013-2020 period. Heating needs accounted for a non-negligible part of these emissions.<sup>20</sup>

Following a period of steady growth from 2008 to 2012 (see Graph 5), the quota from renewable energy sources in the gross final energy consumption increased more slowly from 2012 to 2014 and almost



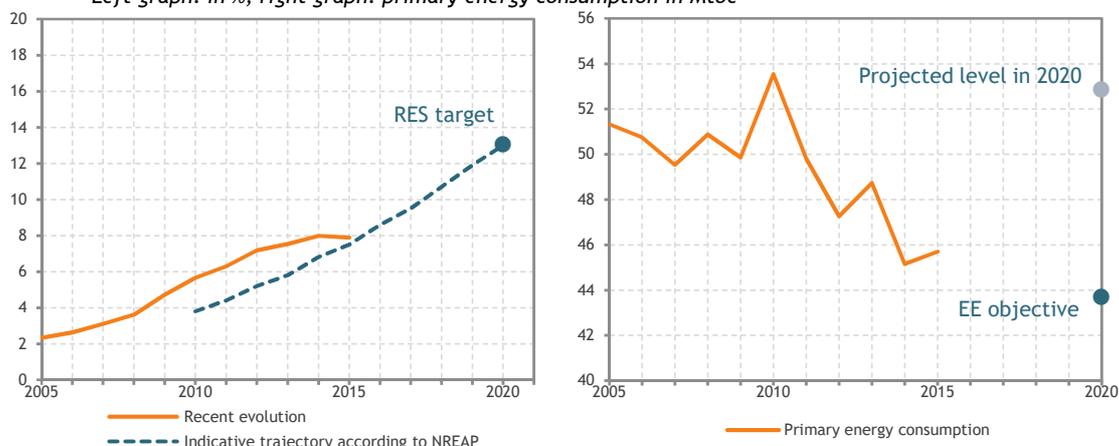
stalled in 2015. The latter development was largely due to a temporary downturn in the use of biofuels, which was not offset by the increase in the use of renewables to generate electricity. However, the proportion of renewables in 2015 remained above the indicative trend proposed in Belgium's National Renewable Energy Action Plan (NREAP), which was submitted to the European Commission in November 2010 (7.9% vs. 7.5%). In 2015, the gap in relation to the 13% target by 2020 was 5.1 percentage points.

Finally, primary energy consumption, which is one of the indicators selected to set the energy efficiency indicative target, increased slightly in relation to 2014. In 2015, primary energy consumption (45.7 Mtoe) was roughly 2.0 Mtoe below the Belgian target of 43.7 Mtoe by 2020.

<sup>20</sup> In Belgium, approximately one third of greenhouse gas emissions in non-ETS sectors originate from the residential and tertiary sectors, mainly from the heating of buildings (two other significant sources of emissions are cooking and the production of domestic hot water). However, the breakdown varies considerably from one region to another.

**Graph 5 : Target for the share of renewable energy sources in gross final energy consumption (left) and the energy efficiency objective (right)**

Left graph: in %; right graph: primary energy consumption in Mtoe



Sources: Eurostat (February 2017), NREAP, EC (DG Energy, PRIMES baseline 2007).

NREAP = National Renewable Energy Action Plan (November 2010); RES = renewable energy sources; EE = energy efficiency

Responsibility for the energy and climate policy is shared between the Federal State and the three regions. As regards the distribution between them of the climate/energy 2020 objectives and related opportunities, a political agreement was reached on 4 December 2015 and a cooperation agreement was concluded on 20 January 2017. In the following we provide a brief description of the main policy measures defined and decided by the various entities in this area.

The *Federal State* undertook to pursue the existing policies and measures to fully achieve the planned reduction in emissions, estimated at 15.25 Mt CO<sub>2</sub> eq, and to develop new policies and measures to further reduce emissions by at least 7 Mt CO<sub>2</sub> eq in the 2016-2020 period. These new policies and measures include the creation of a “Positive Mobility Allowance” (reform of the tax regime for company cars), the promotion of electrically assisted pedal cycles through tax incentives, a decrease in energy consumption by the Belgian national railway company (SNCB/NMBS) (including power for traction and non-traction and non-electric power) and the implementation of new European legislation on product standards (Ecodesign) and fluorinated gases. As regards the first of these measures, the fiscal treatment of fuel cards has become less attractive since January 2017. The tax deduction for company cars is smaller when the company provides the employee with a fuel card. Furthermore, mobility solutions offering an alternative to company cars are being encouraged. There are plans to establish a system, by the summer of 2017, giving workers who use a company car the choice to convert this benefit into a cash allowance. By offering the individual worker more options, this new system aims to reduce traffic congestion and its negative impact on the environment.

The *Brussels-Capital Region* (BCR) adopted an ambitious Air, Climate and Energy Plan, aimed at achieving a 30% reduction target for greenhouse gas emissions by 2025 compared with the 1990 baseline. The plan, which was approved by the Brussels Government on 2 June 2016, identifies ten key areas for intervention and comprises 64 measures and 144 actions. At the same time, once Brussels’ share of the proceeds from the auction of the ETS quotas became available following the political agreement of 4 December 2015, the region also developed and launched several major projects targeting different stakeholders in the energy transition, including public authorities, private consumers and business companies. Furthermore, on 18 October 2016, the Government of the BCR adopted a strategy on the development of renewable sources of energy by 2020. The aim of these instruments is to contribute to achieving the targets set for the BCR, particularly in terms of reducing greenhouse gas emissions in the

non-ETS sectors (-8.8% by 2020 in relation to 2005), increasing the share of energy from renewables in the gross final energy consumption by 2020 (849 GWh) and improving energy efficiency (especially in buildings and transport).

In *Wallonia*, the government adopted an Air, Climate and Energy Plan on 21 April 2016 for the purpose of implementing the Climate Act. To this end, the plan deploys a range of measures to achieve a 30% reduction target for greenhouse gas emissions by 2020 and a 80-95% reduction target by 2050 in comparison with the 1990 baseline. The plan comprises 142 measures covering all the sectors concerned by the climate/energy objectives (transport, buildings, etc.). As regards transport, two recent initiatives deserve special mention: first, since 1 January 2017, public vehicles in Wallonia are gradually being replaced by “green” vehicles (including electric and natural gas cars, cars emitting less than 95g CO<sub>2</sub>/km and hybrid buses); and, secondly, the number of car-sharing parking spaces has been increased, working in partnership with major brands and the local authorities. In conjunction with the first of these two initiatives, a regulatory framework was adopted to support the provision of compressed natural gas refuelling stations, and a call for projects will be launched in 2017 to develop infrastructures for alternative fuels. As far as renewable energy sources are concerned, several specific actions have been undertaken, including calls for projects to create wind farms on motorway service areas and build a biomass power station, as well as measures to promote the use of biogas in combined heat and power stations (CHP). On the energy efficiency front, a plan establishing the so-called “Employment and Environment Alliance” (and refocusing it on the energy efficiency of buildings) was adopted at second reading in October 2016. Furthermore, energy efficiency requirements for buildings became more stringent on 1 January; a mechanism to support the performance of energy audits and improve the energy efficiency of small and medium-sized companies (SMEs) was put in place; and an energy audit became mandatory for large companies in September 2016.

*Flanders* is committed to a reduction target for greenhouse gas emissions in the non-ETS sectors of 15.7% by 2020, compared to 2005 levels. The steps and measures required to achieve this target are described in the Flemish Mitigation Plan 2013-2020. In the area of transport, we should mention the introduction of a kilometre tax for trucks in April 2016 and the reform of the Flemish tax regime for vehicles, as well as the launch of the Flemish action plan “Clean Power for Transport” and the implementation of provisions to make inland navigation more environmentally friendly. In the building sector, measures have been taken or adjusted to support energy-efficient renovation and strengthen energy efficiency requirements (e.g. by making E-level requirements applicable to non-residential buildings). The strategies being developed for the non-ETS sectors include a new generation of agreements on energy policy and the promotion of energy efficiency in SMEs, as well as the elaboration, in April 2016, of the Flemish action plan to reduce the use of fluorinated gases. The Flemish Government also created a climate fund to finance the measures implemented in this policy area (324.2 million euros over the 2016-2019 period). Flanders has also set itself the objective of increasing the production of renewable energies to 2,156 ktoe by 2020. Its policy rests on three pillars: solar energy, wind energy and heating with green power. Two concept notes (“Solar Plan” and “Wind Energy 2020”) were adopted in 2016 and a “Comprehensive Heating Plan” will be submitted in 2017. Flanders is also promoting the energy transition within the framework of the “Vision 2050” strategy developed by its government. This process is based on a range of initiatives leading to the implementation of the “Energy Pact and Vision”, the “Climate and Energy Plan 2021-2030” and “Climate Vision 2050”.

## 4.5. Social inclusion

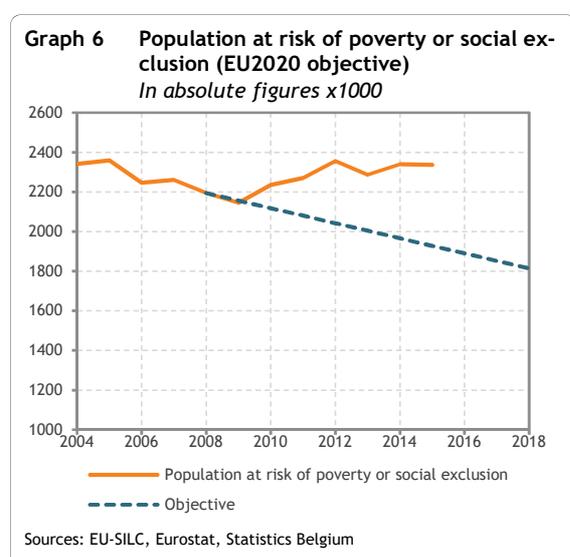
**Table 6: Social inclusion target**  
In absolute figures x1000

	BE2008	BE2015	BE2018	Required decrease 2015-2018
Population at risk of poverty or social exclusion	2,194	2,336	1,814	522

Sources: EU-SILC, Eurostat, Statistics Belgium

The indicator “Population at risk of poverty or social exclusion” remained stable in 2014-2015. No significant changes have been observed since 2008. The stability of the overall size of the population living a risk of poverty or social exclusion since 2008 results, on the one hand, from a decrease in the number of elderly people in this situation (down from 22.9% to 16.2%) and, on the other hand, from an increase in the size of the low-skilled working-age population (up from 32.1% to 35.4%)

### 4.5.1. Ensuring the social protection of the population



The social security system needs to be continuously updated to meet new needs, and steps must be taken to safeguard its financial sustainability so as to ensure that future generations can also enjoy adequate social protection. Social security policy aims to improve the effectiveness and efficiency of the system by reorganising the institutions, further extending the use of computerised systems and reducing the number of people who fail to exercise their rights. Social security helps to ensure an inclusive labour market. In this context, special attention is given to the reintegration of people incapacitated for work. Since January 2017, measures have been in place to provide integration pathways for incapacitated waged workers (subsequently, also for self-employed workers). Existing restrictions on permitted

work will be eased in the course of 2017. At the beginning of the second month of incapacity for work, and again after six months, the workers concerned are interviewed in order to facilitate their reintegration. A pilot project aimed at computerising the interviews is being implemented. Since the end of 2016, targeted evaluations of the incapacity for work are being performed, and discussions are in progress on the shared responsibility of employers, workers and doctors for the reintegration process. Within the framework of the 2017-2018 interprofessional agreement (more specifically, the welfare envelope) approved by the Federal Government, it was decided to increase the lowest pensions and allowances in respect of unemployment insurance, sickness and invalidity insurance, and insurance against accidents at work and occupational diseases. The (minimum) income guarantee for the elderly, the integration income and the income replacement allowance for persons with a handicap will also be increased. The aim remains to increase the minimum benefits (in social security and social assistance) up to the European poverty threshold, taking into account all the advantages granted, so as to avoid strengthening unemployment and inactivity traps.

In July 2016, a *federal* plan to combat poverty in the 2016-2019 period was approved. The plan comprises 61 specific actions distributed among six strategic objectives: social protection of the population, reduction of child poverty, access to employment through social and employment integration, the fight against homelessness and inadequate housing, the right to healthcare, and access to public services for people in vulnerable circumstances. The first monitoring report on the implementation of the plan will be submitted to the Council of Ministers at the end of 2017. The *French Community* is preparing a specific action plan that aims to turn the issue of poverty into an overarching priority (child poverty will be at

the heart of the plan). The *Brussels* Action Programme Against Poverty, due to be published in late March 2017, sets out a range of measures, including the newcomer reception process and the creation of two centres offering social and healthcare services for marginalised populations (homeless people, migrants, Roma, etc.). The programme will be accompanied by a thematic report on the non-exercise of rights by the most disadvantaged social groups. The updating and adaptation of the *Flemish* Action Plan Against Poverty started in 2016. Special attention is given to a number of issues, including the accessibility and quality of the services provided; the integrated and comprehensive basic services in Children's Homes (Huizen van het Kind); the promotion of health through the reorganisation of primary care; fostering the development of young children; the participation in social life; and more affordable housing. A working group is evaluating the criteria applied by different regulations to identify vulnerable groups with a view to granting social rights. The automatic granting of rights is the preferred option. Another working group is developing a screening tool to evaluate the accessibility of services. A progress report will be published early in 2017. In *Wallonia*, the reform of the Social Cohesion Plan for the 2020-2025 period is being pursued with a view to simplifying administrative procedures and refocusing the actions on the fight against poverty. Starting in 2020, the annual budgetary allocation for local authorities will amount to 24.5 million euros. A guidance note aimed at creating an "autonomy insurance scheme" (welfare cover for dependent persons) has been adopted.

#### **4.5.2. Reduction of child poverty**

In *Wallonia*, the 2016-2019 Action Plan on the Rights of the Child, adopted in December 2016, identifies more than 70 specific projects centred on three lines of action: access to rights; information, training and education regarding children's rights; and participation and governance in the area of children's rights. A reform of child benefits was approved in February 2017. The new system has been designed to be simpler and more readable than the previous one and provides for additional benefits for the families most in need as well as for children who are ill and for orphans. In *Flanders*, the updated Action Plan Against Poverty is still mainly focused on vulnerable families with young children. A local policy to combat child poverty is being implemented in partnership with the local authorities and subsidised from the Municipal Fund ("Gemeentefonds"). As regards the *Brussels-Capital Region*, at the end of October 2016 the College of the Joint Community Commission (COCOM) adopted an ordinance on the resources and facilities for the reception of children. The aim of the ordinance is to regularise the situation of all unregistered crèches and nurseries in the Brussels-Capital Region. In 2016-2017, the COCOM finances a study on "The future system of child benefits in the region" (possible avenues for simplification and improvement, particularly for families in need). A support and consultancy mission for the network of stakeholders concerned by school dropout in Brussels will be carried out by the new Schools Department of the Brussels Planning Bureau. A broad consultation has been organised on the (second) *national* Plan to Combat Child Poverty. Its approval is expected by mid-2017. The operation of Children First ("Kinderen Eerst"), the local collaborative platforms for the prevention and detection of child poverty, has been extended until the end of 2017. An analysis will be performed of the structural anchoring and further roll-out of the platforms.

#### **4.5.3. Active Inclusion of people far from the labour market**

At *federal level*, the Law of 21 July 2016 extended the individualised social integration project (PIIS) to all beneficiaries of the integration income and put in place a community service system (voluntary performance of activities that contribute to the community, personal development and future employability of participants). In 2017, the federal channels for subsidising social participation and integration will be geared to an approach based on a more flexible and accountability-fostering use of the funds by the public social welfare centres (CPAS/OCMW). The MIRIAM project has been extended until the end of 2017. The project offers greater opportunities for social and occupational integration to the difficult target group of single mothers on integration income through intensive support at five CPAS/OCMW in different parts of the country. In *Flanders*, jobseekers registered with the Flemish employment and

vocational training agency (“Vlaamse Dienst voor Arbeidsbemiddeling”) have the benefit of a service tailored to their individual needs. Starting in 2017, employers who hire a long-term jobseeker receive a subsidy aimed at promoting recruitment and sustainable employment. As part of its efforts to reduce unemployment and social exclusion, the *Brussels-Capital Region* will extend the eligibility for the various employment plans (via the Brussels regional employment agency – ACTIRIS) to all jobseekers, including those who are ineligible for unemployment/professional integration benefits. In *Wallonia*, the reform of employment aid (which is expected to come into effect in July 2017) will target long-term jobseekers, low and medium-skilled young people and older workers. A framework agreement concluded between the Walloon department of professional training and employment (FOREM) and the CPAS Federation (renewed in July 2016) provides for a range of actions, including occupational/social integration and guidance actions, training courses and active job-seeking. An annual budget of at least 1 million euros is allocated by the FOREM to the funding of training and social/occupational integration projects submitted by the CPAS. Funding for job-coach positions at the CPAS is also available.

#### **4.5.4. Fight against inadequate housing and homelessness**

In July 2016, the *Flemish Government* described its outlook on the private rented housing market. The rights relating to rent contracts and security deposit loans are key policy elements which are expected to increase access to the rented housing market. An action plan entitled “Flemish non-discrimination policy for the private rented housing market” has been announced. In 2017, the aim is to elaborate a harmonised decree on “interventions in the rent payable by tenants” and to review the decree on the approval of social rent offices (sociale verhuurkantoren). In 2016, the Flemish Government also adopted a programme on energy poverty, centred on social protection and energy savings. Instruments for action will be developed in the course of 2017. Towards the end of 2016, an Integrated Plan Against Homelessness 2017-2019 was drawn up. The plan sets out to prevent evictions in the private rented housing market by providing (continuous) support for tenants in need. In *Wallonia*, reforms in the housing sector are continuing: the creation of a fund for security deposit loans, the adoption of an indicative table of rent levels, the reform of rent contracts, the reform of the Code for Housing and Sustainable Homes (“Code du Logement et de l’Habitat durable”), and the reform of rent regulations for rental associations. Furthermore, the Water Social Fund is being reformed to provide financial support for vulnerable households and ensure solidarity among consumers. The system is being simplified and the ceiling for financial assistance with the payment of bills for consumers in difficulty has been raised. A decision is also in preparation to enhance the rights of gas and electricity consumers in *Wallonia* and improve access to energy for all. The social reintegration actions implemented under the “Housing First” project will continue and are being strengthened with the aim of enabling 75 people to benefit from the scheme. In January 2017, the government decided to create four additional night shelters for the homeless, comprising some 50 places, as well as four new shelters for women who are victims of domestic violence. Building upon the “Housing First” experience, which ended in June 2016, it was decided at *federal level* to set up a “Housing First Lab” to further analyse and disseminate the results of the project and support its continued implementation. In the *Brussels-Capital Region*, the College of the Joint Community Commission is preparing a draft ordinance on the provision of emergency assistance to homeless people and their integration. In addition to the appointment of a central coordinator as part of the measures planned for the winter period, the ordinance provides for the creation of two different organisations responsible for the reception of homeless people and emergency assistance/guidance for them.

#### **4.5.5. Reception and integration of people from a migrant background**

As regards the *Brussels-Capital Region*, in December 2016 the College of the Joint Community Commission adopted a draft ordinance on the newcomer reception pathway in Brussels, making the pathway compulsory for all newcomers. In *Flanders*, a number of experiences are currently being developed under the headings “Central support for newcomers aged 16-18 from third countries” and “Tailored integration of illiterate women with young children”. The emphasis is on an integrated approach to social guidance, Dutch as a second language, support for education and the reception of children. The Flemish Government is providing further resources to develop additional integration pathways for newcomers as well as to organise Dutch as a second language courses in adult education. The Belgian National Roma Platform, set up at *federal level* in 2016, has been organising dialogue sessions on housing, healthcare, employment and education, focusing on the social and economic integration of the Roma population (the fight against discrimination being an overarching theme). In *Wallonia*, a decision was adopted to implement the compulsory integration pathway. Additional financial resources have been deployed by the FOREM and its partners to strengthen the social and occupational integration of newcomers through different actions concerning reception, assistance, training and support for job-seeking. The FOREM acts as a one-stop shop. In addition to their fixed source of funding, the Regional Integration Centres will henceforth receive a varying amount of funding for tasks relating to the integration pathway. Furthermore, the FOREM intends to launch a call for services, addressed to other operators.

## 5. Other reforms and use of structural funds

The measures picking up on the Country-Specific Recommendations and those that contribute directly to achieving the goals of the Europe 2020 strategy are not the only ones that are of significant importance for structural economic growth. Other facets of economic policy also play a role, such as a modern industrial policy, promoting entrepreneurship, administrative simplification and the European structural funds.

### 5.1. Industrial Policy

Industry 4.0 is a generic name encompassing new concepts and technologies used in the knowledge and manufacturing economy, including digitalisation. The *Flemish* project entitled “Making the leap to Industry 4.0” (“De Sprong Maken naar de Industrie 4.0”) is one of the priorities of the Flemish Government’s 2050 Vision on the road to transition.<sup>21</sup> It is designed to support companies with their transformation processes. Flanders is promoting transition in order to boost productivity and pave the way for new industrial activities. On 24 February 2017, the Flemish Government adopted the memorandum on pursuing the realisation of Industry 4.0. In *Wallonia*, Industry 4.0 is part of the strategy of the competitiveness clusters, and has also been adopted by sectoral federations and research centres in conjunction with Digital Wallonia. The approach of the Made Different Digital Wallonia initiative is based around smart processes, products and business models.

In *Wallonia*, the strategy of competitiveness clusters has also been further pursued. In 2016, 33 new projects were approved for a total budget of 58 million euros of public money. A new call was launched in late 2016. New incentives have been given within the framework of the Smart Specialisation Strategy: a new training project selection procedure, the development of innovation platforms, the bolstering of inter-cluster cooperation and the development of a common valuation methodology. The dialogue with the clusters has also continued in order to facilitate participation in European programmes. In late 2016, the *Flemish Government* launched the Smart Flanders programme, which supports 13 cities (and the Flemish Community Commission in Brussels) wishing to become ‘smart cities’. This programme will end in late 2019. In a smart city, the local authorities, businesses, research institutes and citizens’ initiatives work together to develop solutions to urban challenges.

The *Brussels-Capital Region* has launched a Circular Economy Regional Programme (PREC/GPCE) under which it has developed a strategic and operational vision designed to make environmental improvement a source of economic opportunities and job creation.<sup>22</sup> The circular economy model is designed to develop an economy that manages resources in a rational and smart manner, limits externalities and develops short supply chains in order to create the most comprehensive value chain possible across the region. In *Flanders*, developing the transition to the circular economy is one of the seven priorities of the 2050 Vision on the road to transition. It can draw on the experiences and ideas of the Flemish materials management programme (“Vlaams Materialenprogramma”). On 24 February 2017, the Flemish Government adopted the “Initial Memorandum on the priority for the transition, implementing the transition to the circular economy” (“Startnota transitieprioriteit, de transitie naar de circulaire economie doorzetten”). In *Wallonia*, the Agency for Enterprise & Innovation (AEI) provides financial incentives to businesses to foster circular economy approaches. The government has also stepped up the resources dedicated to actions designed to stimulate the development of short supply chains run by the AEI. The Walloon Waste/Resources Plan presents a new vision of waste management. The plan will allow for the recovery of waste and the re-use of new resources/materials in production chains.

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<sup>21</sup> <https://www.vlaanderen.be/nl/vlaamse-regering/visie-2050>

<sup>22</sup> The programme was adopted within the framework of Strategy 2025.

## 5.2. SMEs and the business climate

In the wake of the European programme of the same name, a Small Business Act (SBA) was developed for the *Brussels-Capital Region*. It is one of the priorities of 2025 Strategy. It was adopted on 30 June 2016 and contains 77 measures that will be taken between 2016 and 2025 in five areas: creating an environment that is conducive to entrepreneurship, access to financing with the assistance of a credit mediator, diversity of entrepreneurs and businesses, relations between SMEs and the region and support for business development. *Wallonia* has also adopted its SBA 2015-2019 with a budget of 4.8 billion euros and comprising 30 actions. For commerce in particular, a Walloon strategy to develop and support commerce was adopted by the government in December 2016. The strategy comprises 36 actions. In *Flanders*, the SBA for Europe has been incorporated into the Action Plan for Entrepreneurial Education (“Actieplan Ondernemend Onderwijs”) and in the policy to promote more more ambitious entrepreneurship, which is intended specifically for SMEs and self-employed workers. In order to monitor SMEs and self-employed entrepreneurs, the *Federal Government* presented its first scoreboard in February 2017. This scoreboard provides a detailed analysis of a large number of key indicators, including demographic trends, key figures and comparisons with neighbouring countries.

In order to foster entrepreneurship, initiatives are being taken at all levels. The *Federal Government* took a specific interest in entrepreneurship among women and students in 2016. It developed a support scheme for women’s entrepreneurship (database, social status, financing, awareness-raising). The government orders implementing the student entrepreneur status have been in force since 1 January 2017. This status regulates social security contributions, healthcare entitlements and discrimination between salaried students and student entrepreneurs. The *Brussels-Capital Region* is focusing on entrepreneurship in the area of ICT through its NextTech.brussels initiative. The goals pursued are high-quality support, training for workers in the IT field and Brussels’ international position as an ICT player on the international stage. The *Walloon Start’up* dynamic was launched in December 2016 in order to support local digital ecosystems. Within the framework of Creative Wallonia and Digital Wallonia, initiatives have been launched to support start-ups. Support has also been set up to help job seekers who wish to become self-employed workers: ‘airbag’ aid to facilitate the transition to this status has been focused on this group and a support system has been set up by the AEI to help them prepare their financing application. The *Flemish Government* is continuing to actively promote entrepreneurship. In June 2016, it launched the third Entrepreneurial Education Action Plan (“Actieplan Ondernemend Onderwijs”) for the period 2015-2019. Within the framework of the reform of the entrepreneurship policy, public contracts were awarded in 2016 to implement the strategy described in the vision memorandum entitled “Fostering greater and more ambitious entrepreneurship in Flanders” (“Het stimuleren van meer en ambitieuzer ondernemerschap in Vlaanderen”). The sum of 100 million euro has been allocated for the period 2016-2020. As regards business transfers, a partnership has been concluded between bodies from *Wallonia* and *Flanders* in order to facilitate cross deals.

Access to finance is often key to boosting entrepreneurship. At *federal level*, a tax incentive has been in place since February 2017 for people who invest their savings in young enterprises. The *Walloon Government* has also decided to create a similar incentive: the “Loan that Gives a Helping Hand” (“Prêt Coup de Pouce”). The region has also concluded an agreement with FEBELFIN that is designed to support businesses via a banking charter that will help to raise of a vast amount of financing – 2.8 million euro - to set up SMEs and help them grow. The agreement provides for the injection of 2 euro by banks for every euro of public money loaned. A loan fund of 248 million euro has been made available in 2016 and 2017 via “Les Invests” and provides micro-credits for new entrepreneurs and SMEs. For new companies in the digital sector, there is the new WING fund with a financing capacity of 60 million euros. As regards producer cooperatives, the conditions for acquiring capital have been made more flexible for participants in the cooperative. The *Flemish Government* has decided to increase the

capital in ARKImedes Fund II by 50 million euros. This will enable it to continue to evolve into a perpetual rolling fund allowing for investments in bigger ARKIV funds. Since June 2016, the Investment Company for Flanders (PMV) has been using the generic name PMV/Z for the various types of loans it provides. This thus clarifies its offer for small SMEs, self-employed workers and start-ups.

Apart from the measures designed to improve access to finance, direct financial and tax incentives are also available. In 2016, *Flanders* brought in the SME Growth Subsidy (“KMO-Groesubsidie”) and updated and simplified the SME Portfolio (“KMO-Portefeuille”). The SME Growth Subsidy encapsulates in a simple financing instrument a certain number of types of aid provided by the Agency for Innovation through Science and Technology (IWT) and the Agency for Entrepreneurship (AO). SMEs may refer to it for their transformation, innovation or internationalisation processes. The aid covers 50% of expenses. The SME Portfolio has been converted into a simpler, more accessible instrument, and is now based on two pillars only: consultancy and training. SMEs can decide how they use the financing depending on their own needs, and the ceilings have been increased. Feasibility studies and innovation projects by low R&D intensive SMEs are given support through the SME Programme (“KMO-Programma”). As regards international entrepreneurship, the Flemish Government took on 25 November 2016 note of a “common multi-annual internationalisation strategy for the Flemish economy 2017-2021” (“gezamenlijke meerjarige internationaliseringsstrategie voor de Vlaamse economie 2017-2021”), which was launched in cooperation with 150 companies, civil society stakeholders and knowledge institutes. Its goal is to boost the marketing of products and services on the international stage and to attract and retain foreign direct investments. Within the framework of the *Walloon* SBA 2015-2019, the reformed micro-aid for SMEs has been operational since 1 March 2017. A one-stop shop provides access to eleven fully digitalised thematic cheques in four main areas: innovation, the digital sector, internationalisation and transmission. The aid system is now organised in the form of single support network to promote the creation of activities, innovation and growth in companies. At *federal level*, it was decided in 2016 to increase the reduction in social contributions for the third to sixth workers and to simplify VAT obligations for SMEs.

Lastly, micro-enterprises are given aid to help them to go digital. A noteworthy initiative of the *Federal Government* was the launch of the serious game Digital Bath in 2017. This interactive, educational and at the same time funny tool is designed first and foremost to identify the digital knowledge of SME company bosses and employees. In *Flanders*, the campaign “Internet is also your business” (“Het internet. Ook uw zaak”) was launched in order to encourage merchants and traders to develop their on-line activities. The website has already had 50,000 hits and 1,100 e-scans have already been performed. Within the framework of implementation of the *Walloon* Digital Plan, the project known as “Connected Commerce” (“Commerce connecté”) has been launched. Its aim is to develop the expertise of local traders in digital matters and on-line presence. Within the framework of the reform of aid to SMEs, a digital transformation cheque and a cyber-security cheque have been launched in March 2017.

### **5.3. Administrative simplification**

Administrative simplification is a persistent concern. At *federal level*, the possibility is being investigated of transferring to one-stop shops for businesses some tasks currently performed by the registrars at commercial courts as part of the process of filing articles of association and any modifications to them by legal entities. It has also been explored how the website [www.business.belgium.be](http://www.business.belgium.be) may be turned into an electronic one-stop shop to be used by Belgian and foreign companies to electronically submit and monitor their accreditation and authorisation requests. The Law of 17 June 2016 on public procurement now provides for the possibility for entrepreneurs to perform self-cleaning measures. The law also established the Single European Public Procurement Document, which is designed to reduce the administrative burden for businesses. Within the framework of the Digital *Wallonia* Plan, progress has been made in creating paperless processes: one-stop shop for businesses, environmental permit and

single permit, public procurement tenders. Thirty-nine authentic source flows were completed in 2016, allowing to save 9.8 million euros. The 2017-2019 “Responsible Public Purchasing Plan” (“Achats publics responsables”) aims to facilitate access to public procurement contracts for SMEs and micro-enterprises. The SBA and the NextTech.brussels Plan launched by the *Brussels-Capital Region* have similar aims, such as bolstering service provision by setting up a single gateway for businesses. In the *Flemish Region*, simplification was achieved in 2016 through, for example, the merger of IWT and the AO, which was mentioned in section 4.2, and through the modernisation of the Research Foundation Flanders (FWO). The added value is obtained from the rationalisation of aid measures and administrative procedures, a better prioritisation of resources and policy measures and the creation of a central contact point.

## 5.4. Structural funds and investment funds

The programming of the Structural and Investment Funds has now entered its operational phase in the different *regions and communities*, and has reached its cruising speed, with 55% of the funds (total cost) allocated by decision. As explained in the different sections of the National Reform Programme (NRP), these funds are designed to achieve the goals of the Europe 2020 strategy and respond to the Council recommendations. The aim is to support the competitiveness of SMEs (18% of the funds), R&D&I (11%), employment (15%) and social inclusion (14%) and efficient use of resources, adapting to climate change and the low carbon economy (27%). Within the framework of the roll-out of the regional smart specialisation strategies, a specific emphasis has been placed on investment, dissemination of technologies and marketing of innovation, including through support measures for SMEs (including in the form of financial instruments), as well as for pilot projects and demonstrators, etc. The areas of smart specialisation proposed by *Flanders* in its S3 strategy are reflected in most of the projects approved so far. In *Wallonia*, various support measures for R&D&I, SME financing, support for the circular economy, etc. have entered into force.

The priorities developed within the framework of the ESF focus on lifelong learning and labour market insertion, particularly for young people and the most vulnerable sections of the active population, as well as entrepreneurship, social inclusion and the fight against discrimination and combating school dropout rates. Some of the actions are geared towards immigrant populations. The ERDF operational programme for *Brussels* has been adjusted in order to support regional efforts to combat poverty and social exclusion through two reception centres run by the NGO Médecins du Monde. The decision-making rate for the Youth Employment Initiative is 99%, and 15% of the funds have already been spent.

## 6. Involvement of stakeholders

The programme is the result of intense cooperation between the Federal Government and the governments of the regions and communities. Similarly, the social partners were involved on several occasions in developing and modifying the programme. Belgium is well known for its social dialogue, which is key to the constructive relationship between the employer organisations and workers. This on-going dialogue and the cooperation with the various other sectors of the economy are a priority for the different governments.

The contribution of the Central Economic Council (CEC) and the National Labour Council is appended to this NRP (annex 9).

The governments of the federated entities also involve the various stakeholders in the development of their programmes (appendices 1 to 5). For *Flanders*, particular mention should be made of the Flemish Parliament's intense involvement in drawing up the 2017 Flemish Reform Programme<sup>23</sup>.

Cooperation between the Federal Government and the governments of the communities and regions is also reflected in the bilateral meetings between the European Commission and Belgium within the framework of the European Semester.

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<sup>23</sup> <https://www.vlaamsparlement.be/commissies/commissievergaderingen/1123980>



## Annex 1: Reform programme of the Walloon Region

### 1. Introduction

Based on the strategic orientations of the Walloon Government during the previous years, especially the **Marshall Plan 4.0** (with a budget of € 2.9 billion over the whole legislature), 2016 focused on carrying out important reforms.

The Marshall Plan is structured around five priorities:

1. Make human capital an asset – € 304,5 million
2. Support the industrial development through an innovation and business growth policy - € 850.5 million.
3. Land mobilization for economic development – € 374 million
4. Support efficiency, energy transition and the circular economy - € 1.1 billion
5. Support digital innovation – € 244,8 million

Moreover, within the implementation of the sixth State reform and the transfer of competences, a number of reforms have been implemented, having as guidelines more efficiency and the simplification of the systems. This is the case in the area of employment, housing and energy aid. As part of the regional strategy for smart specialization, the reform of the R&D and innovation aid is now operational, and new initiatives have been launched to digitize the economy and support innovative SMEs. Investment support was also a priority in 2016, in line with European guidelines and within the available budgetary margins.

These various priorities are also supported through the **Structural and Investment Funds 2014-2020 programmes**, which are now in the implementation phase.

The following chapters detail the main measures which were adopted or which are being developed in relation to the Council Recommendations (CSR) and the Europe 2020 Strategy objectives.

## 2. Response to the specific recommendations by country

### 2.1. Recommendation n°1: Clean up and sustainability of public finances, tax reform

For 2016, the SEC deficit was reduced from 375 (adjusted budget) to € 318 million (provisional implementation), mainly due to unrealized expenditure. This would represent an improvement of € 157 million compared with 2015 (balance of € -475 million).

For 2017, the forecasted SEC financing balance is € -300 million. The deficit will be used to cover the financing of strategic investments in connection with the CSRs:

European co-financing (ERDF, TEN-T)	74
Roads and waterways	115
SRWT (public transport)	58
Airports	29
Galileo	11
Training / Cities of Trades	13
Total	300

Different savings measures have been taken to contain the deficit: debt management, “accounting” operations and updating estimates of needs in different areas, selling public goods, reduction of operating budgets.

It has not been possible to conclude an inter-federal agreement on a multi-annual objective for the Stability Programme in 2016, in particular due to the uncertainties linked to the State reform and the decisions of the Federal Government which have a negative impact on the finances of the Federal entities.

As part of its **active debt management policy**, the Walloon Government has decided to implement various measures, including issuing socially responsible bonds. It was also decided to review the terms and conditions for treasury management of certain government units and non-centralized treasury entities. This will optimize the Region’s cash availability and, consequently, limit the external use of capital.

In addition, following the sixth State reform, various reforms are under way in the field of health care, with the aim of ensuring the **sustainability of public finances** while guaranteeing that a favourable environment is maintained for quality health care. The **financing mechanism for hospital infrastructures** is thus reformed. As the federal allocation is to be reduced each year, Wallonia will, thanks to the new mechanism, expand the finance of the hospital infrastructures by gradually providing the necessary means to enable the investments which are required for qualitative healthcare. In the long run (under a constant situation and with a 35-year horizon), the investment capacities will be as follows:

- Maintenance: € 14.5 million per year;
- Replacements: € 14.5 million per year;
- Constructions: € 277 million per year;
- Equipment: € 112 millions per year.

In addition, a guidance note for the implementation of an “**autonomy insurance**” was adopted. It defines the principles of a social system based on an insurance system. The aim is to harmonize support

schemes and guarantee lifelong support in the event of autonomy loss (whether due to age, disability or illness). In practice, every person living in Wallonia will automatically be affiliated to the autonomy insurance service of his or her insurer. It will levy an annual mandatory contribution from its members aged 26 and over. The return for beneficiaries is estimated at an average of € 300 / month.

In the long term, the total annual budget that will finance the autonomy insurance is estimated at € 381 million. It will be financed through contributions (around 130 million), the support budget for home care services (147 million) and the budget for dependency help (APA, 131 million) .

Finally, with regard to the management of chronic diseases, we can mention the perpetuation of **Multidisciplinary Local Networks** (RLM - Réseaux Locaux Multidisciplinaires) within the framework of a three-year multi-year agreement extending from January 1<sup>st</sup>, 2017 to December 31<sup>st</sup>, 2019, providing a multi-year action plan for each RML<sup>1</sup>. The budget allocated by Wallonia to the operation of the 12 RLMs will amount to € 1.6 million for the first year. Pathologies related to cardiovascular diseases, respiratory diseases, ... will be gradually covered. In addition, their tasks will progressively broaden in order to be even more effective (prevention activities, patient empowerment, consultation and coordination between the different health stakeholders, etc.).

In terms of **taxation**, discussions are being held and should lead to reform proposals for 2017.

Regarding environmental taxation, a differentiated tax rate has been introduced for waste disposal into landfills according to the incinerable nature of the waste. The objective is to establish a better hierarchy of waste treatment methods between landfills and waste incineration.

## ***2.2. Recommendation n°2: Improve the labour market operation and skill matching***

The labour market reform initiated by the Government was realized in June 2016 by signing the **Pact for Employment and Training** with the social partners. It commits the signatories in six fundamental issues:

- Reorganizing employment aid (on which an agreement had been reached with the social partners in January 2016). The decree on employment aid "target groups" was adopted by Parliament in January 2017. The reform, that will come into force in July 2017, aims at making the devices easier to read, more coherent and more effective. This leads to a drastic reduction in incentives (from forty to ten), and integrates the subjects transferred following the sixth state reform.

Three main target groups are identified: low or medium skilled young people under 25, long-term unemployed and older workers (over 50 years old). The total budget is € 1.6 billion. The reorganization of employment aid also provides for the optimization of the employment promotion assistance (APE - Aide à la Promotion de l'Emploi) scheme, which focuses on ensuring the sustainability of jobs that have become structural within the structures within NPOs and local authorities. A preliminary draft decree was thus approved by the Walloon Government in first reading in February 2017.

- The creation of an integration contract for young people, linked to the implementation of the Youth Guarantee in Wallonia. This new contract is aimed at job-seekers under the age of 25 who do not

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<sup>1</sup> Initially, the RLMs were pilot projects of the INAMI intended to manage the "care paths" of two chronic diseases: diabetes and kidney failure.

have any work experience and who have been unoccupied for 18 months or more. The Forem (Walloon public employment service) will implement a support system, in collaboration with the Walloon Regional Employment Missions (MIRE - Missions régionales pour l'emploi). The decree was adopted by Parliament in January 2017. The activation mechanism is defined in consultation with the other Regions, in particular to ensure the portability of rights.

- The reorganization of financial incentives to the continuous training of workers. The devices will be reorganized around 2 major measures:
  - The vouchers for training initiated by the employer or the self-employed;
  - The optimization of paid educational leave for training initiated by the worker.

As for the adaptation credit, it will be redesigned to be integrated into the "training voucher" system.

As from the beginning of 2017, working groups have worked with those stakeholders involved in the measures (FOREM, SPW, etc.) to define the guidelines for this reform. The effective implementation of the new devices is planned for early 2018.

- Strengthening lifelong career orientation. The multi-partner framework for lifelong orientation is structured around the 3 Cities of Trades (Namur, Liège, Charleroi) and the Employment, Training and Orientation centre. These are addressed to those who have questions regarding their educational and professional orientation (primary, secondary or superior educators, parents, teachers, job seekers, professionals who wish to reorient themselves, vulnerable audiences...). The focus will be put on information, awareness raising, trade trials, interactive approach and professions with a particular attention to identified or anticipated employment niches and sectors in demand. Alternative training will also be promoted.
- Creation of training places for alternating learners and a better link between supply and demand. The objective set by the Walloon Government and the social partners is to double the number of alternating training places by 2020. This will be achieved through different initiatives:
  - Organization and joint development of the OFFA interactive platform (a joint organization of the FWB, the Walloon Region and the COCOF in charge of promoting alternation) matching the training offer and demand
  - Regarding financial incentives, 4 bonuses are offered: an incentive for alternation operators and a "company" incentive, an incentive for the self-employed who conclude a first alternation contract with an apprentice, a "youth" incentive to encourage them to complete their work-study programmes until they are certified (Certificate of Apprenticeship, CQ6, CQ7).
  - Sectoral coaches co-financed by the Walloon Region are hired to promote the alternation throughout the Walloon territory. They are responsible for promoting the work-study programme, with a view to obtain new trainings, for appraising company accreditation applications and supporting and accompanying their tutors. The decree on incentives for work-related training for companies, the self-employed and young people, as well as for sectoral coaches was adopted by the Walloon Parliament in July 2016.
  - The aim is also that all young people obtain the same certification, regardless of the training or education operator. To this end, a bridge was introduced from vocational training to education via the Jury for Social Advancement and Education was introduced (Decree of 27 October 2016).

The quadripartite Government of 7 July 2016 also adopted a resolution to improve the certification and promote the granting of the CE6P certificate. The joint Walloon Region - FWB - COCOF decree is in the process of being adopted by the 3 governments.

- Strengthen the tools which are available to social dialogue in Wallonia.

To support the mobility of workers, the Marshall Plan 4.0 plans to strengthen the **language plan** by deploying a new system for the provision of continuing training. It is structured around immersion scholarships abroad (scholarships for an internship in a company or an immersion in a language school or a school) for young people ending their secondary education, for job-seekers and for alternation learners. An annual budget of nearly € 7 million is planned.

A “driving license” system is also being introduced to promote the mobility of job seekers, particularly of the most vulnerable ones.

With regard to the integration of the most vulnerable groups in the labour market, the **framework agreement between Forem and the Federation of the CPAS** (social welfare centres) was renewed in July 2016. It sets the framework for remobilization and socialization actions, for orientation actions with the possibility of work placements and for active job search activities. This framework convention allows information and the cooperation between services, training cooperation with operators and the search for suitable means of professional integration. An annual budget of at least € 1 million (1,345 million in 2017) is mobilized by the Forem to finance training and socio-professional integration projects led by the CPAS. An annual envelope is also set aside in the APE budget to finance job-coach positions within the CPAS. Finally, a grant of € 84,000 is awarded to the Federation of CPAS for coordinating and monitoring the initiated dynamics.

Concerning the integration of persons with an immigrant background, the implementing order for applying the **mandatory integration programme** was adopted. It contains:

- the conditions for bringing, under certain conditions and exceptionally, the required completion time of the integration programme from 18 months to 36 months;
- the qualifications which are required for the trainers in charge of the various trainings;
- the procedure for the calls for “Local Integration Initiatives” projects (ILI - Initiatives Locales d’Intégration).

On top of the € 5 million provided for the integration programme, an additional € 5 million has been mobilized by the Government to strengthen the **socio-professional integration of newcomers**. These resources will be used to reinforce the welcoming, support, training and job-search help of newcomers of working age. Forem is entrusted with the implementation of this dynamic by relying on its partners with regard to socio-professional integration. Forem is responsible for welcoming people as part of a process of integration into employment, with a single window approach (“SPOC”). It will coordinate their journey within the public employment service (SPE - Service Public de l’Emploi) or with the partner operators, based on a socio-professional assessment and an identification of their skills. The system integrates the validation of competences, basic training or job training, coaching and job coaching. This way the system tends to promote the fluidity and consistency of the courses by providing solutions which are adapted to the people’s needs and profiles. The number of trainers in French as a foreign language (FLE) and of vocational training modules will be strengthened within Forem, in order to meet the needs of newcomers.

With regard to skill matching, Forem has created a system that is specially adapted to migrants. A first questionnaire is completed by the migrants and is then analysed to identify the skills that need to be tested. The assessment process focuses on language and work skills. For the recognition of qualifications or skills, people have access to the competence validation consortium.

Moreover, there is also a **better coordination between the various operators**. The **Regional Integration Centres** (CRI - Centres Régionaux d'Intégration) will now receive funding in two parts: a fixed budget, linked to the decretal missions they provide, and a variable budget, specifically relating to the missions regarding the compulsory integration programme, which will take into account various workload related criteria: number of newcomers, number of trainings given, size of the covered territory, etc. In addition, Forem is responsible for organizing a call for services for newcomers with its socio-professional integration partners (socio-professional insertion centres, CPAS, Regional Employment Missions, SAACE).

Finally, the new **Forem management contract** for the period 2017-2022 was signed beginning of March 2017. This includes a quicker implementation of the overall reorganization of the Walloon Office in the context of the transfer of competences after the latest State reform.

### **2.3. Recommendation n°3: Innovation, market functioning and investment**

#### *Innovation*

The renewal of the **regional innovation strategy** is an essential part of the Marshall Plan 4.0. The guidelines adopted by the Walloon Government in its Smart Specialization Strategy have been implemented and reflected in the various RDI support tools. The aim is to target regional efforts on its main development axes, in line with the regional cluster policy, and to stimulate wider innovation dynamics within the ecosystem. Particular emphasis has been put on commercialization, technology transfer, non-technological innovation, creative economy, ICT deployment, etc.

The **reform of the RDI aid decree**, which was finalized in 2015 and entered into force in 2016, aims at reinforcing excellence and ensuring the simplification and efficiency of the aid granted to all stakeholders by reviewing the different processes, in line with the regional industrial policy. **RDI support schemes co-financed by the ERDF** have also entered into force in 2016. They include:

- The financing of exceptional high-level technological equipment for Walloon research players (universities, higher education, approved research centres). This material will be used to carry out business projects previously identified within partnerships between s (technological services offer);
- Support for partnership research projects to the benefit of approved research centres, universities, higher education and companies. It is also a question of result valorisation;
- Support for R&D in companies that carry out research efforts linked to the dynamics of the competitiveness clusters. Actions may take several forms: financing SME research programmes in collaboration with other companies, technological services provided by approved research centres and higher education centres for SMEs, support mechanism for SMEs on intellectual property (“Intellectual property vouchers”: they cover the services entrusted by a SME to the Belgian Intellectual Property Office or a PatLib centre);
- Support for the implementation of demonstration units for SMEs in approved research centres, enabling them to present their technological capacities and the products of their research to SMEs and to interact with them, in order to integrate innovation into their processes;

- Support for the financing of demonstrators or pilot units in companies. The objective is to contribute to the investment and operation of demonstrators and pilot units developed by companies or groups of companies, with a view to deploy their technology to an industrial production scale.

Based on the dynamics and evaluation of the first plan, the **Creative Wallonia Plan 2015-2019** was adopted in July 2016. It will pay more attention to SMEs, to the distribution to the industrial sector and the public service, to skills development and the adaptation of education systems. It is based on 4 axes: stimulate, accompany, train and propel. The first identified measures include the development of living labs, of co-working spaces (including in rural areas, new calls for projects in 2017), the organization of a creativity week, creative economy vouchers, creative school labs, a “prototype” measure, an “Op’In” measure (support for process and organizational innovation), the development of Start’up Wallonia (integrated support and acceleration of start-ups, covering pre-acceleration phases, acceleration, bootstrapping and scale-up), deployment of creative hubs, growth hacking (acceleration of SMEs), ...

In addition, as part of the **implementation of the Digital Plan**, several initiatives have been launched within its various components. The first flagship measure is the creation of the **WING Fund**, with € 50 million plus € 10 million from Belfius. It grants financing in convertible or capital loans to digital start-ups within the initial start-up development stages, either in pre-seed (€ 50,000) or with a private investor for amounts ranging from € 75,000 to € 250,000. After almost 1 year of activity, 252 funding applications were introduced. 40 start-ups received an investment decision, for a total amount of € 4.6 million. To date, 23 interventions have been concretised by the signature of a convention and 1.7 million have been invested.

The **Digital Wallonia Hub** was launched. This aims at developing an RDI strategy in consultation with Walloon digital stakeholders in order to reinforce their excellence and to ensure their connection to international networks, optimize the transfer of technologies and stimulate innovation and the new uses of digital technology within companies in the sector. It primarily focuses on the support of high-potential companies and the strengthening of the digital research community.

In order to support the digital transformation of the Walloon economy, various initiatives have been launched, in consultation with the sectors concerned. As part of the reform of aid to SMEs, a “**digital transformation**” and a “cyber-security” **voucher** are to be launched in March 2017. The programme to raise awareness and support industrial companies in their transformation to the industry 4.0 - **Made Different Wallonia (2017-2019)** was launched by several competitiveness clusters, sectoral federations and research centres together with Digital Wallonia. It is structured around the three axes: smart process, smart product, smart business model. The actions planned are organized in 6 stages: a conference road-show in the Walloon provinces, an Industry 4.0 diagnostic tool and 1/2 day of free consultancy by an expert for each participating company, the launch of the accompaniment process (if wished by the company), the definition of a customized transformation plan by an expert through a thorough scan, the implementation of the transformation plan based on the results of this scan (the company chooses up to three transformations on which it wishes to concentrate, it can decide to be accompanied by external experts), and the evaluation of the transformation at the end of the implementation (about 2 years).

In addition, a specific **Construction 4.0** plan was developed as a partnership between the Walloon Construction Confederation and the agency for the digital (AdN - Agence du Numérique) and digital stakeholders. It aims to offer targeted support to companies, based on the new public aid dedicated to the digitization of economic players. The action will start with a road-show in 2017. A digital maturity self-diagnosis tool has been developed and can be used for any sector. The “**Connected Business**” **Project** aims to develop the digital and on-line expertise of local retailers. It consists of three components: awareness of digital issues, training and support for the implementation of an on-line presence strategy.

34 awareness-raising sessions were organized by Walloon towns and reached 750 businesses. The self-diagnostic tool for digital maturity was used 530 times. Participating businesses positively evaluated the action and more than half used at least one of the available web tools to improve their digital visibility. 50 new sessions are scheduled. A new technology-oriented incubator was also launched for businesses.

**Internationally**, the goal is to create a dozen Digital Wallonia “hubs” in major digital cities and regions. They will act as stepping stones for companies wishing to access these markets and relaying business opportunities with Wallonia. Two hubs are operational on January 1<sup>st</sup>, 2017 (San Francisco and Barcelona).

With regard to investments, the new **digital equipment plan for education**, financed with € 62.6 million over 7 years, was adopted. The call for projects “Ecole Numérique” will this time focus on 500 projects led by pedagogical teams, from kindergarten to secondary and will be renewed every year. In addition, a call for projects to equip 200 schools with WiFi was launched for a budget of € 6.8 million. An agreement was also reached with operators for the installation of the **very high speed mobile broadband**. The Region committed itself to eliminate taxation that may complicate its deployment (pylon tax) and to develop a favourable legislative, regulatory and administrative framework. Mobile operators committed themselves, over the next 3 years, to make investments totalling € 60 million, in addition to the investments which were already foreseen in their investment plans for Wallonia over this period. The objective of these additional investments is to increase the very high speed coverage of populated areas where a particular deficit is found, as well as areas with specific interest or needs (economic, industrial and commercial areas of activity).

Concerning **skills**, a Master in Cybersecurity was launched as from the educational year 2016-2017. Furthermore, as part of the #Walcode initiative, 3,500 students were sensitized to programming.

Finally, with regard to **public services**, the public digital spaces (EPN - Espaces Publics Numériques) system is being developed and revitalized through support and animation, the computer equipment of 100 new structures (to reach 150) and the launch of the call for projects for 60 structures (a budget of € 2.1 million is foreseen). 34 projects were launched for € 300,000, and 11 new EPNs were awarded the label. Different actions are launched in the public sector with regard to digital training, development of e-administration (electronic signature, electronic payment, development of personal space and single window, de-materialization of licenses and public contracts, development of the available authentic data), and an open data platform was created to access and reuse public data (150 data sets are accessible). The Open Data decree was also adopted.

#### *Competition in service sectors*

On the **regulated professions**, a guidance note was submitted to the Walloon Government on December 15<sup>th</sup>, 2016, with the screening of the existing legislation. A first reading of the decree transposing the European directive was adopted at the end of 2016, and of the decree transposing the federal legislation, in January. In order to ensure intra-Belgian coherence, a cooperation agreement will be drafted.

Improvements have been made to the provisions on **commercial areas**, in particular with regard to administrative simplification (amendment of the implementation order). In addition, the Wallonia Commerce Plan aims to boost the development of businesses in Wallonia (see section 4.2). Finally, a consultation with stakeholders showed that the provisions of existing commercial lease legislation did not require modification, but that a short-term lease contract should be set up to meet the new commercial entrepreneurship needs. A draft decree on **short-term leases** was adopted in March 2017. It will regulate the so-called “ephemeral” trade and allow the revitalization of shopping centres thanks to a flexible and effective legal frame.

In terms of **energy prices**, a study is being carried out on the gap between wholesale prices in Wallonia and in neighbouring countries. If necessary, the results could lead to adapted exemptions.

#### *Investment Support*

The **Infrastructure Plan 2016-2019** aims to modernize road and river infrastructure in Wallonia in order to increase all users' safety and mobility, promote the socio-economic development of the Region and boost job creation. It is structured around four axes:

- pursuing the rehabilitation of motorways (€ 128 million);
- the renovation and securing of the so-called “secondary” regional roads (€ 347.5 million);
- the development of the “Employment routes” (€ 89.5 million);
- investment in waterways (€ 75 million).

After 1 year of implementation, 14 sites have been finalized or are under construction for the road section, and another 49 projects will start in 2017. For the waterways section, the following working sites will start in 2017: the Charleroi-Brussels canal, the Ronquières inclined plane, the Monsin dam, the Ampsin-Neuville lock, the Canal of the Historic Centre and the TEN-T network with the Walloon part of the “Seine-Escaut-Est” project. Including all the projects under the Infrastructure Plan which have been carried out or that are under way, and the works which will start in 2017, a total of approximately € 240 million will already have been committed. The ultimate goal is to engage all sites by the end of 2019.

In the case of **public transport** (SRWT), infrastructure works amount to more than € 11.5 million. This amount is intended to mainly finance the development of connecting stations, dedicated lanes, reserved lanes, terminals and stops. In addition, € 3.55 million are foreseen for the development of the new multi-modal station in Namur. Moreover, following the green light given by Eurostat on the financing of the PPP, in spring 2017, the Government will launch the project specifications for the implementation of a tram line in Liège: a tram line between Sclessin and Coronmeuse, with an antenna on the right bank of the Meuse to join the Bressoux Maintenance and Storage Centre (12 km in total), and about twenty trains of about 40 meters. The public procurement contract, in the form of a PPP contract, concerns the design, construction, supply, financing and maintenance of this line, which will be made available to TEC Liège-Verviers for its use. The contract is expected to be awarded in the fall of 2018 and put into commercial service mid-2022.

Still concerning transport, a budget of € 30 million will be devoted to the modernization of the PEREX centre. The objective is to **develop a modern and efficient concept of “intelligent networks”** to manage the (motor) and river ways in real time. The works will start end of 2017 / beginning of 2018 (estimation).

Regarding **energy**, several projects have been initiated to support investment in renewable energy, in particular for the deployment of wind farms on motorway areas, the creation of a biomass plant, support for renewable heat and investment in energy efficiency. These elements are detailed in section 3.5.

More generally, a new Walloon **multi-year investment plan** has been approved by the Government. It provides more than € 1 billion of investment in various areas:

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New housing - continued communal anchorage plans	150
Construction and renovation of social housing	80 (+ 221 over 6 years)
Ureba (energy improvement of buildings)	53
Early childhood (kindergartens)	48
Business areas – Ports – Redevelopment sites	330
Competence centres (training)	10
Investments in the hospital sector	240
Tourism	45
Airports	120
Total	1.076

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In addition to the resources identified above, the Government has also decided to provide additional funding of € 100 million for investments in **health and social care**. This envelope should allow, amongst others, infrastructural developments in nursing homes and nursing and care homes, as well as in the disability sector. This envelope will be activated gradually and should impact the regional balance of funding from 2019.

With regard to the development of **infrastructures for economic activities**, a new decree was adopted in February 2017 to make areas of economic activities more efficient, more in line with the needs of businesses and urban planning and more environmentally respectful. The main thrusts of the reform are equipment performance (very high-speed, eco-performance, etc.), economic specialization, promotion of public-private partnerships and administrative simplification. The objective is to create 200 net hectares per year dedicated to new economic activities. The total budget for this policy for the 2014-2019 legislature is € 400 million.

Finally, the draft **strategic framework for a Walloon city policy** was adopted. This will serve as a reference for the future Urban Development Programmes (PDU - Programmes de Développement Urbains) of the Walloon cities.

### 3. Thematic objectives of the Europe 2020 Strategy

#### 3.1. Employment

In addition to the labour market reforms detailed in Chapter 2, several other employment-related measures are worth mentioning.

Firstly, regarding **support for reorganisation**, following the announcement of the closure of the Caterpillar company in Gosselies, a series of actions have been taken to ensure the follow-up (collective redundancy procedure, retraining of workers and site redevelopment, relaunch of activity in the basin and actions for subcontractors). A regional Task Force has been set up for this purpose, as well as coordination with the federal authorities. In addition, a European Task Force has been set up jointly between the regional authorities and the Commission services in order to facilitate the EU processes. A file will be submitted in 2017 with the European Globalization Adjustment Fund. Forem will set up a system for accompanying the workers.

In addition, under the federal Competitiveness, Employment and Recovery Pact adopted in 2014, the Federal Government validated the four **free zones** proposed by Wallonia. These aid zones are situated within a radius of 40 kilometres around sites affected by collective redundancies and precisely in crisis sectors such as the steel industry, Arcelor Mittal (Seraing), glass, Saint Gobain Sekurit (Sambreville)

and mechanical engineering, Caterpillar (Charleroi), Doosan (Frameries). The aid granted to SMEs consists of an exemption from the 25% income tax payment for any new job created as a result of an investment which has been the subject of a previous regional aid, for a period of 2 years.

With regard to **support for job creation**, the Government approved, in first reading, the preliminary draft decree amending the decree of 2 May 2013 on financial incentives to encourage hiring personnel in certain enterprises (“SESAM decree”). For specific profiles (management, export, R&D, circular economy, digital and within the competitiveness clusters), the scheme is extended to enterprises with fewer than 100 employees (formerly limited to companies with fewer than 50 employees). In addition, the Airbag system is redirected to unoccupied job-seekers who have developed an activity creation or resumption project and who wish to become entrepreneur. The aim is to support them in their transition to self-employment. Workers tempted by entrepreneurship will be able to claim first level grants available from March 2017.

Finally, in order to support the **work/life balance** and employment in the sector of home childcare, the “BB Pack” measure has been launched. This measure includes the granting of zero-rated loans to finance the equipment and the security of the facilities. It also aims to improve the conditions of employment access, mainly for women, by increasing childcare supply.

### **3.2. Research, Development and Innovation**

The main RDI reforms were presented earlier in the response to recommendation 3. In this section, we will elaborate on some of the more specific elements.

In terms of the budget, **public R&D funding** from Wallonia amounted to € 342.5 million in 2015 and is on an upward trend (€ 140 million in 2004). In 2013, the overall R&D effort in Wallonia reached 2.91% of GDP, steadily increasing since 2008.

Over the 2014-2020 period, € 440 million will be devoted to innovation under the ERDF co-financed programme and € 60 million under the ESF programme. As detailed in section 2.3, ERDF R&D support schemes entered into force in 2016. In addition, during the first two years of implementation of Horizon 2020, 205 projects involving Walloon players were financed for a budget of around € 101 million, mainly for universities and companies.

The Marshall 4.0 Plan foresees a budget of 642 million for the innovation component (2015-2019), mainly in the context of the **competitiveness clusters policy**. 27 R&D projects were financed at this level in 2016, with a public budget of € 52 million. Within the cluster dynamics, we can mention the **creation of the new TERRA Research Centre**. TERRA is an interdisciplinary and inter-faculty centre that studies and develops biological engineering in the fields of agri-food, agriculture, biotechnology and the environment. The objective is to develop the agriculture of the future as well as the resulting products. The new research unit will be housed in a new building which is under construction and will include laboratories, production halls and the necessary infrastructure for the implementation of excellence research projects. It should open its doors for the academic year 2017-2018. The building financing budget amounts to € 21 million, including € 5 million in Walloon funding (in line with the Keyfood innovation platform developed by the Wagralim competitiveness cluster), € 1 million in funding from the FNRS (Fund for Scientific Research) and the balance in equity. The centre will bring together 175 researchers and doctoral students and 25 new doctoral students to be recruited every year.

In addition, the **three-year plan for agricultural research 2017-2019** was adopted. With a budget of € 70 million, it aims to unite the Walloon stakeholders in agronomic research and to reinforce the coherence of current and future research in Wallonia.

The **reform of the RDI aid decree**, which came into force in 2016, allows the financing of research infrastructures, as well as prototypes and pilot lines for industrial research. The number of calls for research projects has declined as they will be limited to “Cwality” calls (collaborative research between companies/research centres), WALInnov (university-oriented research and enhancement of excellence) and FIRST (scientific staff) and the administrative arrangements will be simplified. The new WALInnov programme was launched in 2016. The focus is now placed on smart specialization niches, partnership and interdisciplinary projects. The governance of R&D aid is reinforced via an external jury. Projects for which the promoter can justify industrial collaboration in Wallonia or participation in a European project (FP7 or Horizon 2020) are eligible. In 2016, 9 projects were selected for a budget of € 18.5 million, with 2 calls scheduled for 2017.

At inter-regional level, the **BEL-SME call** for the development of joint R&D projects between SMEs in different Belgian regions was renewed in 2016.

### **3.3. Education**

Together with the Wallonia-Brussels Federation, the Walloon Government has launched a call for applications for the creation of Collective Structures for Higher Education. These will provide high-quality infrastructure and facilities to all higher education institutions and vocational training providers, in order to develop a local training and higher education offer that meets local socio-economic needs. In addition, it will be possible to provide a higher level of training in the geographical areas and the professional sectors where this is necessary. These will be targeted primarily at job-seekers, IFAPME learners (Walloon Institute of Alternative Training, Self-Employed and Small and Medium Enterprises), at workers as part of their continuing training, but also more widely at any higher education or social advancement student.

### **3.4. Social Cohesion and Social Action**

Regarding social cohesion, the Government is pursuing an integrated policy aimed at tackling precarious situations, facilitating access to housing, social and professional integration and providing practical solutions for people facing loss of autonomy.

The **Social Cohesion Plan** is being reformed for the 2020-2025 programme. The new decree aims at administrative simplification and wants to refocus the actions on the fight against poverty. The Plan will operate through the creation of a drawing right for the municipalities which may also delegate its management to the CPAS. The annual amount dedicated to local authorities will be € 24.5 million from 2020, representing an overall budget of € 147.3 million for the 2020-2025 programme, to which supplementary budgets (social actions, APE employment points and municipal co-financing).

The reform of **family allowances**, regionalised after the sixth State reform, was adopted in February 2017. For each child born on January 1<sup>st</sup>, 2019, the family will receive a basic allowance of € 155 until the child is 18 and € 165, from 18 to 24 years. The new system is intended to be simpler and more readable than the current one and provides supplements to support the most fragile families and children suffering from a condition or orphans.

The **Social Water Fund**, which aims to financially help vulnerable households and ensure solidarity between consumers, has been reformed. To meet the growing demand (currently more than 6,500 Walloon households with payment difficulties use this fund), the contribution to the Social Water Fund has been doubled (from 0.0125 € / m<sup>3</sup> to 0.0250 € / m<sup>3</sup> at 1 January 2015). Nearly € 4 million is available for this fund. The reform provides for the establishment of a single drawing right which will be communicated at the beginning of each year to each CPAS and to the distributors, which is a simplification of

the system. The beneficiaries are consumers with payment difficulties, communicated by the distributors. They may also be persons in difficulty for whom the CPAS considers that an intervention is useful and necessary (single-parent families, people with long-term serious illness or temporary professional difficulties, etc.). The limit for intervention in the payment of invoices for consumers in difficulty was also raised.

With regard to **electricity and gas**, the Government adopted, at first reading, the draft decree on public service obligations, local cut advisory commissions and progressive tariffs. It specifies certain adaptations defined in the gas and electricity decrees with the aim to strengthen the right of Walloon consumers and to improve access to energy for all. It plans to expand the number of protected customers, with a gain of € 10 million on administrative processes. At the same time, an additional € 5 million will be invested in reducing the energy consumption of the most precarious public via the CPAS. The decree also defines the concept of a reasonable payment plan, determines the procedure for placing budget meters, and specifies the organisation modalities of local cut advisory boards. A study on budgeted meters by the Walloon commission of energy (CWaPE) concludes that this system should be maintained but adapted in order to provide better protection for customers in precarious situations.

Government reforms regarding **housing access** are continuing: the creation of a Rental Guarantee Fund, the adoption of an indicative rent grid, a lease contract reform (new anti-discrimination provisions in the housing access, reinforcement of the obligation of a written document for all types of leases, new lease type models and inventory, strengthening the obligation to register leases, to fight insecure and unhealthy housing, the creation of student and co-location lease, etc.), a reform of the Housing and Sustainable Housing Code and reform of rental regulations in housing companies (new attribution grid based on regional and local priorities, creation of a single category of public housing, raise of the income ceiling for access to public housing, combating vacancy, administrative simplification).

Moreover, in January 2017, the Government adopted a decree concerning the **accommodation of people in social difficulties**. This includes the creation of 4 additional night shelters (at least 50 additional places to be made available by 2018 at the latest) and the creation of 4 new shelters for women victims of domestic violence. Social reintegration actions carried out under the Housing first project in Liège, Charleroi and Namur are also sustained and strengthened (a budget of € 145,000 per project per year is foreseen - including € 25,000 for the "Capteur Logement" project). The aim is to enable 75 homeless people to find their place in society.

Finally, the Government selected 10 "new neighbourhood" projects designed to be exemplary and innovative neighbourhoods where the living environment and the quality of life are at the heart of the project.

As detailed in section 2.1, a guidance note for the development of an "**autonomy insurance**" was adopted. In addition, € 10 million is available for the accommodation of people with autism or with a dual diagnosis. 10 projects were selected for a total of 70 places (budget of € 5 million). A second programme is planned for 2017 with a similar envelope. In addition to the creation of accommodation facilities, the objective will also be to support the development of emergency shelter and accommodation as well as residential respite facilities.

Finally, the **2016-2019 Action Plan on the Rights of the Child** in Wallonia was adopted in December 2016. It identifies more than 70 concrete projects in the following three areas: Access to rights (fight social inequalities and discrimination), information, training and education on the Rights of the Child and Participation and Governance of Children's Rights.

### 3.5. Energy-Climate

The **Air-Climate-Energy Plan 2016-2022** was adopted: it implements the Climate decree through the implementation of measures to achieve the 30% reduction target in gas emissions compared to 1990 in 2020 and by 80 to 95% in 2050, as well as measures to improve ambient and indoor air quality according to European or international obligations. The plan contains 142 measures covering all sectors of society: the residential and tertiary sectors, industry, energy production and distribution, transport, as well as the agriculture and forestry sectors. They also specifically address the reduction of emissions of fluorinated greenhouse gases, the adaptation to climate change and international financing, whether in the form of contributions to funds such as the Green Climate Fund or bilateral projects in developing countries.

As from 2016, the Government allocates a recurring budget of € 8 million to international climate finance by financing programmes, complemented by the implementation of bilateral projects (currently 30) in order to meet regional objectives related to international climate finance in the framework of the Belgian agreement on the allocation of the 2020 European objective.

In terms of support for the development of **renewable energies**, several actions should be mentioned:

- Launch of a call for projects for the creation of a biomass plant: envelope of 1,028,160 CV / year, ie an annual support of € 66.8 million for 20 years. This could generate a maximum capacity of 200 MW, for an investment of around € 250 to 450 million.
- Biogas: the support mechanism via greening of the gas used in co-generation is based on guarantees of origin and the green certificates market. Regarding guarantees of origin, the bio-methane producer can either sell them to green electricity producers with whom he has concluded a contract or put them directly on the market. Producers of green electricity that have signed a contract with a bio-methane producer will be able to obtain green certificates for their electricity production. When setting up the green certificate envelopes, the Walloon Government has set aside a biogas envelope of 67,675 green certificates in 2016. This represents a production of almost 27 GWh. The projects which are currently under consideration represent a total injected volume of 2,000 m<sup>3</sup>/ hour of biogas;
- A study is being led aimed at implementing a legal framework for the development of geothermal energy in Wallonia;
- Launch of a call for projects by SOFICO (the Walloon company for complementary financing of infrastructures) for the creation of wind farms on motorway areas.

In addition, aid will be granted to local authorities (provinces, municipalities, CPAS, police zones, local authority associations, etc.) and to non-commercial sector (education, human health and social welfare) to reorganise their **energy efficiency and their production of renewable heat**. The different mechanisms proposed, and conditioned to the realization of an overall (or 360°) energy audit, are:

- The *classic UREBA grants*: The UREBA (energetic renovation of buildings) programme has proved its effectiveness but needs to be revised in order to achieve various objectives like the administrative simplification of monitoring, increasing the quality of audits and of the monitoring of the implemented measures, the coexistence of certain aids, the clarification of the eligible statutes. This programme covers a budget of around € 4 million per year.

- The *renewable heat investment programme*: A new exceptional UREBA programme will be launched, for which the Government has allocated € 40 million. This action will focus on investments in heating and domestic hot water production from renewable energy sources, an important element of the Walloon renewable energy objectives.
- *Zero rate loans for energy efficiency*: The Government is setting up a new financing mechanism via zero rate loans for local authorities and non-market players to finance energy efficiency investments in their buildings. 100% financing will be provided for energy-saving work. The proceeds of the Kyoto Fund, obtained under the Burden Sharing agreements, will be dedicated to this measure. It is therefore a budget of € 240 million that will be available under these loans for the legislature.

Still regarding energy efficiency, the **Employment-Environment Alliance** re-centred on the building sector was adopted at 2nd reading in October 2016. This involves 36 actions articulated around 4 specific objectives / axes:

- AXIS I: Define standards and references for sustainable construction and renovation
- AXIS II: Promote sustainable construction / renovation;
- AXIS III: Stimulate the realization of sustainable construction / renovation projects;
- AXIS IV: Implement training in sustainable construction / renovation.

At the latest by April 2017, the Government plans to approve the fourth **Action Plan on Energy Efficiency** (PAEE4), the Walloon contribution to the National Plan. This PEAA will include a long-term strategy for the renovation of Walloon buildings. In addition, the Energy Performance of Buildings (PEB) regulations are amended from 1 January 2017. The PEB requirements are strengthened in order to achieve the Quasi Zero Energy standard by 2021. The overall performance requirement is extended to all non-residential (except industrial) buildings and multi-family dwellings. In addition, the method of calculation is changing (new PEN calculation method for non-residential buildings and multi-family dwellings and improvement of the calculation method for residential buildings). It should also be noted that the Q-ZEN communication campaign (Quasi Zero Energy buildings) has started.

At the corporate level, various measures are also adopted to improve their energy efficiency. A budget of € 5 million is planned for 2017 for the implementation of **simplified branch agreements for SMEs**. The mechanism will enable SMEs to carry out an energy audit to identify ways to reduce their energy bills and improve their energy efficiency. The system will give them access to aids to improve their performance (AMURE premiums). For large companies, the Walloon Government Decree of 8 September 2016 introduces a **mandatory audit** every 4 years (companies required to register in the Crossroads Bank of Enterprises and not meeting the requirements of SMEs). In addition, under the ERDF 2014-2020 programming, a budget of € 33 million is dedicated to the **SMART PARK II** project. After a first phase to sensitize SMEs to their energy consumption, SMART PARK II will offer SMEs two concrete measures. The first consists of a brief analysis of their energy consumption model with their distribution system operator. This quick scan will be completely free for SMEs and will lead to advice of behaviour change and simple gestures to reduce the energy bills. After this, they will be issued a roadmap containing investment proposals to reduce this bill both in terms of energy efficiency and in terms of electricity and heat generation for self-consumption. The project will be open to all SMEs on the Walloon territory with a connection power greater than or equal to 56 kVA. The objective is to reduce the net energy expenditure of companies by 15 to 20% without significant investments.

Regard transport Walloon **public vehicles are gradually being replaced by “green” vehicles** since January 1<sup>st</sup>, 2017. The ultimate objective is to make the entire public vehicle fleet consist of environmentally responsible vehicles by 2030. As of this year, 50% of the replaced vehicles will be replaced by new ones, either alternative fuel (electric, gas, etc.) or no more than 95g CO<sub>2</sub> per kilometre. By 2017, 50% of replacements will focus on alternative fuels, reaching 100% by 2030. At present, the Walloon public car fleet consists of 2,865 vehicles and the annual replacement rate is between 12 and 13%, or nearly 300 units. Local authorities and public interest organizations (PIOs) are already encouraged to move towards a replacement rate of 20% of their fleet by low-emission vehicles. The TEC Group aims to gradually reduce its CO<sub>2</sub> emissions by 20% in 2022 and by 35% by 2030. The SRWT has decided to invest in a total of 298 standard hybrid buses, to be delivered in 2017, 2018 and 2019. A subsidy is granted to municipalities, provinces, CPAS and autonomous municipalities for the purchase of non-polluting vehicles or for the adaptation of their vehicles of more than 3.5 tonnes to environmental standards.

This public greening also wants to encourage private investors to continue or accelerate the deployment of alternative fuel infrastructure by providing them with a certain public. In addition, a call for projects to develop **infrastructures for alternative fuels** will be launched in 2017. It will aim to provide the districts with at least 50% of the optimum recharging points.

The Government has also adopted a legal framework to support the **installation of recharge points in compressed natural gas (CNG)** in Wallonia. The text specifies all the conditions for installation and operation in the environmental permit. Operators wishing to install a CNG reloading point now have a regulatory reference framework. These conditions for example require compliance with provisions relating to siting, construction, operation, maintenance and surveillance, in particular to ensure security during procurement. Recharging points can be installed by an individual at his home or by a company for its company fleet or an by existing service station. At present, 8 CNG pumps are open to the public in Wallonia: Nivelles, Gosselies, Mouscron, Ollignies, Jemappes, Ghislenghien, Wauthier-Braine, Malonnes and Tournai. Other stations will soon be accessible: Herstal, Fleurus, Genappe, Dour, Peruwelz, ...

The **car-pooling** policy has been developed, through the provision of car-pooling car parks, in partnership with major retailers and local authorities. More than 1,580 places are available today, and the 2,000 places should be reached in the coming months. The “Comon” car-pooling app launched in 2015 is very successful and contacts are being made with the Brussels Region to extend it beyond the Walloon borders.

Finally, in the field of logistics, the Government adopted, at first reading, an order releasing an amount of € 8 million for a **new aid scheme aimed at optimizing logistics movements**. The aim is to encourage the installation of equipments which will limit the energy consumption or noise pollution of vehicles with a load of more than 3.5 tonnes. A second measure - to which a budget of € 1.5 million is allocated - is part of the development policy of the logistics sector. It involves the creation of a business support cell aimed at improving the management of goods flows, such as improving loading or unloading times, loading capacities, timing of delivery, ...

## 4. Complementary reform measures

Through the Marshall Plan 4.0, the Walloon government intends to deploy an integrated regional development strategy, by activating different levers of competitiveness. This is meant to develop a favourable framework and investment support measures to develop economic activity. A number of reforms and measures have already been described in previous sections. This section describes measures to support entrepreneurship, business creation and growth, particularly for SMEs. The development of the circular economy and the efficient use of resources by the industry are also among these priorities.

### 4.1. Industrial policy and resource use efficiency

#### *Industrial policy*

The continued implementation of the **Competitiveness Clusters Policy** is a key priority of the Marshall Plan 4.0. In 2016, 33 new projects were approved for a public budget of € 58 million (calls Nos. 16 to 18). The 19th call was launched at the end of 2016 and decisions will be taken at the end of the first quarter of 2017. Since the policy was launched, nearly 440 projects (232 R&D projects, 70 training projects, 37 investment projects) have been financed, for public funding of € 600 million, mostly in R&D.

New impetus was given to the Regional Strategy for Intelligent Specialization: new procedure for selecting training projects for a better identification of the needs and the adaptation of the training offer, development of innovation platforms, reinforcement of inter-partner collaborations (improvement of the co-labelling process, identification of strategic areas, communication, common training needs ...), development of a common methodology to integrate the “valorisation” dimension from the early stages of the research projects (diagnostic tool, integration of a “work package” valorisation in projects), association of the poles to the “Industry 4.0” actions of the Digital Wallonia Plan. In addition, the dialogue was continued with the poles to facilitate the participation in European programmes, in particular through regional involvement in various European networks and initiatives.

In order to base the reflections on inter-sectoral approaches, the Region has also invested in the development of “value chain” analyses.

In terms of efficiency in the use of resources, the **Walloon Waste-Resources Plan** presents a new vision of flow management, part of the circular economy and the hierarchy of waste treatment. This will promote a Walloon recycling and waste recovery economy and reintroduce new material resources into production chains. It contains 5 operational specifications: framework and structuring actions, prevention of household and industrial waste, household waste management, industrial waste management and public waste management. Please note that single-use plastic bags are prohibited from December 1<sup>st</sup>, 2016 for shopping bags and from March 1<sup>st</sup>, 2017 for all other bags.

In addition, on 7 July 2016, the Government adopted the **Second Walloon Sustainable Development Strategy**. It focuses on meeting the needs and improving life quality in Wallonia and changing consumption and production patterns in terms of food, energy and resources. The strategy is structured around four chapters, the last of which presents concrete measures to contribute to the achievement of sustainable development objectives. The actions focus on the following areas: food, energy, resources, participatory dynamics on sustainable development, information and awareness, education and research, social responsibility of private and public organizations, sustainable public procurement and international promotion of sustainable development.

A new “circular economy” incentive by the Agency for Enterprise&Innovation (AEI) is available to Walloon companies under the ERDF programme. This incentive of € 10,000 aims to show business leaders the potential of a circular economy approach within their company and to make innovative

projects possible, with the aim of adding value to the company. In addition, the Government has increased the resources to stimulate the development of **short circuits** run by the AEI by € 1.5 million over the 2017-2019 period.

## **4.2. SME policy**

The **Walloon Small Business Act 2015-2019**, the strategy for the creation and growth of SMEs was adopted in June 2016. With € 4.8 billion over 5 years (from existing credits and additional resources from different sources, amongst which programmes co-financed by the Structural Funds and the Marshall Plan 4.0), it translates concretely into operationalizing 30 actions that will be implemented in the short term. The flagship measure of the plan is the reform of small SME aid and the creation of a single virtual portal, and has been operational since March 2017. The aid landscape is now organized as a single network to support the creation of activities, innovation and business growth. All top-level aid, known as *de minimis* aid (up to € 200,000 over 3 years), is thus collected in a portfolio of 11 thematic business vouchers. 3 of them are already digitized, all of them will be as of July 2017. For companies, the types of eligible benefits will now focus on 5 main axes:

- Activity creation (coaching voucher, advice voucher and training voucher for business creation);
- Innovation: product innovation (technological voucher and intellectual property voucher), organizational innovation (operational excellence voucher) and energy efficiency (energy voucher);
- Strategic innovation (strategic consultancy voucher);
- Digital: digital transformation voucher;
- International: consulting services in foreign trade, web marketing and design, occasional intervention linked to an international project, use of a coach in an international partnership, language training (international development voucher);
- Transfers: transfer voucher.

All enterprises will have access to basic aid, but certain categories may benefit from special conditions such as increased aid rates and amounts, mainly in the case of a starter, micro-enterprise, small or medium-sized enterprise, if the enterprise has a growth trajectory, if the enterprise enters into the Government's economic policy. All the measures included in the single portfolio represent a budget of € 32 million per year, or nearly € 160 million over a five-year period.

Strong commitments are made to the deadlines for processing applications and the payment of vouchers that will not exceed 15 working days. The aim of the reform is to propose more agile aid in the form of a single portfolio, granted based on the principle of confidence: less prior control and more effective post-trade checks. The exchange of information will be carried out electronically, thus improving follow-up traceability within the administration and shortening the time-limits for liquidating aid. A single database of authentic source will be created, thus only soliciting once the necessary information from the companies for the management of their files.

In addition, the Government has adopted the new **“Coup de pouce” loan** system. This is a measure that encourages the mobilization of private savings for the benefit of the real economy through a tax advantage for the lender. In practice, from October 1<sup>st</sup>, 2016 onwards, an investor who lends an amount of up to € 50,000 to a self-employed person or SME that has been active for less than 5 years, will be able to benefit, in addition to the interest on his loan, from a tax credit of up to 4% of the loan amount per annum. Under this measure, the SME or self-employed person can borrow up to € 100,000 from

various lenders. In the event that the borrower should go bankrupt during the term of the loan, the lender will still be assured of receiving the tax credit for the remaining term of the loan.

In addition, support measures for micro-credits (€ 30 million) and financing measures for SMEs by the Investis (€ 188 million), implemented with the support of the ERDF, were launched in 2016. Support for job seekers who are unoccupied or who wish to become self-employed for the preparation of their funding file was also launched by the AEI. The goal is to accompany 200 starters every year.

Still within the framework of the Walloon SBA, an agreement was signed between FEBELFIN and Wallonia, which is committed to support Walloon companies through a **bank charter** resulting in a substantial mobilization of resources: € 2.8 billion to finance the creation and growth of SMEs. The agreement essentially consists of the injection of two Euros from banks for one Euro of public money, bringing the total share of the banking sector to € 1.8 billion for € 970 million of public money at the service of the Walloon economy. In addition to access to adequate funding, this initiative also wants to ensure a fertile ground for entrepreneurship, internationalization and innovation. The charter also details the commitments made by both sides in terms of:

- Readability: Improve access to information, increase awareness of SMEs and their advisors and strengthen support for entrepreneurs in all their financing initiatives;
- Balance: Ensure that SMEs have a balanced balance sheet structure (equity and external contributions);
- Collaboration: Intensify collaboration and partnerships between private structures and public tools for the financing that is needed for the creation, growth, innovation, internationalization and transmission phases;
- Efficiency: Let the financing offer evolve to better meet the needs of SMEs.

In addition, as outlined in Chapter 2, in the framework of Creative Wallonia and Digital Wallonia, initiatives have been launched to support start-ups. Thus, the **Start'up Wallonia** dynamic was launched in December 2016 to support local digital ecosystems (5 ecosystems have been labelled). Start-ups will be supported in their development phases (pre-acceleration, acceleration, support/seed investment and scale-up). For the financing component, € 30 million (from the Marshall 4.0 plan) is foreseen for the seed loans granted via the Investis, and the **WING Fund** intervenes for the pre-financing and the second stage of development. The Digital Wallonia Hub also provides support for companies with high potential.

The Walloon Government has also adopted a new legal framework on **workers' cooperatives**. On the one hand, it will enable workers who wish to take over their enterprise to be directly helped and supported and, on the other hand, to support project promoters who wish to set up their own cooperative enterprise. Concretely, two support mechanisms (a budget of € 2.5 million is foreseen) can be implemented by workers and companies wishing to take this route:

- According to a provision of the company code relating to cooperatives, these may be capitalized via SOWECSOM. Workers will have 5 years to buy back the majority of the capital. This is a form of loan made by the cooperative for the benefit of its workers.
- Workers will be able to benefit directly from loans, via credit agencies with which SOWECSOM will draw up an agreement, which will allow them to acquire shares of their business so that they can capitalize sufficiently. It is in fact a “collectivized micro-credit”.

Finally, to conclude on the field of financing, the Government adopted the reform of the public financial tools landscape, which will be grouped under one single “**Wallonie Finance**”, which will oversee 4 business lines: investment (industrial shareholdings linked to the competitiveness clusters, investment subsidiaries in the environment, real estate and social economy sectors), financing of SMEs (single window), overturning, health infrastructures and social action.

Concerning the **transfer of businesses**, a partnership has been concluded between Walloon (SOWACCESS) and Flemish (Unizo) organisations to facilitate cross-business deals. This concretely means that the matching platforms will be connected, in order to cover the entire territory.

More generally, **the reform of the support for SMEs** continued through the creation of two specialized subsidiaries of the Agency for Enterprise and Innovation: *Creative Wallonia Engine*, responsible for the Creative Wallonia programme, and *Innovation Wallonia Engine* for innovation, which will integrate the activities of the Picarré and Innovatech NPOs as well as those of the National Contact Point (currently housed within the UWE) and the EEN network.

In the more specific area of trade support, the “**Wallonie commerce**” strategy was adopted by the Government on December 15<sup>th</sup>, 2016. It is structured around 36 actions divided around priorities for an integrated approach to business development. A budget of € 30 million will be activated by 2019 to implement these measures:

- Support for business creation;
- The definition of a legal environment conducive to the development of new types of businesses;
- Support for digital transformation;
- Modernization of businesses through innovation;
- Transmission of businesses;
- Dynamise city centres and fight commercial emptiness;
- Defining an adequate response to the problems of working sites;
- Training which is adapted to the new business challenges.

Finally, the Government decided to strengthen the development of the **employers’ group** scheme through the Resource Centre for Employers’ Groups in Wallonia (CRGEW). This system enables Walloon small and medium-sized enterprises to pool their workloads and share the staff and skills they need and can not afford and that they need on a part-time or occasional basis.

### **4.3. Administrative simplification and public procurement**

As pointed out in the previous sections, administrative simplification is one of the red threads of the Government's action, which has led to various simplification projects within the framework of the reforms initiated in Wallonia. In addition, other measures can be pointed out:

- Adoption of the Territorial Development Code (CoDT - Code de Développement Territorial) by the Walloon Parliament in July 2016, which simplifies the granting of permits;
- Reduction of more than half of regional advisory committees;
- Within the framework of the Digital Wallonia Plan, progress has been made for the de-materialization of processes: single window for enterprises, environmental permits and single licenses, public contracts. 39 flows of authentic sources were realized in 2016, allowing a gain of € 9.8 million.
- Reduction of the administrative burden in the agricultural sector through a 27-measure action plan, structured around five main axes: centralization of databases, activation of the “Agrilien-on-Web” app, as of 2017, allowing any farmer to know - in real time - the state of his payments relating to the first and second pillars of the Walloon agriculture portal (PAC - Portail de l’Agriculture wallonne), the concentration of administrative procedures over two annual periods, reinforcing the complementarity of controls, readability and the simplicity of the forms to be filled in.

In terms of **payment deadlines**, payment deadlines per decentralized treasurer will go from 19.61 days in 2014 to 18.98 days in 2015 (an improvement of 0.63 days) and 85.5% will be paid within a maximum of 30 days (against 84 % in 2014). Payments by ordinance fall to an average of 34.7 days against 40.74 days in 2014 (an improvement of 6 days) and 65.2% are paid within a maximum of 30 days (compared to 53% in 2014).

In the area of **public procurement**, the Government adopted the “Responsible public procurement 2017-2019” action plan in February 2017. It comprises 46 actions and pursues three transversal strategic objectives: combating social dumping, strengthening SME access to public procurement and efficient management of resources. The measures aim to raise awareness, train contracting authorities and facilitate their procedures. It is also to facilitate the access of SMEs and VSEs to public procurement (use of lots, development of a guide, coaching and support, training, ...). The opportunities offered by public procurement regarding innovation will also be explored.

The inclusion of social clauses for public works contracts of more than € 1 million was also made compulsory. In addition, the new management contracts will have to comply with the commitment to “promote fair competition and combat social dumping”. Tools to enable contracting authorities to combat social dumping in their service markets will also be drawn up in consultation with the sectors concerned and social organizations (second half of 2017). They also aim to stimulate the economy of resources and target VSEs as a priority.

To this end, the Walloon Government has decided to create, in the first half of 2017, a Public Procurement Observatory within the General Secretariat of the SPW. It will be responsible for analysing the Walloon orders, developing practical tools for contracting authorities and coordinating the work on public procurement carried out in Wallonia. The Observatory will also be responsible for monitoring and evaluating the three-year Sustainable Public Procurement action plan 2017-2019.

#### **4.4. Structural and Investment Funds**

The 2014-2020 programming of the Structural and Investment Funds is now in the implementation phase. The adopted thematic priorities are closely linked to the objectives of the Europe 2020 Strategy and complement the regional strategy developed in this context, in particular in relation to the recommendations made by the Council. The specific contribution of the Funds has been highlighted throughout the preceding sections.

The ERDF will support the competitiveness, in particular SMEs, R&D and innovation, in line with the Region's Smart Specialization Strategy, the development of renewable energy and resources efficiency, but also the development of training infrastructures. Various measures have been introduced in 2016 to support R&D, finance SMEs, support the circular economy, etc. Half of the budgets have been decided.

The priorities developed within the ESF focus on lifelong learning and labour market integration, particularly for young people and the most vulnerable, entrepreneurship, social inclusion and the fight against discrimination, the fight against early school leaving. In particular, the projects are consistent with the reforms detailed in Chapter 2 on labour market integration and the adequacy of qualifications. 94% of the funds have already been decided, 99% for the youth employment initiative.

The ERDF and ESF projects that have been selected following the calls for projects are gradually finalized based on the comments made and approved by the Government.

Finally, with regard to the Walloon Rural Development Programme 2014-2020 (PWDR - Programme wallon de développement rural) financed by the EAFRD, half of the budgets were decided. The PWDR funds a wide range of measures for the benefit of farmers and all rural stakeholders. These include the establishment of young farmers, vocational training in agriculture and forestry, organic farming, nature conservation, rural investment and tourism.

## Annex 2: Reform programme of the Flemish Region and the Flemish Community

### Preface

The present Flemish Reform Programme/FRP (Vlaams Hervormingsprogramma/VHP) 2017 is the seventh in a row to be drawn up by Flanders and the third to be presented by the current Government of Flanders. The Government of Flanders is still convinced that compiling its own reform programme is an important lever for involving public authorities and stakeholders in Flanders more closely in the European Semester and subsequently further enhancing public support for it. Like in previous years, consultations were held with the Flemish Parliament and the social partners and several good practices of members of the Liaison Agency Flanders-Europe (Vlaams-Europees Verbindingsagentschap/VLEVA), including (supra) local administrations, were entered in this reform programme. In the autumn of 2016, the Flemish authorities, the Association of Flemish Provinces (Vereniging Vlaamse Provincies/VVP) and the Europe Direct Information Centres of the respective Flemish provinces joined forces in organising a series of lectures under the title 'Building Europe. The European Semester Explained'.

In its FRP 2017 Flanders offers a customised response to the country-specific recommendations and the challenging Europe 2020 targets, in order to present the European Commission with a detailed picture of the measures Flanders is taking within the framework of the European Semester. Flanders was also one of the driving forces behind the fact finding mission of 15 December 2016 between the European Commission and Belgium, which offered Flanders the opportunity to proactively highlight the Flemish measures to the European Commission (COM). Flanders is pleased to find that its proactive attitude has contributed to the fact that the Country Report Belgium (22 February 2017) contains more references to measures and data of the Flemish authorities. Therefore, the Government of Flanders strongly appreciates the efforts made by the COM services.

In the FRP 2016 the Government of Flanders argued in favour of receiving region-specific recommendations and analyses. I reiterated this message in a letter which I sent to the European Commission in July 2016. The same issue was also discussed in the Government of Flanders memorandum 'Vision on the future of the EU' which was adopted on 16 December 2016. The Government of Flanders would like the EU to actively and structurally involve federated states and regions with legislative powers, throughout the policy cycle, for the policy areas for which they have competence. A logical consequence of this would be that the country-specific recommendations take the institutional structure of the Member States into account from now on. This position of the Government of Flanders is also supported by a proposal of resolution on region-specific analyses and recommendations within the framework of the European Semester.

The Government of Flanders is convinced that, through the measures it presents in this FRP 2017, it continues to respond to the virtuous circle of budgetary discipline, structural reforms and investments, and as such lays excellent foundations for the challenges of the future. Flanders is currently preparing itself for this future. The seven transition priorities from the Vision Paper 2050 are in full development. It is definitely no coincidence that these transition priorities address challenges in the Country Report or closely tie in with the Europe 2020 strategy and the sustainable development goals.

Geert Bourgeois  
Minister-President of the Government of Flanders

## Executive summary

The present FRP 2017 provides a response to the three country-specific recommendations (CSRs) of July 2016 and discusses the progress made with respect to Flanders' Europe 2020 targets.

**Part 1** contextualises the main macro-economic developments in the Flemish Region. Positive elements include the attractiveness of Flemish exports in 2015 (+2.2% in real prices), an increased labour productivity in 2016 (+0.5% in real terms) and a revival in investments for 2017.

**Part 2** describes the Flemish measures taken within the framework of the major economic challenges (CSRs and other investment challenges):

- With regard to **CSR 1 (public finances and taxation)** work is continued to realise sound public finances, with the Government of Flanders aiming at a balanced budget from 2017 onwards. The current tax legislation is further reformed with an eye to making it more coherent and effective: In terms of simplification, reference can be made for instance to the far-reaching reduction in the number of tax bands in the gift tax on immovable property. With regard to steering taxes, Flanders fully focused on greening by linking the vehicle road tax to emissions, and by introducing a kilometre charge for heavy goods vehicles. As far as the greening of real estate is concerned, properties must be increasingly insulated to be eligible for tax benefits. Ever more stringent E-levels (energy performance levels) and total renovations are aimed at.
- As for **CSR 2 (labour market and education/training)** the reforms for increasing the employment rate which were already initiated are continued. Reference can be made for instance to measures pertaining to the Youth Guarantee, long-term unemployed, the simplification of the target groups policy, the activation of older jobseekers, the reform of training incentives, the reconciliation of work and family life (service vouchers, Flemish care credit), the recognition of competencies, a mobilising strategy focused on talent, the modernisation of secondary education, the dual learning scheme, the reform of adult education and higher vocational education, the extra funding and additional measures for disadvantaged groups and people with a migrant background.
- With regard to **CSR 3 (innovation, competition and investment in transport infrastructure and energy generation capacity)**, the new Flanders Innovation & Entrepreneurship (Agentschap Innoveren en Ondernemen) and the renewed Research Foundation - Flanders (Fonds Wetenschappelijk Onderzoek - Vlaanderen/FWO) have since 2016 been the main contact point in Flanders for entrepreneurs and researchers respectively. The new targeted cluster policy of the Government of Flanders was finally started. The criteria for R&D support to businesses were slightly adjusted and in 2017 the extension of the support scheme will be further developed. The Government of Flanders continues to invest in fundamental and strategic basic research (strategisch basisonderzoek/SBO). On 17/03/2017, the Government of Flanders reached a decision in principle on the abolishment of the Establishment Act for a number of regulated professions. In addition a Decree on retail establishments was adopted by the Government of Flanders. The investment budgets for all modes of transport (road infrastructure, waterways, public transport and cycling infrastructure) will reach a record high by the end of the term of office. The infrastructure works concerning Oosterweel will start in 2017.

For investments in energy infrastructure and smart grids, reference can be made, for instance, to the transition project 'Stroomversnelling' (Flux acceleration) and digital meters. In addition, the network managers are also planning investments in the network to accommodate the transition to a decentralised energy supply.

- The Government of Flanders continues to be a **government of investments** and earmarks a total amount of €613 million for new policy in 2017. Extra resources will be allocated to educational, welfare and care facilities. One of its top priorities is to further improve the business environment. A myriad of measures are being taken, such as the renewed and simplified SME portfolio, the SME growth subsidy, easy access to finance in which the Flanders Holding Company (Participatiemaatschappij Vlaanderen/ PMV) plays a crucial role, the third action plan ‘Entrepreneurial Education’ (‘Ondernemend Onderwijs’), the reform of the enterprise promotion policy, the Smart Flanders programme for smart cities, a joint multi-year internationalisation strategy for the Flemish economy 2017-2021 and the measures regarding the circular economy, etc. Additional resources are allocated for educational, care and health infrastructure.

**Part 3** provides a state of play of Flanders’ Europe 2020 targets:

- **Research and development.** Flanders keeps investing additional resources in research and development and innovation (for 2017 over €185 million, and another €60 million for investments in research infrastructure). The R&D intensity amounts to 2.46% (2014 figure). Through these extra investments the Government of Flanders continues its strive to reach the 3% target by 2020.
- **Climate and energy.** When considering the whole period from 2013 to 2020, the target of lowering greenhouse gas emissions by 15.7% should be within reach. The Flemish Mitigation Plan 2013-2020 outlines a trajectory for reducing greenhouse gas emissions in all non-ETS sectors. With the establishment of the Climate Fund, the Government of Flanders created the financial framework needed to pursue a long-term climate policy. The Government of Flanders has adopted the energy plan which is aimed at annually monitoring the sub-targets for renewable energy and adjusting them, whenever necessary. To realise these new renewable energy targets, the Government of Flanders aims, among other things, at a substantial increase in solar energy (concept paper ‘Solar Plan’), wind energy (concept paper ‘Wind Power 2020’) and green heat. To improve the energy performance in the buildings sector, non-residential buildings are also subject to E-level requirements from 1 January 2017 onwards. Reference can also be made to an action plan within the framework of the Renovation Pact, a reform of the financial support instruments for energy-saving renovations, the energy policy agreements, etc. The Climate and Energy Pact concluded at the Flemish Climate and Energy Summit of 1 December 2016 testifies to the strong ambitions of the Government of Flanders to shift up a gear in climate and energy.
- **Employment rate.** In 2016 the overall employment rate in Flanders improved modestly with 72,0% in comparison to 71.9% attained in 2013-2015. The employment rate does increase slightly among older employees which allows Flanders to approach the employment rate targets for the 50-64 and 55-64 year age groups. The employment rate of people with a migrant background stagnates. Nevertheless, it continues to take firm measures to increase the general employment rate as well as the employment rates of disadvantaged groups, as shows from the reply to CSR 2.
- **Education.** In 2015, the number of early school leavers reached 7.2%. The European 10% target was thus amply achieved. The Flemish target of 5.2%, on the other hand, not (yet).
- With 43.2% Flanders has met the European target of 40% for the share of 30 to 34-year-olds with a higher education diploma, but still remains short of the Flemish target of 47.8%. Nevertheless, both education targets remain attainable by 2020, and the necessary measures are taken to that end (see reply to CSR 2).
- The figures on **poverty or social exclusion** remain fairly stable. On an EU level, Flanders has excellent figures, placing it in second position. One of the measures taken was the Flemish Poverty Reduction Action Plan 2015-2019, which will be updated and adjusted.

**Part 4** discusses the use of structural funds (ESF and ERDF (Flanders and Interreg)) within the framework of the European Semester.

**Part 5** outlines the measures introduced to further increase public support for the European Semester in Flanders. Important contributions are made by the Flemish Parliament, the social partners and VLEVA, amongst others.

## 1. Macro-economic developments in the Flemish Region

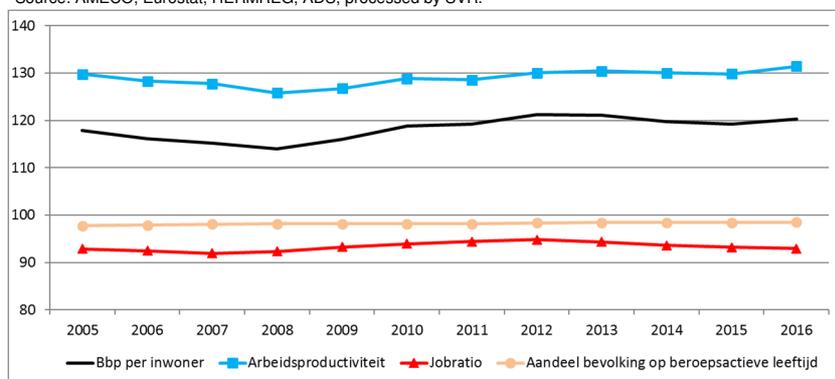
For the second year in a row the national and regional accounts are drawn up in accordance with the **new ESA 2010**. The ESA 2010 introduced a number of changes compared to the former ESA 95, like the larger share of industry and the greater importance of services in exports and an upward revision of the GDP figure.

The Flemish Region represents 59.5% of the Belgian gross domestic product (GDP) and 57.6% of the Belgian population<sup>2</sup>. The **GDP per capita** in the Flemish Region can be estimated at €34,900 purchasing power parities (PPPs) per inhabitant in 2016. This is 20% and 11% higher than the average in the EU-28 and EU-15. In 2010 this indicator was 19% higher for the Flemish Region than the EU-28 average, but also 8% higher compared to the EU-15. Specifically for Belgium there is the small geographical description of the Brussels-Capital Region (BCR). As a result, a relatively large number of people living in the Flemish Region commute to the Brussels-Capital Region where they work. With a correction for this commuting effect, the Flemish GDP increases to €37,500 per capita in 2016, which exceeds the average in the EU-28 by 29%.

The Flemish Region owes its relatively high GDP mainly to a **high labour productivity**. It is 31% and 23% higher than the average in the EU-28 and EU-15 in 2016, which is an asset for Flanders' economy. This can be explained by the high level of education of the working population and the capital-intensive production methods. In 2015, 42.2% of the working population in Flanders has received tertiary training. In the EU-28 this is 33.4%. The **job ratio**, i.e. the share of employment compared to the population of working age (92.9% of the EU-28 average in 2016) and the share of the population of working age (98.5% of the EU-28 average) are not beneficial for the Flemish economy. The proximity of the BCR has an effect on the job ratio. With a correction for commuter movements the Flemish job ratio is no less than 1% lower than in the EU-28.

**Figure 1: GDP per capita and its components, Flemish Region, indices (EU-28 = 100), 2005-2016**

Source: AMECO, Eurostat, HERMREG, ADS, processed by SVR.



Between 2005 and the outbreak of the financial and economic crisis the Flemish Region lost some ground compared to the EU-28. This was owing to the relative deterioration of the labour productivity and employment rate. However, in the period from 2010 to 2013 the Flemish Region regained some of the ground lost following an improvement of both indicators. In 2014 and 2015,

<sup>2</sup> Data of 2016, based on HERMREG, supplemented with Eurostat data and processed by the Research Centre of the Government of Flanders (Studiedienst van de Vlaamse Regering/SVR)

Flanders lost some of its lead over the EU-28 again, especially due to the job ratio. However, in 2016, the Flemish Region succeeded in increasing its lead over the EU-28 again, because of the labour productivity (Figure 1). The real growth in the Flemish Region can be estimated at +0.5% in 2016.

Over the years 2006-2016, the **Flemish GDP grew** on average by 1.5% in real terms. This is higher than in the EU-28 or EU-15 (1.0% and 0.9%). This good performance can be attributed to the years 2006-2013. The financial and economic crisis had a relatively large impact on the EU-28 as a whole, whereas Flanders recorded a stronger growth than in the EU-15 and EU-28 during that period.

Flanders' stronger economic growth is thanks to the **larger increase in employment in the Flemish Region** (+0.8% over 2006-2016) than in the EU-28 or EU-15 (each time +0.4%). The increase in labour productivity in the Flemish Region (+0.6%) was more or less on a par with that of the EU-28 or EU-15 (+0.6% and +0.5%). According to the latest update of the regional accounts, Flanders' economic growth in real terms (calculated on the basis of gross value added) would be 2.2% in 2014 and 2.1% in 2015. These are definitely good growth figures which exceed those for Belgium or the 3 neighbouring countries, viz. Germany, France and the Netherlands.

The GDP is a measure of the produced prosperity. There is also the **income** citizens **earn** from labour and capital in their own region, as well as elsewhere (commuting). The real household disposable income in Flanders is forecast to grow on average by 1.3% each year between 2015 and 2021, which corresponds to the estimate for Belgium. This growth figure is substantially higher than in the period 2008-2014 (only +0.2% per year). The improved purchasing power of Flemish households is explained by a more dynamic growth of their primary incomes and a decrease in the fiscal and parafiscal pressure compared to the past (Source: HERMEG).

Investing means believing in future opportunities for selling products and services. **Gross investment** (residential housing not included) in the Flemish Region amounted to 1.5% of the GDP in 2015. In 2016, this investment continued to drop to +0.4% of the GDP. In 2017, the investment effort will recover to +3.7% of the GDP in the Flemish Region. Finally, for 2018-2021, the Federal Planning Bureau (FPB) forecasts an average investment ratio of 2.2% of the GDP in the Flemish Region.

The **employment rate** (the share of the employed living in the Flemish Region in the population aged 20 to 64) was 72% in 2016 and has remained more or less stable in the years following the outbreak of the financial and economic crisis (Source: ADS - LFS). This was owing to a decrease among men (from 78.3% in 2008 to 76.3% in 2016), which is compensated by an increase among women (from 66.1% in 2008 to 67.7% in 2016), in particular in the 55-64 age group (men and women together). The employment rate of older workers underwent a striking evolution: from 34.3% in 2008 to 46.7% in 2016. However, the employment rate in the 55-64 age group remains a point of focus for Flanders, since more than half of the population in that age group is active in the EU-28 or EU-15. The employment rate is a bit lower in the EU-28 (70.8% in 2016), but is higher in each of our neighbouring countries, except for France. It should be mentioned that the regional Walloon (62.6%) and Brussels-Capital (59.8%) employment rates are manifestly lower.

The **unemployment rate** (15-64 age group) defined according to the LFS amounted to 4.9% in 2016. This is clearly lower than in the EU-28 and EU-15 (9.6% and 9.9% in 2015). In 2016, a total of 2,688,200 people are employed in the Flemish Region, which is 0.9% more than in 2015. In the following years employment would grow at the same pace. It is forecast that, between 2016 and 2021, 121,200 jobs will be created in line with the economic growth that is slightly picking up. The extra jobs would mainly be situated in 'healthcare and social services' and 'business services'.

**Innovation** is of crucial importance for the development of a western economy such as that of Flanders. The Flemish Region can count on a highly educated working population for this (see earlier). In the

Flemish Region the share of employed in the (medium) high-tech industry and knowledge-intensive services was 8.7% in 2014, which is about the same level as in the EU-28 or EU-15. In relative terms Flanders performs slightly better in the service component and slightly worse in the industrial component. Finally, R&D expenditure amounted to 2.46% of the GDP in the Flemish Region in 2014 (the private sector contributes 1.68%; the public sector 0.78% in 2014). Between 2009 and 2013 this indicator rose continuously. The EU-28 average is 1.95%. However, some reservations should also be made: the 3% target to be met by 2020 as stipulated by the Pact 2020 has not yet been reached, and Germany and several Scandinavian countries score higher.

In 2015, **Flemish exports** grew by 2.2% in real prices. This marked the end of the low growth figures in 2013 and 2014 (around 1%). The foreign order books in industry improved in the second half of 2016, which should be favourably reflected in the export figures for 2016 (yet to be published). Exports are important for Flanders' economy. In 2010, exports accounted for 37% of the generated Flemish gross value added, of which 24% originated from goods and 13% from services. The EU-28 continues to be our main export market (69.8% in 2015), not in the least because of Flanders' central location in the European Union. Over time, the share of the EU-28 decreased until 2014. From then onwards, its share slightly rose again. Emerging trading blocs took an increasingly larger share of Flemish exports, but since 2014 both trading blocs have lost some ground (especially Russia).

The 5 most important export products represented 45.2% of Flemish exports in 2015. The products concerned are vehicles, pharmaceutical products, chemical products, petroleum products and machinery and mechanical appliances. The export of high-tech products totalled €26.1 billion in 2015, which is 8.7% of total Flemish exports. This share increased over the past years (6.9% in 2013 and 7.6% in 2014). In % of GDP this was 10.9% (9.0% for Belgium and 4.6% for the EU-28).

Also in 2015, foreign investors launched 227 projects, which is an absolute record high. These projects represented €2.70 billion, which is a bit less than in 2014, but is still fairly high. Foreign direct investments are vital for a country or region's economic development because of the integration or extension of branches, and because new expertise is often also fed into the local economy.

## 2. Measures within the framework of major economic challenges

### 2.1. *The Country Report Belgium 2017*

On 12 July 2016, the Council made **three country-specific recommendations**<sup>3</sup> to Belgium. They pertain to (1) budgetary objectives, (2) labour market, education and vocational training and (3) the capacity to innovate and knowledge-based capital, competition in the business services sector and the retail sector and addressing shortfalls in investment in transport infrastructure and energy generation capacity.

Mainly under the impulse of Flanders a **fact finding mission** (15 December 2016) was organised between the COM services and Belgium. During this mission Flanders tried to present and explain the policy it is pursuing to implement the CSRs and other reform measures as clearly as possible to the COM services. The aim was for these elements to be taken into account in the compilation of the draft Country Report Belgium 2017 (3 February 2017). The final **Country Report**<sup>4</sup> Belgium 2017 (22 February 2017) of the COM services mainly discusses the most important reform priorities<sup>5</sup>.

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<sup>3</sup> [http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016H0818\(09\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016H0818(09)&from=EN)

<sup>4</sup> <https://ec.europa.eu/info/sites/info/files/2017-european-semester-country-report-belgium-en.pdf>

<sup>5</sup> In concrete terms it concerns (i) public finances and taxation, (ii) financial sector, (iii) labour market, education and social policies and (iv) competitiveness and investment.

The Government of Flanders believes the **enhanced dialogue** between the COM services and Belgium (federal government and Communities and Regions) within the framework of the European Semester generates substantial added value. However, it would also like to keep entering into a direct dialogue with the COM. The Government of Flanders is pleased to find that in the Country Report Belgium 2017 the COM services, more than in the previous country reports, refer to various Flemish measures, policy initiatives and data, which they actually also illustrate with relevant Flemish examples. This is an important plus. Also, a more differentiated picture is given for the different Communities and Regions. As a result, a more customised approach is taken, which means that the requests and suggestions<sup>6</sup> Flanders previously made in this context are complied with.

The Government of Flanders still would like more regional data to be included in the other (sub-)chapters of the Country Report, for instance with regard to competitiveness and the general economic situation. Generally speaking, the Government of Flanders is of the opinion that the COM services still refer too often to the 'Belgian' situation for these (sub-)chapters and limit their analysis to this. Yet, community and regional data could also prove very interesting for these (sub-)chapters, e.g. in terms of education, productivity, labour cost and exports. The Government of Flanders requests that the COM would consistently consider community and regional competences in the compilation of the CSRs for 2017 and in future country reports.

The Government of Flanders is convinced that the measures in this FRP implement the CSRs for 2016 (*see 2.2 through 2.4*), a number of investment challenges (*see 2.5*) and the Europe 2020 targets (*see Part 3*) and therefore constitute a concrete response to the analyses from the Country Report 2017.

## **2.2. Country-specific recommendation 1**

Achieve an annual fiscal adjustment of at least 0.6 % of GDP towards the medium-term budgetary objective in 2016 and in 2017. Use windfall gains to accelerate the reduction of the general government debt ratio. Agree on an enforceable distribution of **fiscal targets** among all government levels. **Simplify the tax system** and **remove distortive tax expenditures**.

### **2.2.1. Sound public finances**

In the current Stability Programme the Government of Flanders has committed to a nominal shortage of €463 million in 2016, including the negative settlement of €137 million following from the transition mechanism provided in the Special Finance Act and including the asylum expenditure amounting to €94 million. The provisional implementation report from the official Monitoring Committee estimates the actual deficit at €164.7 million, which is €300 million better than anticipated in the 2016 budgetary adjustment.

The Government of Flanders wants to achieve a **balanced budget** from **2017** onwards. When evaluating this balancing target, the Government of Flanders wants to leave the following costs out of consideration: the construction costs related to the Oosterweel link (€80 million in 2017), which it regards as a non-recurring productive investment of great economic importance for the entire country and the Euroregion, and the expenditure in connection with investments in A1/A3 hospital infrastructure which were completed before the transfer of competences within the framework of the 6<sup>th</sup> state reform, but will continue to have an ESA impact in the coming years. In 2018 a non-recurring correction will be applied with respect to this balancing target for the effects of the revision of the autonomy factor in that year.

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<sup>6</sup> See e.g. The Flemish Reform Programme 2016 (<https://www.vlaanderen.be/nl/publicaties/detail/flemish-reform-programme-2016-1>).

When leaving the expenditure related to the Oosterweel link and the problem regarding A1/A3 out of consideration, the Government of Flanders' objective is in line with the recommendation from the High Council of Finance (Hoge Raad van Financiën/HRF) which allows a nominal deficit of €59 million for 2017 and suggests a balanced budget in nominal terms from 2018 onwards. However, for 2018, the HRF allows a deficit for the non-recurring correction for the effects of the revision of the autonomy factor.

The problem of fitting exceptional strategic investments, such as the Oosterweel link, in with the budgetary paths of the various authorities will be further looked into by an intergovernmental working group preparing the Stability Programme 2017-2020. As for the investment expenditure relating to A1/A3 hospital infrastructure, a specific intergovernmental working group will clarify how large the problem is and which impact it has on ESA.

To be able to actually achieve the set targets, the Government of Flanders will **closely monitor** the implementation of the **budget** and make adjustments, if necessary.

In late 2015, KBC repaid the remaining outstanding amount of €3 billion (including penalty) in state aid to the Government of Flanders. This accelerated repayment had a mitigating effect on the debt rise in 2015 and 2016, which is mainly related to the increase in social loans and the liabilities assumed with regard to the A1/A3 hospital infrastructure.

The functioning of the Cooperation Agreement of 13 December 2013 on the implementation of Article 3, §1 of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union is currently being discussed by an intergovernmental working group which was specifically established for that purpose in preparation of the next Stability Programme. In order to achieve an agreement on the distribution of budgetary objectives across all levels of government, a number of technical and political issues need to be resolved.

Prioritising healthy public finances permits the Government of Flanders to invest in new policy, breathing new life into the Flemish economy and supporting economic growth. The Government of Flanders continues to be a government of investments and appropriates a total amount of €613 million for new policy in 2017 (table below). This sum is composed of €507 million for new policy and investments and an amount of €106 million for additional incentives.

<b>New policy and investments (2017)</b>	<b>Description</b>	<b>Amount (€million)</b>
New policy - 2017		
	Welfare	132
	R&D and business measures	195
	Conservation objectives	15
	Housing	10
	Free	5
Total new policy		357
Investments		
	Schools	50
	R&D and business measures	10
	Mobility and Public Works	90
Total investments		150
2017 new policy and investments		507
Additional incentives		106
<b>TOTAL NEW POLICY</b>		<b>613</b>

Considering the investments in the welfare and health sectors, the budget grows by €450 million or 4% in 2017, €132 million of which is destined for new investments in hospital infrastructure, retirement centres, childcare, youth counselling, care for the disabled, welfare, etc. Finally, hospitals and retirement centres will benefit from an innovative financing mechanism, allowing a yearly contribution in infrastructure costs instead of direct subsidies for investment.

The chapters on transport (2.3.5.), business environment (2.4.1.), school infrastructure (2.4.3.) and R&D (3.3.2.) will elaborate on the (extra) resources, earmarked by the Government of Flanders.

## 2.2.2. Reform of existing tax legislation

Several initiatives were launched and measures were developed to **reform the existing tax legislation** in order to make it more coherent and effective:

- The **Flemish gift tax on immovable property was substantially simplified** and lowered. In the direct line the number of scales was reduced from 8 to 4 and in the lateral line from 15 to 4. The high rates up to 80% were abolished and the new maximum is now at 27% in the direct line and 40% in the lateral line.
- The **Flemish Tax Code** remains the key document for all Flemish tax legislation. After the integration of the inheritance and registration tax in late 2014, the kilometre charge for heavy goods vehicles (from 1 April 2016) was incorporated into the code in the first half of 2015. In this way both existing and new legislation is integrated into this key document, which results in a more streamlined and uniform administrative procedure for the different Flemish taxes.
- In 2016, the various **favourable tax regimes** were **listed**. This list is used to examine how the legislation can be optimised and be adjusted, wherever necessary.
- The **increased investment deduction in the tax on equipment and tools** was extended. In this way Flanders continues its policy to gradually reduce the tax on equipment and tools in order to boost economic activity.
- Within the framework of the **core tasks plan**, the **tax on derelict properties and uninhabitable and unfit housing** was partially transferred to the **municipalities**.
- The **Flemish tax relief measures for owner-occupied dwellings** were **harmonised and integrated**. In practice this mainly changed the tax relief for the owner-occupied dwelling which is not the only dwelling owned, which means that the tax payer owns at least one other dwelling than the one he/she lives in. The tax relief was reduced in that the owner-occupied dwelling which is not the only dwelling owned is not treated more advantageously than the owner-occupied dwelling which is the only dwelling owned.
- Since 1 January 2016, the **tax relief for new energy efficient dwellings in the withholding tax on real estate has been tightened**. Following the adjustment of the legislation a 50% reduction applies to an E-level of E30 (previously E40) and a 100% reduction in case of an E-level of E20 (formerly E30). In both cases the tax relief is limited to a five-year period. Since **1 January 2017**, a tax relief has also been introduced in the withholding tax on real estate for large-scale energy saving renovations. Again, the reduction is limited to a five-year period and depends on the E-level that is achieved after the renovation.
- The **tax relief for roof insulation** was **abolished** from **1 January 2017** onwards. A transitional measure was provided for. This eliminates a dual tax relief (through subsidies and tax benefits).

- The **reimbursement for combined transport** in the **annual road tax** was reformed to make it more efficient. Given the limited advantage and heavy administrative burden which initially applied, a reimbursement was de facto never asked for.
- The **annual road tax was greened**, by taking into account the CO2 emission and Euro standard of vehicles. This was done to meet the European targets regarding air pollution, as well as the climate targets. Exemptions were provided for four technologies (BEV, H, PHEV, CNG) which fall within the scope of the European Clean Power Directive.
- On 25 November 2016, the Government of Flanders adopted a **further green reform of the annual road tax for non-leasing light goods vehicles**. On 1 January 2016, a green reform was introduced for newly registered (new and second-hand) passenger cars, dual-use vehicles, and minibuses (except leased vehicles). The Government of Flanders decided to introduce a similar green reform for light goods vehicles according to the ‘polluter pays’ principle. In this reform *ecoboni* and/or *ecomali* are applied in function of the environmental performance of the vehicle (CO2 emission, type of fuel, and European emission standard). The Government of Flanders also decided to raise the age limit for vintage vehicles from 25 to 30 years, thus reducing the fiscal benefits for older and more polluting cars, and matching the new European standard.
- Together with the three Regions, the Government of Flanders introduced a **kilometre charge for heavy goods vehicles**. This distance-related levy replaces the former time-related Eurovignette and complies better with the ‘polluter pays’ principle.
- The Flemish Region is **examining the possibility of and public support for introducing a smart kilometre charge for light vehicles**. At the initiative of the Department of Mobility and Public Works (Mobiliteit en Openbare Werken/MOW) a study is ongoing into the development and compilation of a plan of approach for the potential introduction of such a measure. At the same time the Department of Environment, Nature and Energy (departement Leefmilieu, Natuur en Energie/LNE) ordered a study into the shift from the burden on labour to the environment through the road charging instrument.

## 2.3. Country-specific recommendation 2

Carry out the intended review of the Law of 1996 on the promotion of employment and the safeguarding of competitiveness in consultation with the social partners. Ensure that wages can evolve in line with productivity. Ensure the **effectiveness of labour market activation policies**. Move forward with **education and vocational training reforms** and provide **training support for disadvantaged groups**, in particular people from a **migrant background**.

### 2.3.1. Youth Guarantee

Within the framework of the European Youth Guarantee all jobseekers under 25 years of age are offered a customised pathway with actions to boost their competencies (technical and non-technical competencies: attitude, job application skills, etc.), within 4 months after having registered as a jobseeker. Everyone who leaves school without any qualifications starts a vocational training programme and/or work experience at the end of the sixth month after their registration. This may be a training placement, individual company-based vocational training (Individuele Beroepsopleiding/IBO), a paid work placement which young people can undertake in a company, non-profit organisation or public service (Instapstage), a work experience pathway (Werkinleving voor Jongeren/WIJ!), etc. These actions are intended to promote workplace learning, so that young people can develop new skills by ‘doing’ and gain more confidence in their own abilities.

In 2016, 7,656 young people started an IBO, of which 1,964 low-skilled young people. Also in 2016, 295 young people embarked on a paid work placement, of which 237 low-skilled young people. Since the

beginning of the second guidance period of the **work experience pathway (May 2015-May 2017)**, 3,950 low-skilled young people have participated in a WIJ!. The Flemish Service for Employment and Vocational Training (Vlaamse Dienst voor Arbeidsbemiddeling en Beroepsopleiding/VDAB) launches campaigns for young people to make them aware of the usefulness and opportunities of gaining work experience and supplementing their CVs with the competencies they have acquired through placements, volunteer work, as job students and in local associations. Sport and digital media are used to reach young people and kindle their interest (smartphone apps, video chat, e-mail, online job fairs, ....). Through the project 'Action Plan against School Drop-out' attention is also devoted to guiding and empowering (low-skilled) refugees.

VDAB and the education sector also focus on creating a customised provision for **young people** who are not in education, employment or training (NEET). Work is done, for instance, to create data flows between the work and education sectors in order to reach, monitor and activate NEET young people more efficiently. This action is part of the action plan 'Together against Early School Leaving' ('Samen tegen Schooluitval') (see 3.3.2).

Within the framework of the **Youth Employment Initiative** a sum of €4.6 million was appropriated to tackle youth unemployment in the BHG among young people with Dutch-language career prospects. These funds will be used to identify 3,000 young people aged between 18 and 30 who are not in education, employment or training (NEET), make them visible and provide them with orientation and guidance to work, placements or training. So far, three projects have been approved which together will offer customised guidance to 1,075 young people.

### 2.3.2. Long-term unemployed

The Flemish Coalition Agreement highlighted a **new temporary work experience scheme** to integrate long-term jobseekers into the labour market. This scheme entered into effect on **1 January 2017** and aims to have all jobseekers move more rapidly to mainstream economic sectors, irrespective of whether they receive unemployment benefit. During the pathway they retain their jobseeker status. Only people who are entitled to a subsistence income and enter a pathway on the basis of Article 60 are given an employment contract because their pathway is designed to build up social rights.

In 2017, the measure is targeted at **people entitled to a subsistence income**. For long-term unemployed the tender 'Intensive Workplace Learning' ('Intensief Werkplekleren') is extended. Through this tender jobseekers who lack recent work experience (mainly jobseekers who are unemployed for more than 12 months or have similar problems) acquire the necessary work experience and can boost their competencies at various workplaces. In 2016, 2,837 jobseekers received guidance. A new work experience tender will be started in 2018.

With a new scheme called '**Neighbourhood Work**' ('wijk-werken'), which replaces the scheme of local employment agencies (Plaatselijk Werkgelegenheidsagentschap/PWA), the Government of Flanders wants to focus additionally on another instrument for gaining work experience. The basic idea is for the new instrument to allow certain jobseekers who are at a greater distance from the labour market to be (or stay) as closely involved as possible in the labour market and not become socially isolated. It concerns jobseekers who (temporarily) cannot work longer than part-time hours. Neighbourhood work can only be used in the context of a pathway to work, which means that a jobseeker can always count on (pathway) counselling by a mediator or consultant. In **2017 the regulatory work will be prepared** to make neighbourhood work operational as of 2018 onwards.

To **recruit long-term unemployed jobseekers (> 2 years)** employers can receive a **financial recruitment incentive** since **1 January 2017**. The amount of this incentive can rise up to a maximum of €1,250 for the first tranche and a maximum of €3,000 for the second tranche (after 12 months). If part-time employed,

these amounts will be proportionalised. This measure is specifically targeted at long-term jobseekers who do not qualify for the target group discount (25 to 54-year-olds). The premium is paid in two instalments; the first after three months employment and the second after 12 months employment. All Flemish employers qualify for this premium. This new measure is currently being implemented.

### 2.3.3. Simplification of the target group policy

To increase the efficiency and effectiveness of the target group policy, the number of measures was restricted to three target groups, namely **young people**, **older employees** and **persons with a work-limiting disability**. The Decree on the Flemish target group policy was adopted on 4 March 2016. The new target group discounts for young people and older employees came into force on 1 July 2016.

Employers who recruit a low- or medium-skilled **young person (< 25 years)** can receive a discount in employer's contributions (respectively maximum €1,150 and €1,000/quarter) during 8 quarters. This discount is granted when the reference quarter salary is lower than €7,500 during the first year of employment and €8,100 during the second year of employment. If the young person obtains a qualification after all, the employer will retain the discount. A specific discount applies to young people who are employed as apprentice. After the apprenticeship period, employers can receive the discount for employees.

For **older employees** a distinction is made between 'zittende werknemers' (employees who are already employed by employers located in the Flemish Region and who belong to the private for-profit sector) and the recruitment of non-working jobseekers. The target group discount for over-55s will apply to both the recruitment and the retention of employees.

The present Flemish support premium (Vlaamse Ondersteuningspremie/VOP) for **people with a work-limiting disability** is maintained. People who are self-employed as a secondary activity will from now on also be entitled to this financial support. Within the framework of the transition from the social economy to mainstream economic sectors the VOP can also be used for people who previously worked as target group employees in the social economy.

The target group policy is closely monitored and will be evaluated in 2018.

As for the **other target group measures** that have been transferred following the sixth state reform the necessary transitional measures have been taken to offer employers and employees legal certainty. Employers can no longer benefit from these measures for recruitments after 1 January 2017. Employers who already availed themselves of these measures can do so until 31 December 2018 at the latest.

In 2017, we are planning a **reform of the return to work premium for over-55s**. This is a monthly premium for older unemployed people who return to work, as a supplement to the income they receive from their now job. The purpose of this premium is to reduce the unemployment trap and to financially encourage jobseekers to return to work.

### 2.3.4. Activation of older jobseekers

We will also continue to focus on the **activation of older jobseekers (over-55s)**. Mid-2016, an agreement was reached on this matter with the social partners. An approach was agreed which considers the different types of availability for the labour market and in which VDAB's services remain accessible of course to any jobseeker, irrespective of whether he/she is passively or actively available or available in an adjusted context. The extension of the activation approach to 65 years will be carried out in **different stages** and be harmonised with the federal government's decision to increase the age for availability. Each year, the exemption on grounds of age will be increased by 1 year up to 65 years in 2020. In 2016, the age shifted from 60 to 61 years. In this respect account will be taken of VDAB's capacity and the labour market situation.

### 2.3.5. Focus on the reconciliation of work and family life

The Government of Flanders continues to invest in **childcare**. In 2017, it invests an additional €10 million in childcare, creating additional places. Next, both new childcare establishments and subsidised initiatives can make the transition to establishments where parents pay for childcare according to their income. In order to match supply and demand, a trajectory was also launched to renew the concept of 'flexible childcare'. During an exploratory study not only the needs and requirements of (potential) users of childcare are assessed, but also the opportunities and obstacles on the supply side. This information will be used to create new legislation in 2017. The concept paper on the guidelines for a new organisation of childcare and leisure time for children is discussed in the Flemish Parliament.. This discussion feeds into the new framework Decree that is being prepared and which will transfer the direction of out-of-school care to the local authorities. This implies that in time the current financing to facilities will be transformed into financing of the provision through the municipalities. In this context, attention will be entirely devoted to a caring transition in order to be able to continue to guarantee the continuity of the service provision and the employment in the out-of-school childcare sector.

The service vouchers remain an important policy instrument to support workers in their **reconciliation of work and family life**. In addition, this scheme is essential in the fight against moonlighting and the activation of low-skilled and long-term unemployed. We find that the use of service vouchers keeps **growing** in the Flemish Region, with an increase of 3.82% in the number of issued service vouchers and 5.83% in the number of Flemish users to 679,437.

In the year ahead we wish to put in additional efforts through the voucher issuer to further **digitise** the scheme and convince as many users and companies as possible to switch to electronic vouchers. In addition, a new allocation method will be applied to distribute the budgets of the **training fund** in 2017 on the basis of a company's level of activity in the Flemish Region.

Finally, to **fight discrimination in the labour market** an agreement was also reached in 2016 with the employers' organisations of the service voucher sector with regard to the **mystery calls**, which will in the first instance fit in with a broader policy of self-regulation and awareness-raising for the sector.

Fifty percent of the informal caregivers indicate that it is difficult to **reconcile work and care**. The Flemish Informal Care Plan was finally approved in 2017. With this Informal Care Plan we seek to recognise and use this enormous societal capital of informal care in Flanders to provide decent support to informal caregivers. The plan outlines 115 concrete actions which are realised across all policy levels and policy areas. The three key themes around which the informal care policy is built are 'recognition and appreciation of informal care', 'support' and 'better cooperation between informal caregivers and professionals'. Special attention is devoted to young informal caregivers.

Following the sixth state reform Flanders has been given competence for the development of a leave scheme for its civil servants in public services, education and local authorities. Since 2 September 2016, the **Flemish Care Credit** has been in place, as a replacement of the federal career break scheme. The Care Credit entitles civil servants to take paid leave for motives of care (to take care of a child or ill family member or to provide palliative care) or to follow training. The federal scheme was not based on motives. The end-of-career scheme within the framework of career breaks was abolished. End-of-career schemes are often defended to keep work workable. However, they increase the workload on current employees and encourage employers and employees not to invest in an innovative labour organisation.

### 2.3.6. A mobilising strategy focused on talent

The past period was dedicated to the reform of the career and diversity policy, including the Experience Fund which was transferred following the sixth state reform. To increase the employment rate and realise fully-fledged proportional labour participation the existing policy was challenged and rethought.

The new course was to abandon the target group approach and fully develop a talent approach. This **talent approach** is shaped along 3 tracks, viz. a track '**Activation**' (through VDAB's activities), a track '**HR policy for companies**' (through the SME portfolio) and a track '**Eliminating prejudice**' through partnership agreements with social partners and disadvantaged groups' own specific organisations (GRIP/users' consultation Handicap & Arbeid and Minorities Forum). The agreements have all started and the ESF projects with broader civil society are also up and running.

Whereas 2016 was dominated by the practical development and launch of the various tracks of the concept paper, **2017** will see the initiation **and relaunch of the aforementioned three tracks**, with active work being done on sharing experiences, support and visibility for certain projects and outcomes. This will be achieved in a targeted manner by organising a communication platform, talent brainstorming meetings, theme-based activities and underlying customer-oriented connecting activities. Furthermore, assistance will be provided for the transition of the former measures regarding proportional labour participation and the Experience Fund. Regulations will be adjusted and current projects will be properly finalised.

Finally, the **Action Plan for Combating Work-Related Discrimination** (Actieplan ter Bestrijding van Arbeidsgerelateerde Discriminatie/ABAD) will be reviewed and updated in coordination with the social partners, among other things in view of the newly transferred competences. Within this framework an awareness campaign will be initiated in **2017** to promote an open discussion on discrimination in the workplace.

### 2.3.7. A smooth transition from education to the labour market and the elimination of skills mismatches

The concept papers on **dual learning** which were adopted by the Government of Flanders in 2015 are further rolled out. The aim is to develop the dual learning scheme into a fully-fledged learning pathway that leads to educational qualifications. In this way work is also done to upgrade current technical and vocational secondary education, which is a vital component in the modernisation of secondary education (see 2.3.10) in Flanders.

Through the Decree of 10 June 2016 on the regulation of certain aspects of alternance training we laid the foundations for a **uniform, harmonised status for each learner**. Since 1 September 2016, only 2 agreements are used within the framework of learning and working and the dual learning living labs, viz. the alternance training apprenticeship agreement and the alternance training agreement<sup>7</sup>. The same Decree also regulates the establishment of the **Flemish Dual Learning Partnership** which is responsible for creating a sustainable network of recognised learning companies, for monitoring and managing the (apprenticeship) agreements and for giving advice on all aspects of the workplace component of dual learning. By delegation sectoral partnerships will also be able to assume these responsibilities. The Flemish Partnership started on 30 August 2016, and 16 sectoral partnerships have become operational

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<sup>7</sup> Exceptionally, part-time employment contracts are still possible for non-profit organisations using the social Maribel regulation and, in specific circumstances, in part-time vocational secondary education (Deeltijds Beroepssecundair Onderwijs/DBSO) to allow the transition from learning and working to dual learning to proceed gradually.

so far. **More than 5,000 companies** have also been recognised as quality workplaces within the framework of the new dual learning scheme.

To guarantee the quality, the **dual learning** scheme is first tested through **living labs** before it is translated into legislation (organic Decree on dual learning and the related implementing Order **scheduled to become effective in September 2018**):

As director of workplaces SYNTRA Vlaanderen collects and monitors all available workplaces via **werkplekduaal.be**. It has also developed a guidance and support concept on the basis of a survey among 1,300 companies.

The Department of Education and Training has initiated the key project '**School Desk in the Workplace**' ('Schoolbank op de werkplek') during which several courses of study across different schools in the Flemish education landscape are organised on a dual basis throughout Flanders. In the school year 2016-2017, the project started in 28 schools and 5 Syntra centres for 6 different courses of study. In the school year 2017-2018, the pilot project will be extended to include 19 new courses of study.

The ESF Agency launched a call for '**innovative pilot projects for dual learning**' and finances 22 projects from the sector.

The sector also sets up 8 **exploratory pathways** around various aspects of dual learning. A learning network coordinates all these projects and collates the lessons learnt.

In 2016, VDAB, the adult education sector and businesses and professional sectors organised in each province one experiment regarding **Training Pathways for Educational Qualifications**. (Onderwijskwalificerende Opleidingstrajecten/OKOT), in which competencies acquired at the workplace are recognised and validated in the context of the qualification.

In **2017**, further focus is placed on promoting entrepreneurship and entrepreneurial spirit. On 10 June 2016, the action plan '**Entrepreneurial Education 2015-2019**' was adopted by the Government of Flanders. With this plan, which was jointly drawn up by the policy areas 'Education and Training' (Onderwijs en Vorming/OV), 'Work and Social Economy' (Werk en Sociale Economie/WSE), 'Agriculture and Fisheries' (Landbouw en Visserij/LV) and 'Economy, Science and Innovation' (Economie, Wetenschap en Innovatie/EWI), Flanders wants to further stimulate entrepreneurial spirit and entrepreneurship through education.

### **2.3.8. Recognition of competencies**

Over the past year, work was done to develop standards and professional qualifications, quality indicators, a website, etc. with regard to the recognition of competencies (Erkenning van competenties/EVC). Parallel to this, the Work policy area also aims specifically at reinforcing the 3-track EVC policy. In 2016, a vision for the future was developed which, in **2017**, will result in an **action plan for enhancing the use of My Career** (not leading to qualifications) and for developing a strong alternative for the current certificates of professional competence (leading to qualifications).

### 2.3.9. Reform of the training incentives system

With the transfer of paid educational leave Flanders now has competence for all the major training incentives for the employed. This gave rise to a scrutiny of all the instruments. In this respect the social partners concluded an agreement on training and education on 23 November 2016. The Minister responsible for Work formulated a reply from the Government of Flanders to this agreement, which was adopted by the Government of Flanders on 3 February 2017. This reply sets out the main lines of the reform.

From now on three instruments are available: the **Flemish training leave**, the **Flemish training voucher** and the **Flemish training credit**. Training and education are important for individual employees who can improve their competencies, for businesses that find better qualified employees on the labour market and for the future labour market and our economy, because our productivity, competitiveness and innovation are given a boost.

It is essential that the 3 instruments are each time fleshed out on the basis of the same building blocks, in order to make the training provision as a whole uniform and streamlined. The instruments interact, mutually reinforce each other and apply the same standards, which makes them clearer and more transparent for everyone. For example, all recognised courses of study will be annually assessed against five criteria, including the extent to which a course responds to (future) challenges on the labour market, technological advancements, and qualifications or competencies for shortage occupations.

### 2.3.10. Modernisation of secondary education

To further develop the strengths of today's secondary education, to tackle points for improvement and to guarantee quality education for each pupil, Flanders further **modernises secondary education**. The main lines for this modernisation were elaborated in three concept papers, which were adopted by the Government of Flanders in May 2016 and **January 2017**. These papers contain measures for **pre-primary, primary and secondary education** in Flanders.

In the context of the modernisation of secondary education specific attention is paid to the introduction of **differentiation in the first stage**. This differentiation not only makes it possible to support pupils who need additional assistance, but also allows top performers in secondary education to be challenged even more. In this way each pupil is given the opportunity to explore and develop his/her talents.

The modernisation of secondary education goes hand in hand with an optimisation of governance in education, the reform of the attainment targets and the introduction of a new system of learning and working (see 2.3.7). In **2017**, the legislative framework for the modernisation of secondary education will be further designed, in view of a **phased roll-out of secondary education** from **1 September 2018** onwards.

### 2.3.11. Reform of adult education

As a partner to lifelong learning, formal adult education offers plenty of opportunities to acquire additional skills. That is why Flanders is continuing its reform of the adult education sector.

In March 2016, the Government of Flanders adopted the concept paper '**Adult education as provider of education full of opportunities for life-long learning, integration and qualification**' ('Volwassenenonderwijs als kansenonderwijs. Kansen op leren, integreren en kwalificeren, een leven lang'). This paper focuses on strengthening the sector and reforming the financing system and HR regulation of adult education. In this context particular attention is devoted to the most vulnerable target groups of

adult education, such as people without an adult education diploma, people with inadequate literacy skills and people who insufficiently master the Dutch language.

The principles from the concept paper are being translated into legislation. In December 2016, an emergency Decree introduced changes to the programming and organisation of the sector, which are to result in a scale-up. Current efforts are concentrated on reforming the financing system and HR regulation. The option of differentiated financing of adult education institutions on the basis of specific target group characteristics is being examined.

### **2.3.12. Reform of higher vocational education**

On 25 March 2016, the Government of Flanders adopted the concept paper 'Extending Higher Vocational Education' ('Uitbouw van het hoger beroepsonderwijs'). The purpose of this paper is to develop higher vocational education (hoger beroepsonderwijs/HBO5) in Flanders into a fully-fledged component of higher education. A more strongly developed HBO5 should attract students who currently do not yet find their way to higher education, and subsequently contribute to the further democratisation of higher education.

Except for the nursing programme, higher vocational education will in the future only be provided by university colleges. More in particular, the university colleges will have to develop their programmes in a manner that allows working adults to follow HBO5 programmes. Just like the bachelor programmes, they will be able to set up trajectories for students with a job, for which extra funding will be provided. Students with a job who enrol for bachelor programmes, will receive funding multiplied by a factor 1.5. Normally, the same arrangement will be applied for HBO5 programmes. The concept paper also envisages a fully-fledged student status for HBO5 students. In the future the course programme of **higher vocational education** will be more in line with that of higher education, but will still retain its individuality which is typical of the current provision (workplace learning, fine-meshed structure, flexibility).

The principles from the concept paper are being translated into legislation. A first emergency Decree, adopted by the Flemish Parliament in December 2016, introduces three big changes in the higher vocational education sector: (1) a limitation of the teaching competence in each location, (2) a new relationship between vocational and educational qualifications, and (3) a procedure for updating HBO5 courses.

### **2.3.13. Additional funding for disadvantaged groups and people with a migrant background**

The operating funds in mainstream primary and secondary education in Flanders are partially allocated on the basis of social indicators (SES indicators). The increase which was envisaged in this funding has fully resumed since 2016 after a temporary interruption in 2015.

In the spring of 2016 the Government of Flanders approved a concept paper on the development of a **vigorous Dutch as second language policy (Nederlands als tweede taal/NT2)**. This paper outlines the framework for a vigorous, targeted and effective NT2 policy for all non-Dutch speakers who want to learn Dutch. The principles from the concept paper are being translated into legislation.

Within the framework of an increased influx of refugees, the Government of Flanders appropriated extra funds (€15.8 million) for additional civic integration programmes. Civic integration is intended to help newcomers integrate and to empower them, as well as to promote their participation at professional, educational and social level. At the same time, another €18.5 million was earmarked in 2016 for the organisation of NT2 courses in adult education. These funds were used to organise 2,200 modules,

which represents 26,649 enrolments. **Additional funding** amounting to €9.8 million was also allocated for 2017. Also in the context of the influx of refugees the Government of Flanders increased funding for primary and secondary schools for the organisation of **reception classes for non-Dutch speaking newcomers** (onthaalklassen voor anderstalige nieuwkomers/OKAN). Programming OKAN in secondary education was made more flexible to make it possible to respond to a sudden need for an increased provision. Additional financial resources were also granted to follow-up school coaches who support OKAN pupils and assist them in their transition from reception education to mainstream education. In 2016-2017, schools that have a growing number of non-Dutch speaking toddlers younger than 5 are again granted a bonus of €950 per additional non-Dutch speaking toddler. The bonus is to be used to initiate and strengthen the knowledge of Dutch of young toddlers.

Finally, the National Programme **AMIF** (Asylum, Migration and Integration Fund) 2014-2020 describes the strategy, objectives and results for Belgium. Flanders will use the European funds to reinforce its inclusive and horizontal integration policy. The funds will be prioritised for closing the employment gap, improving access to public services and staging actions for certain sub-groups, like women and young people. All actions are specifically oriented to the target group of persons without EU nationality (third-country nationals). Through AMIF work is done, among other things, to create a civic integration provision that is customised to minor newcomers, highly-educated non-Dutch speaking newcomers and low-literate mothers with young children.

### **2.3.14. Additional measures to support education for disadvantaged groups, more specifically people with a migrant background**

Apart from the aforementioned (2.2.13) measures, the following measures also have a positive effect on the educational opportunities for disadvantaged groups, and in particular people with a migrant background: the implementation of the M decree (Decree containing measures for pupils with special educational needs), the reform of the pupil guidance system, enhanced efforts to increase participation in nursery education, the implementation of the 'Strategy for Increased Literacy' ('Strategisch Plan Geletterdheid Verhogen'), the preparation of legislative work in relation to strengthening the recognition of skills, the monitoring of recently introduced measures relating to language policy in compulsory education, the launch of the STEM+ network in schools with a large number of pupils from disadvantaged groups and the introduction of a compulsory, non-binding orientation test for pupils at the end of secondary education.

Several of the aforementioned measures regarding education and work are taken into consideration in the Government of Flanders' broader integration policy in which the **Horizontal Integration Policy Plan** which was adopted by the Government on 15 July 2016 plays an important role. The Government of Flanders also conducts an equal opportunities policy. The government-wide commitment shows from the **Horizontal Equal Opportunities Policy Plan** which was also adopted by the Government of Flanders on 15 July 2016.

## 2.4. Country-specific recommendation 3

Boost the **capacity to innovate**, in particular by fostering investment in **knowledge-based capital**. Increase **competition in the business services sector** and **the retail sector** by removing unwarranted operational and establishment restrictions. Address shortfalls in **investment in transport infrastructure and energy generation capacity**.

### 2.4.1. Boost the capacity to innovate

Since 2016, the new Flanders Innovation & Entrepreneurship (Agentschap Innoveren en Ondernemen/AIO) has been the **main contact point for entrepreneurs in Flanders**. It came about following the integration of the Agency for Innovation by Science and Technology (Instituut voor Innovatie door Wetenschap & Technologie/IWT) into Enterprise Flanders (Agentschap Ondernemen/AO). During this integration it was aimed to achieve alignment between the economic and innovation support instruments. Because of the integration into FWO and the simultaneous discontinuation of the Hercules Foundation for research infrastructure, the renewed FWO has become the **main contact point for researchers in Flanders** since 2016. FWO also took over three programmes from the former IWT. These organisational reforms within EWI may lead to greater focus and a better prioritisation of budgetary resources and policy measures, which may also cause the lever effect of public support to increase.

The latter is also an objective of the **new targeted cluster policy** of the Government of Flanders which was finally started up in 2016. In **2017**, the commitments made by businesses, knowledge institutions and the government with regard to a specific spearhead cluster are laid down in **cluster pacts**. In these pacts project funds can be earmarked by the government to support the long-term strategy, and non-financial commitments (standardisation, licences, etc.) can be entered into. Through this cluster policy the Government of Flanders seeks to stimulate the strategic cooperation between businesses, sectors and researchers with an eye to speeding up the conversion of innovation into products, investments and jobs. Initiatives can be funded by the government up to a maximum of 50%. In late 2015, a call was launched for the submission of proposals for **innovative business networks (IBN)**. After a selection, 14 small-scale IBN initiatives were approved in May 2016 which will receive funding over a three-year period. In the spring of 2016, the areas of sustainable chemistry, logistics, materials and agri-food were asked to submit a proposal for a **spearhead cluster**. This concerns large-scale initiatives that receive long-term funding and must be ambitious, including participation in European programmes. After this, Catalisti<sup>8</sup> (sustainable chemistry), VIL (logistics), SIM (materials) and Smart Grid Flanders (energy) submitted a proposal. A positive decision was taken in October 2016 for the areas of sustainable chemistry and logistics. In December 2016 it was decided to support the areas of materials and energy. These **4 initiatives all started in 2017**.

In the course of 2016 the criteria for **R&D-business support** were slightly adjusted. As a result, the support can be increasingly used to make a difference and meshes better with the policy accents. In this context a selective advantage is awarded in the assessment to young SMEs where the impact is high. A similar selective advantage is also granted to projects with cooperation and embedding in the ecosystem, which is assessed positively especially in large companies.

In **2017**, the **extension of the support scheme** to the later stages of the innovation trajectory is also further developed in cooperation with a sounding board group from the sector. In line with the possibilities of the EU Regulation on R&D&I and the budgetary restraints, the support trajectory is extended to include developments closer to the market (like demonstration projects, pilot installations, living labs and proof of concept initiatives). Thresholds for accessing innovation support for SMEs will be substantially lowered by increasingly aligning procedures and communication with the capacities of SMEs. At the same time, economic and innovation instruments are further aligned, including with regard to knowledge dissemination.

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<sup>8</sup> Catalisti is the name for the new spearhead cluster for sustainable chemistry, which apart from FISCH also includes the former Flanders Plastics Vision innovation platform.

## 2.4.2. Fostering investment in knowledge-based capital

The Government of Flanders **invests** actively in **fundamental and strategic basic research** through subsidies to specific programmes (e.g. SBO), specific initiatives (e.g. ESFRI), specific infrastructure (e.g. Flemish Supercomputer) and the funds of specific institutions (FWO). In addition, the Government is actively engaged to disseminate knowledge on intellectual property rights (IPR), to offer assistance to academics who want to start their own business, to impart digital skills, to offer on-the-job training, to match innovation supply and demand, to better valorise research results, to increase the number of innovative companies and to promote STEM disciplines (see 3.4.1). Applications of the Internet of Things are discussed below. In 2016, Design Flanders, Flanders Fashion Institute and Flanders DC joined forces and pooled their expertise and strengths in the **renewed Flanders DC**.

## 2.4.3. Increase competition in the business services sector by removing unwarranted operational and establishment restrictions

In Flanders a thorough analysis has been started into the impact of Directive 2013/55/EU<sup>9</sup> on **regulated professions**. Apart from the impact, it is also analysed how access can be improved (improvement and simplification of entrepreneurship) and where administrative simplification and deregulation (fewer legal barriers) can be achieved. On 24 February 2017, the Government of Flanders decided to partially transpose Directive 2005/36/EC<sup>10</sup> of the European Parliament and of the Council by ratifying and promulgating a Decree.

On 17 March 2017, the Government of Flanders has reached a decision in principle on the abolishment of the **Establishment Act** for a select number of professions<sup>[1]</sup>. The relevant Orders are currently being drawn up and will be submitted for approval to the Government of Flanders in the first half of 2017. In addition, discussions have been initiated with the building sector for a review of the establishment requirements for a number of specific civil engineering professions with a view to the reform thereof. Finally, discussions are currently ongoing with civil society, and a study is being carried out, on a potential reform of the business management basic knowledge certificate.

With regard to the **itinerant trade** the Government of Flanders decided on 24 February 2017 to ratify and promulgate the Decree modifying Articles 8 and 10 of the Act of 25 June 1993 on the exercise and organisation of itinerant and fairground activities. In December it also approved a preliminary draft Government of Flanders Order modifying several provisions of the Royal Decree of 24 September 2006 on the exercise and organisation of itinerant activities.

## 2.4.4. Increase competition in the retail sector by removing unwarranted operational and establishment restrictions

Typical of Belgium and Flanders is the structure of the **retail trade**: smaller scale and organised to a lesser extent on the basis of branches and in joint purchasing associations than in the 4 large neighbouring countries. As a result, less purchasing power is available for negotiation (i.e. the bargaining power) with producers and wholesalers. Owing to the strong urbanisation in Flanders, people shop more often in smaller neighbourhood shops that are located in the proximity than in Wallonia and the neighbouring countries.

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<sup>9</sup> Directive 2013/55/EU of the European Parliament and of the Council of 20 November 2013 amending Directive 2005/36/EC on the recognition of professional qualifications

<sup>10</sup> Directive 2005/36/EC of the European Parliament and of the Council of 7 September 2005 on the recognition of professional qualifications

<sup>[1]</sup> Butcher wholesaler, dry-cleaner/dyer, restaurant owner or caterer/organiser of banquets, bread and pastry baker, hairdresser, aesthetician, masseur, pedicurist, optician, dental technician, funeral undertaker and butcher-pork butcher and regarding the exercise of self-employed activities concerning bicycles and motor vehicles.

A **Decree on Retail Establishments** was adopted by the Government of Flanders for implementation on 15 July 2016 (Belgian Official Gazette of 29 July 2016)<sup>11</sup>. Transparency, predictability and monitoring are aspects to be taken into account when drawing up new legislation for trade establishments. For purposes of administrative simplification the objective is to integrate the licence for the trade establishment policy into the integrated environmental permit. This was already announced in the Flemish Coalition Agreement 2014-19 and the different policy papers<sup>12</sup>.

The 2004 Act on the licensing of trade establishments will continue to be effective until the new legislation is introduced in Flanders. The application of the Act is well-known to entrepreneurs, project developers, local authorities, consultants and professional organisations. Legislation, procedure, possibilities for appeal, etc. are disclosed through the portal site [www.vlaanderenonderneemt.be](http://www.vlaanderenonderneemt.be) (containing all licensing information). Retailers in Flanders receive generic support from the Government of Flanders to purchase training, consultancy and coaching, for instance to make adjustments to their shop (through the SME portfolio, service providers offered by AIO, [www.sterkondernemen.be](http://www.sterkondernemen.be), ...). Investments for the introduction of new shop concepts are also supported by the Government of Flanders through the Guarantee Regulation, the Win-Win Loan and SME co-financing from the Flanders Holding Company (PMV). As for the opening hours applicable to retailers, more options are available than is currently the case. Over the past years a lot of surface area became available in Flanders for the retail trade, and a number of new (foreign) retail chains established themselves here. The specific regulation of large-scale outlets is mainly intended to prevent mobility and spatial issues, and does not in any way impede competition or the establishment of new retail businesses.

In Flanders, the campaign ‘Het internet. Ook uw zaak’ was launched to stimulate traders in their online activities. The website received 50,000 hits and 1,100 E-scans were taken.

The Decree on the short-term lease for trade and craft (called pop-up lease) was adopted by the Flemish Parliament on 8 June 2016 and ratified by the Government of Flanders on 17 June 2016 (Belgian Official Gazette of 26 July 2016). The Decree, which entered into force on 1 September 2016, creates a clear framework for the short-term lease (max. 1 year) of commercial premises and reflects the economic reality. However, clarity is still required as to the registration requirements of these leases, since this registration on the basis of the Code on Registration Duties is a federal competence.

#### **2.4.5. Address shortfalls in investment in transport infrastructure**

The Flemish Region acknowledges the challenges relating to road congestion in Flanders which especially occur around the large agglomerations of Antwerp and Brussels. The Flemish mobility policy tries to address this issue in a multi-model manner, using several policy measures. Before the end of the term of office another €5.8 billion will be invested in Flemish mobility, viz. €2.7 billion in road infrastructure, €2.25 billion in waterways, €816 million in public transport and €300 million in cycling infrastructure. This means that the **investment budgets** for all modes of transport are rising **to a record high**.

The two large road infrastructure projects around **Antwerp (Oosterweel project, €3,250 million)** and **Brussels (Ring Road, €1,147 million)** have entered the final preparatory stage. The planning, licensing and procurement procedures for the Oosterweel project are continued in **2017**, and the works on Linkeroever will start in the autumn. Within the framework of the Brussels Ring Road project, interventions to the regional roads will be executed in **2017**. Also, a general phasing plan will be drawn up, the contract for the realisation of the HST cycling bridge will be awarded and the environmental impact study,

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<sup>11</sup> <http://www.handelsvestigingen.info/> & <http://www.detailhandelvlaanderen.be/documenten/onderwerp/handelsvestiging>

<sup>12</sup> <https://docs.vlaamsparlament.be/docs/stukken/2015-2016/g767-5.pdf>

a communication campaign for the general public and the public consultation will be initiated. The works to the cycling bridge and the refurbishment of the Ring Road within the framework of the 'Less Nuisance' ('Minder Hinder') project are scheduled for 2018 and 2019 respectively.

Apart from the substantial investments in road infrastructure in the urban nodes Flanders also focuses on alternative modes of transport. The Oosterweel project is part of the **Master Plan 2020** for Antwerp, a comprehensive mobility strategy for mobility in and around Antwerp. The Master Plan 2020 encompasses a whole series of investments in cycling and tram infrastructure, combined with a reinforcement or extension of the Antwerp tram network. In this context infrastructure projects for public transport (Brabo 2), ITS and bicycle highways are currently running. Through the Brussels Ring Road project alternative modes of transport are also invested in, such as the construction of three new tram lines in the northern periphery of Brussels (Brabantnet) and the roll-out of three bicycle highways between the Vlaamse Rand and Brussels.

In addition to the large infrastructure works in urban areas, investments are also made to eliminate bottlenecks and construct missing links. (Preparations for) road infrastructure projects are being executed to the A11, the North-South connection in Limburg, the R4-East and R4-West in Ghent and the E34. The budget for maintenance works to road infrastructure has also increased over the past years. In 2016, €135 million was appropriated for road works to improve the condition of the road infrastructure. The overall budget for structural maintenance and investments in new road infrastructure will grow from €396.90 million in 2016 to around €442.82 million in **2017**.

In addition, the **modal shift** from road transport to alternative modes of transport is fully focused on. For this reason, the **Flemish waterways network** has been substantially invested in over the past years. These investments are intended to modernise waterway infrastructure, stimulate automation and promote waterways as an alternative mode of transport, among other things. To eliminate bottlenecks, €77.78 million was invested in 2016 in projects like the Albert Canal, Seine-Scheldt and the Sea Canal Brussels-Scheldt. These investments will amount to €94.95 million in 2017. In **2017**, the two Flemish waterway managers will be amalgamated in order to make inland shipping more efficient.

Furthermore, the Flemish Region strongly promotes **bicycles** as mode of transport through its own Cycling Policy Strategy on cycling policy, cycling infrastructure and cycling culture. In **2017**, work will continue on the realisation of 80 bicycle highways, while missing links will be addressed. In the coming three years 30 bicycle highway projects will be realised with a total value of €21.7 million.

In April 2016, a **kilometre charge for heavy goods vehicles** (road pricing system for trucks) was introduced in the three Belgian Regions. The implementation of the 'user pays' principle for heavy road transport benefits the competitiveness of alternative modes of transport. The initial findings on the basis of the months from April to December 2016 show that each day around 140,000 heavy goods vehicles larger than 3.5 tonnes travel an average of 24 million kilometres on Belgian roads. This generates a monthly revenue for the Flemish Region of around €35 million. Until April **2017**, extensive and detailed control measurements will still be carried out to map the impact of the kilometre charge.

A **further extension of the kilometre charge** to a general system for all motorised traffic is **currently being examined**. A fully-fledged kilometre charge can be a powerful instrument to tackle congestion in a structural manner and to internalise the mobility costs. A preliminary study into this matter tries to bring clarity about which steps should be taken to implement the system and to build public support for the measure. Afterwards, a more in-depth study will be initiated into the available technological options.

## 2.4.6. Investments in energy infrastructure and smart grids

The Government of Flanders is working on a long-term vision which is to serve as assessment framework for new policy and investment decisions in the field of energy. For this purpose, the transition project '**Stroomversnelling**' was set up in the spring of 2016, the main lines of which have been laid down in the Coalition Agreement and in the concept paper which was adopted in February 2016 and contains the trajectory for an energy vision and energy pact. In addition, **Vision 2050**<sup>13</sup> highlights the energy transition as one of the seven priority transition areas. The intended energy transition is to put Flanders on the road to a low-carbon society. In the **Energy Plan 2020** of July 2016 the Government of Flanders acknowledges that renewable energy is one of the key components of the energy transition. The uncertainty surrounding biomass also brings with it a stronger ambition for solar energy, wind energy and green heat.

To facilitate the energy transition, a smart energy system is required which can control energy flows much more efficiently and makes more effective use of energy grids. As far as the electricity grid is concerned, the smart meter is a first major step forward. On 3 February 2017, the Government of Flanders adopted a concept paper which initiates the large-scale roll-out of digital meters.

Apart from that, the Government of Flanders approved the basis for a Decree on the roll-out of heating and cooling networks. This Decree was adopted by the Flemish Parliament in early 2017. Heat - and especially green heat - is an essential source in the energy transition. By providing a framework the Government of Flanders wants to encourage investments in these networks.

## 2.5. Responding to investment challenges

### 2.5.1. Continuing to promote the business environment

On 1 April 2016, the renewed and simplified SME portfolio entered into force. The system of several separate pillars was discontinued. Instead, the transition was made to a simpler and easily accessible instrument for broad professionalisation with only two pillars, viz. advice and training. SMEs can choose how to use this portfolio depending on their needs and requirements. The support ceilings were raised as well and differentiated according to company size. There is also an increase in the annual total subsidy and a simple support percentage. Recent figures have now revealed that more SMEs are reached with the same budget. The simplification of the SME portfolio is a first important step towards making the provision simple and easy to access, but still sufficiently flexible.

In 2016, the SME growth subsidy was launched to help SMEs that have ambitious growth plans (by innovating, extending international activities or transforming the business with new activities). This support measure integrates a number of former support formulas of AO and IWT into one single simple and easily accessible funding instrument. SMEs can make use of it to realise their transformation, innovation or internationalisation process. Because of the higher risk the government covers 50% of the costs through a low-threshold procedure. To support SMEs in each stage of their development, the Government of Flanders has developed and integrated a set of policy instruments which respond to the businesses' different needs and life cycle phases. Through the SME Programme and the Sprint Programme feasibility studies and innovation projects of non-R&D intensive SMEs and large businesses respectively are supported.

The project 'Leaping forward to Industry 4.0 (De sprong maken naar de 'Industrie 4.0') was selected as one of the transition priorities in the context of Vision 2050. This project is aimed at supporting Flemish

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<sup>13</sup> <https://www.vlaanderen.be/nl/publicaties/detail/visie-2050-een-langetermijnstrategie-voor-vlaanderen>.

companies in their profound transformation to Industry 4.0, and will be further implemented in the course of 2017. Industry 4.0 is an umbrella term for new technologies and concepts within the knowledge and manufacturing economy. It refers to the intensive digitisation of industry. Flanders wants to participate fully in this transition to realise a new productivity leap in the existing manufacturing industry on the one hand, as well as to create a playing field for new industrial activities to emerge on the other. Within Industry 4.0 developments can also lead to a more efficient use of materials and energy and have a major impact on the competencies that will be required from employees, on labour organisation and on job availability in industry. The transition initiation memorandum was adopted by the Government of Flanders on 24 February 2017.

The Government of Flanders continues to actively promote entrepreneurship and entrepreneurial spirit and adopted in June 2016 the **third action plan 'Entrepreneurial Education'** for the period 2015-2019 (see 2.3.7). More starters, stayers and growers is the essence of the reform of the **enterprise promotion policy** which was introduced in the course of 2015-2016. In 2016, a public contract was awarded for this purpose to 11 intermediary partners to carry out the new strategy described in the vision paper **'Promoting increased and more ambitious entrepreneurship in Flanders'** ('Het stimuleren van meer en ambitieuzer ondernemerschap in Vlaanderen'). In 2016-2020, €100 million was appropriated in this context for a wide range of projects to boost entrepreneurship in Flanders. In addition, agreements were concluded with various stakeholders for the period 2016-2019. The provincial innovation centres and Flanders DC constitute the front office of AIO.

To improve access to capital, the Government of Flanders decided to **increase the capital of the ARKimedees Fund II nv** by €50 million, viz. from €160 million to €210 million. This allows the ARKimedees Fund II to further develop into a rolling, perpetual fund and to invest in larger ARKIV funds, which enables these ARKIVs to invest in scale-ups through larger investment rounds.

In early **2017**, the Government of Flanders agreed to adjust the activities of **SOFI** (Spin-Off Financing Instrument), which is a PMV fund. It decided to earmark the SOFI funds for spin-off financing and to enter the existing SOFI participations on the PMV balance and integrate SOFI with the existing activities of PMV, so as to allow it to operate as an actual seed capital fund. It was also decided to abandon the incubation loan and only work with fully-fledged capital participations in start-up businesses. Start-up businesses will thus receive more funding combined with good support and guidance, in order to maximise their viability. In addition, €1.5 million was committed from the SOFI resources for a pre-seed fund initiative, taken by Imec, more specifically imec.istart fund. This fund will focus specifically on small capital participations in start-up ICT businesses. The existing incubation loans granted to strategic research centres will be transferred to Imec vzw.

Since June 2016, PMV uses an umbrella term for SME co-financing, the Start-up Loan+, the Win-Win Loan and the Guarantee Regulation: **PMV/Z**. In this way PMV specifically targets 'smaller' SMEs, self-employed persons and start-up companies and wants to make its provision more transparent for these target groups. The **SME co-financing** is the successor of the former Starteo, Optimeo and BA+ loans and was fully operational throughout 2016. The **Start-Up Loan+** has succeeded the Start-Up Loan since mid-2015. This subordinated loan at an advantageous rate is now also available for students. Funding through the Start-Up Loan+ is partially made possible by the EU, namely through the COSME Guarantee and the European Fund for Strategic Investments (EFSI).

In August 2016, the search was started for a partner for the redevelopment of the former **Ford site in Genk**. A master plan was used for transforming the site into a new industrial estate for manufacturing industry and water-bound value-added logistics, with the ambition of creating a total of 2,500 jobs on the site.

In late 2016, the **Smart Flanders programme** was launched through which the Government of Flanders supports the 13 central cities and the Flemish Community Commission (Vlaamse Gemeenschapscommissie/VGC) for the BCR in their development into **smart cities**. A project grant of €1 million is awarded to Imec for this support programme which runs until late 2019. In a smart city, city councils, businesses, research institutes and citizen initiatives create joint solutions for urban challenges. Quality open data combined with the latest ICT possibilities (the Internet of Things that links sensors, cameras, etc.) offers strong opportunities to help address these challenges. The project will indeed concentrate on standardising smart city data, which allows private (app) developers to start developing smart city applications that can be used in all the cities. The Smart Flanders programme and Imec will assist the central cities in opening up their smart city data. In an initial stage of the support trajectory Imec will help all Flemish central cities and the VGC to become open & agile smart cities (OASC). In a second stage cities identify common urban needs which they will help solve using specific data sets. This will lead to 1 to 2 pilot projects each year during which smart city data sets are opened up and cooperation and learning takes place across the cities. In a third stage cities will also be able to use the City of Things test bed in Antwerp. With this 100% realistic living lab city councils and urban actors can design, test and optimise products and services with a positive impact on citizens.

As for **international enterprise**, a further internationalisation and reinforcement of the Flemish economy's competitiveness is of vital importance. This requires a close relationship with businesses. For this reason, **Enterprise Europe Network (EEN) Flanders** has joined forces with FIT and AIO. On 25 November 2016, the Government of Flanders took note of a **joint multi-annual internationalisation strategy for the Flemish economy 2017-2021**. This strategy was designed together with 150 businesses, civil society actors and knowledge institutions. The scope of this strategy will be to market products and services internationally and to attract and retain direct foreign investments. There are 3 key objectives: (1) to strengthen Flanders' international position in 5 areas, (2) to encourage more companies to internationalise by focusing on a better detection of companies with international growth potential, and to anchor more businesses here, and (3) to eliminate barriers for companies and create greater transparency. With regard to **life sciences & health** Flanders seeks to offer better support to SMEs, use the potential of European funds and enhance the competitiveness of the Flemish medical sector. Another area is **'food'** where the priority is on exploring new markets, informing businesses on foreign legislation and developing a branding strategy which turns the spotlight on Flanders' various strengths Flanders' strengths, such as diversity and tourist appeal. In the third area of **solution driven engineering and technology** the Government of Flanders will design a strong branding strategy together with businesses and partners, and encourage the formation of clusters. In the area of **smart logistics** Flanders wants to reinforce its position even more by devising new concepts and an innovative strategy and improving branding. This new branding strategy will be based on the current qualities and potential of Flanders' logistics sector. Finally, Flanders plays an important role in terms of **sustainable materials, resources & chemistry** and the Government of Flanders wants to capitalise on this sector's many qualities by improving branding and coordinating the internationalisation of the various actors. This position can reach its potential through better international branding and enhanced coordination between the different actors.

## 2.5.2. Circular economy

According to calculations from the Policy Research Centre for Sustainable Materials Management (Steunpunt Duurzaam Materialenbeleid/SuMMA) the circular economy can generate a value added of €2.3 billion for Flanders. This would create 27,000 new jobs, which corresponds to 1% of employment in Flanders.

The development of the **Circular Economy Transition**, one of the seven transition priorities from Vision 2050, can build on experiences and insights from the Flemish Materials Programme. On **24 February**

2017, the Government of Flanders gave its approval to the 'Transition Initiation Memorandum 'Continue the transition to a circular economy'. With closed (materials) loops as basis, responses are looked for to the challenge of (future) scarcity of materials, food, water, space and energy, and the link is made with Flanders' climate policy. A **rolling multi-year programme** is set up which is frequently updated in consultation with the stakeholders. Each year, a more focused content-based programme is developed which, in 2017, discusses the themes of circular city, circular purchasing and business models for the circular economy. After creation of a vision, the short-term valorisation will be concentrated on, among other things by guiding innovative projects and connecting pioneering entrepreneurs and organisations. This is supported with a policy that enhances competitiveness and is oriented towards innovation (like the spearhead cluster policy) and with targeted policy-relevant research contracts, including the new **Policy Research Centre for Sustainable Materials Management in a Circular Economy (SuMMa+)**.

### **2.5.3. DBFM - Investment in school infrastructure**

In 2010, Flanders embarked on a large-scale catch-up operation for school infrastructure through alternative funding, better known as **DBFM** (Design, Build, Finance and Maintain). The DBFM programme 'Schools of Tomorrow' ('Scholen van Morgen') is a public private partnership between the Government of Flanders, AG Real Estate and BNP Paribas Fortis.

The DBFM company is responsible for the design, construction, 30-year owner maintenance and funding of the DBFM projects. In exchange, the competent governing body pays, during thirty years, a performance-related availability payment to the DBFM company, which is subsidised by the Government of Flanders through AGION. After the 30-year period, the school infrastructure is transferred to the governing body free of charge.

The DBFM programme 'Schools of Tomorrow' encompasses 182 school construction projects which represent some 200 school buildings with a total gross building surface area of around 707,000m<sup>2</sup> for more than 125,000 pupils. The programme is well into the implementation phase and more than 100 schools have already been completed. According to the planning of Schools of Tomorrow, some additional 40 projects will be finalised in 2017.

On 5 March 2017, the Minister for Education launched a **new call for another DBFM programme for school infrastructure**, totalling €300 million. This new call is separate from the Schools of Tomorrow programme.

## **3. Progress in the realisation of flanders' europe 2020 targets**

### **3.1. Introduction**

Below, the state of play is given of the progress in Flanders' Europe 2020 targets and of the relevant measures Flanders is taking. A lot of the measures for realising a higher employment rate were discussed in Part 2.

## 3.2. Employment rate

### 3.2.1. Background

In 2016, the employment rate (aged 20-64) reached 72.0%, which means that for the first time since 2010, the milestone of 72% has been reached again, leaving behind the 71.9% scores of the years 2013-2016. It is clear that realising the Europe 2020 target of 76% remains quite a challenge.

Key indicator	2008	2009	2010	2011	2012	2013	2014	2015	2016	2020 target	Distance (+ position EU-28)
Employment rate (aged 20-64) (%)	72.3	71.5	72.1	71.8	71.5	71.9	71.9	71.9	72.0	76.0	4.0pp 12 out of 28 (in 2016)

In Flanders, this rate seems to have substantially improved mainly among the over-50s and over-55s. In 2016, the employment rate among over-50s was 59.1%, which is 1pp higher than in 2015 and still only 0.9pp short of the 60% target by 2020. The 50% target for over-55s is also in sight.. Currently, the employment rate of over-55s is 46.7% or 1.1pp higher than in 2015 and 3.3pp below the target. Among people with a work-limiting disability (aged 20 to 64) an employment rate of 43% is aimed at by 2020. This target was attained in 2015. Little progress has been made among people born outside the EU (aged 20 to 64) in the realisation of the 64% target by 2020. This seems to be highly sensitive to cyclical movements, which causes the employment rate to fluctuate between 52% and 55%.

Sub-indicators	2008	2009	2010	2011	2012	2013	2014	2015	2016	2020 target	Distance (+ position EU-28)
Employment rate Disadvantaged groups											
Aged 50-64 (%)	31.7	28.6	28.8	29.4	28.1	27.7	27.0	27.9	27.0	/	16 out of 28 (in 2015) 1.9pp 16 out of 28 (in 2015)
Aged 55-64 (%)	49.1	50.9	53.1	53.6	54.6	56.5	57.5	58.1	59.1	60	4.4pp 20 out of 28 (in 2014)
Woman (20-64) (%)	34.3	35.8	38.2	38.9	40.5	42.9	44.3	45.6	46.7	50	6.8pp 11 out of 28 (in 2015)
Man (20-64) <sup>14</sup> (%)	66.1	65.7	66.7	66.4	66.2	66.9	67.6	68.2	67.7	75	12 out of 28 (in 2015)
Non-EU nationality (20-64) (%)	78.3	77.2	77.4	77.0	76.7	76.8	76.2	75.6	76.3	/	9.3pp 21 out of 26 (in 2015)
Born outside EU (20-64) (%)	47.2	47.0	44.4	46.3	42.7	46.4	44.6	48.7	/	58	10.3pp 25 out of 26 (in 2014)
With work-limiting disability (20-64) (%)	56.3	53.4	53.4	53.0	51.8	54.9	53.3	53.7	/	64	Achieved (no comparative figures available)

Every three years, the 'Foundation Innovation & Work' maps workability. In January 2017 the workability monitor was brought up to date. In 2016 the workability rate for employees was 51.0%. This means that the number of employees with a workable job decreased compared to 2013, when a workability rate of 54.6% was recorded.

<sup>14</sup> Is not a disadvantaged group. The employment rate among men was included in the table because it offers an additional insight into the general employment rate (20-64). The employment rate is slightly increasing among women, whereas among men it is falling a bit.

In Flanders, the participation rate in **lifelong learning** amounted to 7% in 2015, which was a slight decrease (compared to 7.7% in 2014) and remains below the EU average of 10.7%. In 2005 the participation in training courses was still estimated at 9%, but since that time participation has shown a downward trend. Reaching the 15% target in 2020 remains quite a challenge. To turn the tide, the Government of Flanders has – within the framework of Vision 2050 – approved a concept paper dealing with transition priority **‘life-long learning and a dynamic professional career’** on 10 March 2017. The concept paper is the start of a new vision on the learning career. The transnational ESF project ‘Partnerships policy as a lever for lifelong learning, innovation and change’ will also play an important role in structurally increasing participation in training courses in Flanders.

### 3.2.2. Measures

Reference can be made to 2.3. for measures that increase the employment rate.

## 3.3. Education

### 3.3.1. Background

In 2015, the number of **early school leavers** reached 7.2%. Flanders’ Europe 2020 target of 5.2% has not yet been achieved. With 7.2% of early school leavers, Flanders stays well below the European target of 10%. With regard to the share of **30 to 34-year-olds with a higher education diploma** Flanders has a score of 43.2% in 2015. This means that the European target of 40% is realised while the Flemish target of 47.8% remains within reach.

Key indicators	2008	2009	2010	2011	2012	2013	2014	2015	2020 target	Distance (+ position EU-28)
Early school leavers (%)	8.6	8.6	9.6	9.6	8.7	7.5	7	7.2	5.2	2pp 8 out of 28 (in 2015)
30 to 34-year-olds with higher education diploma (%)	43.6	43.1	45	42.3	45.3	44.1	44.8	43.2	47.8	4.6pp 14 out of 28 (in 2015)

### 3.3.2. Measures

The ‘Action Plan against School Drop-out’ was further rolled out in 2016. The plan contains actions pertaining to learning entitlement, truancy and early school leaving. These actions are aimed at making as many young people as possible leave secondary education with an educational qualification. Within the framework of the action plan greater focus is placed on the monitoring of early school leaving. The most recent Flemish monitoring report, which maps the evolution in school drop-out rates in Flemish education from the school year 2009-2010 until the school year 2014-2015, confirms the falling trend in early school leaving in Flanders. In order to reduce the number of early school leavers Flanders also continues work on reforming the pupil guidance system. The goal is to clearly delineate the roles and responsibilities of all the actors involved in pupil guidance. Also in 2017, the principles from the concept paper ‘Guidelines for reforming pupil guidance in Flanders’ (‘Krijtlijnen voor een hervorming van de leerlingenbegeleiding in Vlaanderen’), which was adopted by the Government of Flanders in December 2015, will be further refined.

Both the access to and the quality of higher education remain priorities for the Government of Flanders. In the context of developing a complete trajectory to offer pupils quality guidance in their choice of higher education studies, Columbus was launched in the spring of 2016. This instrument fleshes out the planned mandatory non-binding orientation test for pupils in the third stage of secondary education who wish to embark on higher education studies. In the future, the focus of Columbus will be

extended to include the transition to the labour market. For purposes of a good initial assessment upon entry into higher education, mandatory non-binding tests were developed and taken for the first time for the engineering and integrated teacher training programmes. At a later stage such tests can also be developed for other higher education programmes.

In the financial year 2017, the operating funds for university colleges and universities will be increased. The ‘click mechanism’ (i.e. a mechanism whereby rising student numbers are translated into an annual budget increase) which is laid down by Decree is applied in full, which means that funds will grow by €25.3 million. An additional increase by €14.5 million is provided for in the implementation of the Integration Decree (2013). More operating funds for university colleges and universities may have a beneficial effect on the number of students attracted to higher education. The reform of higher vocational education (see 2.3.12) is intended to attract students who today do not yet find their way to higher education, and to contribute to the further democratisation of higher education in Flanders.

### 3.4. Research and development (R&D)

#### 3.4.1. Background

The **R&D intensity** of the Flemish Region amounts to 2.46% in 2014 (the private sector contributes 1.68% and the public sector 0.78%). The **total science budget** of the Flemish authorities amounted to €2.25 billion in 2016, €1.41 billion of which was earmarked for R&D. This is a historic high. This amount also included a provision, of which at least €31.8 million was allocated to R&D for diverse initiatives, like FISCH (sustainable chemistry), EnergyVille, Flanders Make, innovation traineeships, etc.

Key indicator	2008	2009	2010	2011	2012	2013	2014	2020 target	Distance (+ position EU-28)
Gross domestic expenditure on R&D (%)	2.06	2.12	2.21	2.33	2.53	2.55	2.46	3	0.54pp Place 6 out of 28 (in 2014)

#### 3.4.2. Measures

Since 2016, the new AIO and the renewed FWO have been the main contact points in Flanders for entrepreneurs and researchers respectively. In late 2016, the Government of Flanders approved the covenants with the Flanders Institute for Biotechnology (Vlaams Instituut voor Biotechnologie/VIB), Imec, the Royal Zoological Society of Antwerp (Koninklijke Maatschappij voor Dierkunde Antwerpen/KMDA), the Orpheus Institute and the Flanders Marine Institute (Vlaams Instituut voor de Zee/VLIZ) for the period 2017-2021 and with the Antwerp Management School (AMS) for the period 2017-2022.

For 2017, **€195 million of additional funds** are appropriated for the EWI domain, of which €185 million for R&D. The main beneficiaries of the additional funds for 2017 are: Imec (€29 million), VIB (€14.7 million), university colleges and project-based scientific research (€10 million), FWO (€30.3 million), Special Research Fund for the universities (€10 million), new cluster policy (€40 million), more innovation support (€20 million), and living labs for the Internet of Things and Industry 4.0 (€8 million). **Another €60 million** will also be spent on **investments in research infrastructure in 2017**.

FWO has received an **additional commitment authorisation** for €70.8 million in 2017, to be spread over 4 years. This is a consequence of the sixth state reform during which the inter-university attraction poles (IUAP) are transferred from the Science Policy PPS to the Communities. FWO will launch a call for the Flemish Community in 2017 and grant the scholarships from 2018 onwards. In other policy domains of the Flemish public administration as well, diverse initiatives are running which pertain to the science

leg of the EWI domain and which also contribute to Flanders' R&D investments. In **2017**, an extra amount of €14.5 million is appropriated for science policy (intended for the higher education integration) by Department OV. Another example is an investment of €30 million for a new wave tank on the Blue Growth campus at GreenBridge Science Park in Ostend.

In **2017-2018**, a structural framework will be developed for the participation of Flemish researchers in **international research infrastructures** (including ESFRI). This means that as of 2019, Flanders will make structural use of its resources to realise Flanders' sustainable participation in such infrastructures. Until now, Flanders participated through ad hoc calls. For **2017 and 2018**, the researchers who had been involved so far were allocated bridge financing for an amount of €16.4 million.

Flanders completed its **ERA roadmap** and delivered it to the COM in the spring of 2016 as annex to the Belgian ERA roadmap. Some of the priorities are technology transfer and knowledge dissemination, for which varying policy measures have been in place for a long time within the Flemish public administration. For the new ESFRI roadmap as well, the necessary initiatives have been taken and additional budget will be earmarked in **2017**.

Since many years, **STEM disciplines** have been promoted at school in implementation of the cross-policy area STEM Action Plan. This is also furthered by the **Science Communication Policy Plan 2015-2020**. The number of STEM graduates is growing and STEM initiatives are becoming increasingly important (annual budget of around €9 million). In **2017**, the ICT Impulse Programme which was launched in late 2016 will be rolled out on top of the existing initiatives in order to devote special attention to computer and programming skills in young people. In this context mention can also be made of the establishment by the Government of Flanders of a **T2-Campus** at Thor Park in Genk. T2-Campus stands for Technology/Talent campus. The core activities of the campus are education, training and related services in (innovative) technologies. For instance, an in-house innovative provision of courses is developed which cultivates essential theoretical and practical competencies. To that end infrastructure is created which also allows interesting and concrete opportunities to be offered in lower, secondary, higher technical and university education.

In the autumn of 2016, the **Innovation Procurement Action Plan** was adopted. A 3% target has been set which may help other policy areas to showcase their potential. An initial budget of €5 million is provided by the Hermes Fund to start up 5 new pre-commercial procurements (PCPs) and 10 public procurements of innovative solutions (PPIs). The fund is mainly targeted at public institutions. 85% of the budget is used to support 50% co-financing for PCPs and the remainder mainly to support contracting authorities in the preparation of a PCP or PPI. Initially, the action plan aims to actively support public contracting authorities which are included in the areas of the Flemish Vision Paper 2050. In a subsequent phase the action plan will be extended to all areas of public interest.

Following the sixth state reform the programme of the inter-university attraction poles (IUAP) at the Science Policy PPS has been discontinued and the funds have been transferred to the Communities. FWO has, together with its counterpart of the French Community, FNRS, set up a **new bilateral research programme between the Communities**, i.e. EOS (Excellence of Science). It will launch calls for the submission of proposals for consortia of participating research groups originating from both Communities. The idea is to launch new projects in January 2018. For this purpose FWO is allocated an annual budget of €17.7 million and FNRS appropriates €13.9 million each year.

The Government of Flanders invests €30 million in **imecXpand**, which is an investment fund under Imec's authority. Its purpose is to create innovative businesses in the emerging sector of the Internet of Things (IoT), which do not have access to the traditional financing instruments when marketing IoT technology. The objective is to collect €100 million in the fund. In October the **Flemish strategic research institutes Imec and iMinds merged**, as had been announced in early 2016. The npo iMinds ceases to

exist, but its activities are re-started within Imec, which will therefore become a unique high-tech research centre for digital economy. It will design disruptive technologies and solutions in application areas, such as healthcare, smart cities and mobility, logistics and Industry 4.0, and energy. The new organisation brings together almost 3,500 scientists from all over the world and has a unique structure. During the transition it has to be made sure that the iMinds innovation models (ICON, Living Labs and iStart incubation), which have a distinct market-driven and low-threshold character, are reinforced. In 2016, ERDF support and additional Flemish co-financing were granted for the further extension of **EnergyVille**, the research partnership in the area of sustainable energy between KU Leuven, the Flemish Institute for Technological Research (Vlaamse Instelling voor Technologisch Onderzoek/VITO) and Imec. These funds are used for the further integration of energy research by extending the three research lines within EnergyVille: thermal systems, optimally paired energy systems and photovoltaic systems.

## **3.5. Climate and energy**

### **3.5.1. Background**

In implementation of the Paris climate agreement the Government of Flanders has committed itself to providing a response to the climate challenges in the short, medium and long term. On 19 April 2016, a first Flemish Climate Summit was organised, followed by round-table conferences where stakeholders and policymakers developed proposals and formulated commitments. The Ministers of the Government of Flanders each organised such consultation for their own competences. For the field of energy, this ran parallel to the transition project ‘Stroomversnelling’ of the Government of Flanders, which includes a similar process as a step towards the compilation of a Flemish energy vision and energy pact. Results from both trajectories were presented at the Flemish Climate and Energy Summit of 1 December 2016 where the Government of Flanders concluded a Climate and Energy Pact. This Pact outlines actual commitments made by both the Government of Flanders and stakeholders to further reduce greenhouse gas emissions in the short and medium term. The Government of Flanders also makes a commitment to draw up a climate vision 2050 and an integrated Flemish Climate and Energy Plan 2021-2030. This Flemish plan will be developed in parallel to the process for the compilation of the Belgian Climate and Energy Plan in accordance with the directives of the European Energy Union. Within this framework a steering group has been mandated by the Belgian energy consultation group (ENOVER) and the National Climate Commission (NCC) with representatives of the three Regions and the federal government. The **climate debate in the Flemish Parliament** resulted on 23 November 2016 in the adoption of a resolution with recommendations (including targets for 2030 and 2050) to the Government of Flanders for a strong long-term climate policy<sup>15</sup>. Although the resolution is not binding, it is expected to become one of the building blocks of the future Flemish climate and energy policy.

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<sup>15</sup> <http://docs.vlaamsparlement.be/docs/stukken/2016-2017/g992-2.pdf>

Key indicators	2005	2008	2009	2010	2011	2012	2013	2014	2015	Target 2020	Distance (+ position EU-28)
<u>Greenhouse gas emissions</u> Non-ETS greenhouse gas emissions scope 13-20 <sup>16</sup> (kton)	46,203	46,865					45,861	43,572	45,242	-15.7% greenhouse gas emissions compared to 2005	Met the annual reduction target from 2013 to 2015 19 out of 28 (in 2014)
<u>Energy efficiency</u> Non-ETS final energy consumption savings (GWh, % compared to 2001-2005)				10,818 GWh (5.7%)		16,499 GWh (8.8%)				Flemish target 9% energy savings in 2016 compared to average of 2001-2005)	In 2016 a saving of 14% is realised <sup>17</sup>
Primary energy use, excl. Non-energetic (Mtoe)	33.6	32.9	32.0	33.7	31.7		31.1	29.4	29.8		Downward evolution 2008-2014 12 out of 28 (in 2013)
<u>Renewable energy (RE)</u>	0.48	0.70	0.90	1.11	1.05	1.30	1.39	1.31	1.40	2.156 Mtoe	0.756 Mtoe
- Quantity RE (Mtoe)											
- Share of RE in gross final energy consumption (%)	1.9	2.9	3.9	4.5	4.6	5.6	5.7	5.7	6.0	10.33%	5.33% 25 out of 28 (in 2014)

### 3.5.2. Measures for reducing greenhouse gas emissions from non-ETS activities

Flanders committed itself to realising an emission reduction (in the so-called non-ETS sectors) of 15.7% in 2020 compared to 2005. On 14 April 2016, the **first progress report of the Flemish Mitigation Plan 2013-2020**, which evaluates the policy measures and achieved emission reductions, was submitted to the Government of Flanders. The report shows that the Flemish emissions are below the reduction trajectory towards 2020, which means that a surplus has been created. However, projections indicate that there would be a deficit from 2017 onwards. Still, when considering the entire period from 2013 to 2020, the -15.7% target would be within reach.

The Flemish Mitigation Plan 2013-2020 outlines a trajectory for reducing greenhouse gas emissions in all non-ETS sectors. For the transport sector, reference can be made to the introduction of the kilometre charge for heavy goods vehicles and the reform of the Flemish vehicle taxation system (see 2.2.2), as well as the roll-out of the Flemish action plan for alternative vehicle technologies (see further on 'Clean Power for Transport') and the green reform of inland shipping. For the buildings sector, the development or adjustment of measures to support energy renovation and the tightening of energy performance requirements (see 3.5.3), among other things, is referred to. For the non-ETS industry, mention can be made of the new generation energy policy agreements and the promotion of energy efficiency in SMEs (see 3.5.3), as well as the development of the Flemish action plan for the reduction of F gases in April 2016.

<sup>16</sup> When determining the Belgian non-ETS target, account was taken of the inclusion of additional emissions under ETS from the period 2013-2020 (scope 13-20). Non-ETS greenhouse gas emissions are therefore expressed with consideration of this ETS scope expansion.

<sup>17</sup> Third Flemish action plan on energy efficiency

With the establishment of the Climate Fund, the Government of Flanders created the financial framework needed to pursue a long-term climate policy. The Climate Fund is financed with the Belgian revenues from the auctioning of EU ETS emissions allowances that are allocated to Flanders. The Government of Flanders decided to earmark €324.2 million for climate measures for the period 2016-2019: €262 million in the buildings sector, €25.2 million in the transport sector and €12 million to support local authorities. Finally, €25 million is reserved for international climate finance.

### 3.5.3. Flemish measures for improving energy efficiency

To improve the energy performance in the buildings sector, **E-level requirements** also **apply to non-residential buildings** since **1 January 2017**. In 2016, the Government of Flanders also adopted a draft amendment Decree and Order regarding the energy performance legislation. Apart from the nearly zero-energy level and the accompanying stricter level for all non-residential buildings, the amendment Order also introduces an S level, which is a parameter for the building shell, from 1 January 2018 onwards. In order to improve the energy performance certificate (EPC) continuing education is provided for energy experts. Work is also done on an improved inspection protocol which will enter into force in **mid-2017**.

Within the framework of the **Renovation Pact** a coherent action plan is being developed in consultation with all stakeholders, which is to substantially increase the renovation rate of the housing stock in Flanders and optimise its energy performance to the nearly zero-energy level.

In 2016, proposals were elaborated for reforming the **financial support instruments for energy-saving renovations**. The Government of Flanders also reformed the subsidies in July 2016. This reform implies, among other things, the introduction of new subsidies (e.g. for external wall insulation and complete renovation projects) and the phase-out of a number of existing subsidies. Process guidance is also provided for collective renovations. In addition, the Flemish energy loan was further developed into a major cornerstone of the Flemish instrument mix for support to energy renovations.

To promote energy efficiency in energy intensive companies the **energy policy agreements** (energiebeleidsovereenkomsten/EBO) came into force in 2015. In mid-2016, 338 establishments had joined, which together represent over 80% of industrial energy consumption. Building on the experiences with the energy intensive companies, the Government of Flanders is now setting up a pilot project to create so-called mini-EBOs for SMEs. The feasibility of the establishment of an ESCO (Energy Services Company) Fund in Flanders was also examined.

### 3.5.4. Measures for increasing the share of renewable energy

In the intra-Belgian climate and energy agreement of 4 December 2015 Flanders engages to have the renewable energy production increase to 2.156 Mtoe<sup>18</sup> or 25,074 GWh by 2020. On 8 July 2016, the Government of Flanders adopted the **concept paper 'Energy Plan 2020'** which formulates a proposal for renewable energy sub-targets by type. After consultation with the stakeholders and advisory councils these sub-targets will be definitively fixed.

To realise the new renewable energy targets, the Government of Flanders aims, among other things, at a substantial increase in solar energy, wind energy and green heat. On 24 June 2016, it gave its approval to a **concept paper for a Solar Plan**. This plan encompasses measures for accelerating the development of solar energy for citizens, as well as for businesses and authorities. In the **spring of 2017**, a solar map will be available which will show the potential for generating solar energy for more than 2.5 million

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<sup>18</sup> Megatons of oil equivalent

roofs. To promote the production of wind energy, the **concept paper ‘Wind Power 2020’** was adopted on 15 December 2016, which presents actions to build more wind turbines faster, by simplifying licensing procedures, the enhancement of public support and a better urban planning. In June 2016, the first heat map for Flanders was published which indicates the heat demand points compared to the heat supply. On the basis of this map an overall cost-benefit analysis was carried out to allow initiators to verify whether it is interesting to install a heating network and/or cogeneration (warmtekrachtkoppeling/WKK) system. In 2016, work was also done on a regulatory framework for heating networks in Flanders (preliminary Decree approved on 3 June 2016). It is also examined how the residual potential for green heat can be tapped, and geothermal projects are initiated. A **global heat plan** will be presented to the Government of Flanders in **2017**. To support the production of green heat a new project call was launched in **January 2017**. The Government of Flanders earmarked a budget of over €12 million for this. Businesses which use residual heat, generate heat on the basis of geothermal heat from the deep underground or produce biomethane can receive support for this.

In Flanders, each newly constructed building, office and school must draw a minimum amount of energy from renewable resources. Since 1 January 2017, this obligation also applies to all new non-residential buildings, with the exception of industrial buildings.

The Flemish action plan ‘Clean Power for Transport’ is under implementation. This plan focuses on the financial support of the purchase of clean vehicles, the development of loading infrastructure, the communication and the promotion of zero emission vehicles. The zero emission bonus runs until 2020. The Government of Flanders earmarked €700,000 for support to projects around environmentally-friendly vehicles. During the first project call in the autumn of 2016, 7 projects were selected which are aimed at greening niche fleets, installing semi-public charge points and raising citizens’ awareness.

### **3.6. Poverty and social exclusion**

#### **3.6.1. Introduction**

The figures remain stable for both poverty and social exclusion. However, in EU-SILC 2015 it can be established that the figures are better than the three previous years. Flanders continues to perform very well in EU context. Nevertheless, it is apparent that achieving the Europe 2020 target remains a huge challenge.

Key indicator		2008	2009	2010	2011	2012	2013	2014	2015	2020 Target	Distance (+ position EU-28)
Composite indicator	%	15.2	14.6	14.8	15	16	15.4	15.3	15	10.5%	4.5pp
(persons in poverty or social exclusion)	Number x 1,000	930	900	910	940	1,000	970	970	960	650 by 2020 (= decrease by 30% or - 280,000 people compared to 2008)	2 out of 28 (in 2015) 310

Key indicator	2008	2009	2010	2011	2012	2013	2014	2015	2020 target	Distance (+ position EU-28)
Children with a standardised household disposable income under the at-risk-of-poverty threshold after social transfers %	9.9	9.8	11	10.4	11.2	12.1	13.6	11.7	5%	6.7pp 3 out of 28 (in 2015)
Number x 1,000	120	120	140	130	140	150	170	150	60 by 2020 (= 90 decrease by 50% or 60,000 children compared to 2008)	

### 3.6.2. Measures

The implementation of the **Flemish Poverty Reduction Action Plan 2015-2019** is in full progress. The **update and adjustment of the Poverty Reduction Action Plan** is essential for further fleshing out the Flemish poverty reduction policy. Work towards this goal was started in the spring of 2016. It was opted, among other things, to work around a limited number of cross-policy area themes where a difference can be made. Several working groups were established to that end.

The action plan retains its focus on families with young children. Local authorities, for example, are further subsidised and supported in realising a local child poverty reduction policy. In this context, the subsidisation of local child poverty reduction was integrated into the Municipalities Fund (except for the VGC and the municipalities in the Brussels periphery). Working at the level of the local authorities, i.e. municipalities and public social welfare centres (Openbaar Centrum voor Maatschappelijk Welzijn/OCMW), allows for a more targeted approach to taken to the spatial concentration of problems, and subsequently increases the chance of quickly visible and tangible results. That is why local authorities are the partners by excellence to take up local control. The aim is to distil concrete policy recommendations for local authorities and the Flemish authorities into a more efficient and effective local (child) poverty reduction policy.

In addition, the Government of Flanders also continues to promote the provision of low-threshold, accessible and qualitative services. One of the working groups set up within the framework of the adjustment is addressing this theme and is working on a screening instrument that may help civil servants (engaged in poverty), besides other methods, to examine the accessibility of initiatives. The integration of the services of municipal authorities and OCMWs at the local level will also lead to more accessible services. Another action pertains to the Children's Centres (Huizen van het Kind/HvK) which are intended to offer fully-fledged basic services and where plenty of partners, like childcare, parenting support, education, leisure time actors, etc. are brought together at the local level. In early 2017, 135 Children's Centres were recognised with an operating area of 191 municipalities and the Brussels-Capital Region, which means that more than 70% of the children live in a municipality with a Children's Centre. The Government of Flanders also continues to concentrate on health promotion. Within the framework of a new organisation model and the organisation of primary health care a content-related framework was proposed at the primary healthcare conference, which focuses on cooperation between healthcare and welfare actors at all levels of governance and operation. This policy framework will be translated into an action plan in 2017. The Government of Flanders also promotes access to sufficient healthy food. Focus is placed on the redistribution of qualitative and healthy food surpluses to the most vulnerable in our society. The roll-out and evaluation of the €1 meals also tie in with this framework. In order to allow people with a migrant background to participate in society in a fully-fledged manner, living labs for 'central guidance for newcomers from third countries aged 16 to 18' were started. The living labs for 'customised civic integration for low-literate women with young children' are currently running as well. In the implementation of these living labs attention is paid to the integrated work that is done

with regard to social orientation, NT2, parenting support and childcare. In these projects the main emphasis is on providing Dutch language lessons in a low-threshold provision, helping mothers in the care and upbringing of their children and improving the development opportunities of children.

For many households having **sufficient disposable funds** is of decisive importance for what is possible and what is not. To tackle poverty through the **activation to work**, integrated and strong cooperation is required (dual learning (see 2.3.7), the activating IBO (see 2.3.1)). Jobseekers are also provided with tailor-made services by VDAB within the framework of the comprehensive customised approach. After each interview with a jobseeker a mediator assesses whether he/she is in need of further personalised services. Signs of poverty are one of the points to consider during the assessment. Target group employees within the social economy receive the support they need to continue to work on their professional development. Moreover, employers who recruit a long-term jobseeker receive a premium since 2017. This premium is allocated in two instalments and is intended for both the recruitment and the sustainable employment of these jobseekers. On the other hand, Flanders invests in **cost-reduction measures** which increase the disposable income of households with young children (e.g. income-based childcare, growth package, rent premium and rent subsidy). It is important that **rights are automatically granted whenever possible** or that accompanying measures (e.g. administrative simplification and proactive service provision) are taken to allow people to easily avail themselves of their rights. In the school year 2015-2016 a record number of 116,000 dossiers for school and study allowances were automatically initiated through the so-called safety net mechanism. Within the boundaries of current and future regulations social corrections are used in the different policy areas for specific socially vulnerable target groups. The terms and criteria, which differ between regulations for the specification of these target groups, will be reviewed. The final purpose of this review is not to achieve a uniform description of the target group for social corrections, but to reach, through a joint vision, a well-considered and concerted choice for the specification of this target group in the specific policy measures in the different policy areas. For this reason, the Government of Flanders established the **Social Corrections working group** in early 2016 to implement this.

Because everything starts with a **good and energy efficient dwelling**, the Government of Flanders adopted the **Energy Poverty Programme** in 2016 which is founded on two pillars, viz. social protection and energy saving. Regulatory work was carried out to prepare the implementation of the selected measures. The legal basis for the introduction of social programmes for cavity wall insulation and high efficiency glazing is included in the amendment Order that updates the premium system, among other things. In 2017, the implementation of an integrated set of instruments is envisaged for adopting a structural approach to energy poverty. The Government of Flanders also promotes **quality housing**. The rent guarantee fund, the rent subsidy, the rent premium, the guaranteed housing insurance and the social loan scheme are measures which people in poverty can apply for. In 2016, the ad hoc study for the preparation of new rent subsidy scheme was started by the Policy Research Centre for Housing.

In 2017, a harmonised Order on rent allowances will be aimed at. An **initial evaluation of the recognition Order of social letting agencies** (Sociale Verhuurkantoren/SVK) was **started** to examine whether the new provisions effectively support and encourage SVKs to extend their housing provision, without this being detrimental to the quality of the services provided to tenants and prospective tenants. In a short-term amendment of the SVK Order an extra budget of €8.7 million is earmarked for the sector. This will reinforce the own capital of SVKs, since the additional funds serve as a buffer against rent arrears and rental damage. Furthermore, the rate of payment of the subsidy instalments to SVKs was optimised. In 2017, the **regulatory framework** will be **further adjusted** on the basis of the evaluation results. On the other hand, the private rental market has been subject to a scrutiny process as well. On 15 July 2016, the Government of Flanders adopted a **concept paper on private renting**, outlining its vision on the private rental market. Housing rental law is an essential component of this paper, next to measures for improving access to the private rental market. Within this framework a new rent guaran-

tee scheme is being developed, i.e. the rent guarantee loan. The concept paper also envisages the development of an action plan 'Flemish anti-discrimination policy on the private rental market', which pools all the initiatives and measures taken to give shape to the anti-discrimination policy. The opportunities and advantages of rolling leases are looked into as well. Apart from the structural approach for quality housing, the Government of Flanders also concentrated on the prevention of evictions in the private rental market through (accompanying) guidance. This policy measure is intended to respond more quickly in case of imminent evictions. This highly preventative measure and other measures were included in a **global plan on homelessness 2017-2019** that was drawn up in late 2016. This plan is used to address this complex issue in an integrated manner.

To achieve a sustainable approach to poverty, it is crucial for society, organisations and policymakers to have a nuanced **perception** of poverty and the impact of living in poverty. In this field initiatives are taken across the policy areas.

Emphasis is also placed on the **inside of poverty**. One of the methodologies under consideration to fight poverty is to enhance and strengthen the informal personal network of vulnerable individuals and families, on the basis of the qualities and abilities of these people and not of a concrete support and service provision. In other words, a network where they can receive support, where they belong and where they can (continue to) fulfil a meaningful role. To flesh out this objective in a sustainable and effective manner, scientific research was started. Apart from that, the methodology of growth trajectories is tested in several locations. In this context disadvantaged parents of young children participate in an educational programme for empowerment. In addition to the educational pathway, parents also receive individual support to improve their home situation.

## 4. Use of structural funds

The **Flemish Smart Specialisation Strategy (S3)** served as an important guideline for establishing priorities for the content of the various Operational Programmes 2014-2020 (ERDF for the Flemish Region and for Interreg). Mid-2016, over 130 Interreg projects with Flemish partners were approved, which together represent a total project cost of €142 million, of which €74.3 million ERDF funds.

Since late 2016, the **Flemish ERDF programme and the ERDF Interreg programmes** have hit cruising speed in terms of the selection and subsidisation of projects. The S3 domains (and interlinkages) highlighted by Flanders in its S3 return almost 1 on 1 in a majority of the projects that have been approved so far. Examples of prominent projects in this field include IMPACT and Biobase4SMEs (bio-based economy), BlueChem (chemistry), CAPTURE (circular economy, manufacturing industry, chemistry), Wasterstofregio (low-carbon economy, transport) and OLV Robotic Surgery Institute or ORSI (health).

For the Flemish ERDF programme it is examined how, in **2017**, the substantial **demand for R&D&I resources for demonstration and pilot projects** can be met, using the limited available resources. It is anticipated that the demand will largely exceed the available resources. A great (application) demand is expected, not in the least from the actors who were recently (2016) identified within the framework of the new Flemish Cluster Policy, e.g. clusters and innovative business networks, and prospective business networks.

Strategic use will also be made of the several hundreds of millions of euros of ERDF funds that are still available in transnational Interreg programmes for the internationalisation of Flemish clusters and the performance of demonstration and pilot projects of a European scale by and between clusters and cluster members.

The **ESF Operational Programme 2014-2020** specifies priorities and objectives for measures totalling approximately €1 billion. They are intended to help around 250,000 people find a job, start up a company or acquire new competencies. €394 million thereof is contributed by the EU. In 2016, 16 additional calls were launched.

Through the calls in cooperation with Department OV, the ESF co-finances bridging projects to combat early school leaving (Europe 2020), among other things. The ESF also supports education/work innovations towards dual learning (CSR 2). For the recognition of competencies the ESF also keeps offering incentives on the intersection of education and work (CSR 2).

ESF supports the increase in the employment rate through curative and preventative actions (Europe 2020). In cooperation with the VDAB it finances the guidance and training of jobseekers, among whom 25% are migrants (CSR 2). In 2016, calls were also launched for the guidance of refugees and Roma to the labour market (CSR 2). The new calls 'Sustainable career policy' ('Duurzaam Loopbaanbeleid') and 'Alternative organisation' ('Anders Organiseren') are aimed at increasing the workability of jobs and as such counter the early exit from the labour market.

The call 'Poverty' which was launched in 2016 is explicitly targeted at the sub-indicator of households with a low work intensity and therefore directly meets the Europe 2020 targets.

## 5. Institutional issues and stakeholder participation

### 5.1. *Enhancing public support*

Flanders attaches considerable importance to enhancing public support for the European Semester. The success of the European Semester in Flanders is the joint remit of the Government of Flanders, the (supra) local authorities and the various stakeholders. Over the past year, several initiatives were taken to increase public support.

In the autumn of 2016, the policy area 'Public Governance and the Chancellery' (Kanselarij en Bestuur/KB), the Association of Flemish Provinces and the Europe Direct Information Centres of the respective Flemish provinces combined efforts to organise a **series of lectures**<sup>19</sup> 'Building Europe. The European Semester Explained' ('Bouwen aan Europa. Het Europees Semester uitgelegd'). On 30 September 2016, a **training course on the European Semester** was also organised at the Flemish Parliament. This course was open to members of the Flemish Parliament and their collaborators, as well as to civil servants of the Flemish public administration. The course was given by two members of the official working group for the European Semester and one of the European Semester Officers for Belgium.

Meanwhile, the follow-up of the European Semester is very well embedded in the Flemish public administration. Within the context of an EU theme meeting (8 June 2017) the **Board of Chairmen** will look back on the current European Semester in order to consider points of focus for the future.

### 5.2. *Involvement of the Flemish Parliament*

To increase the involvement of the Flemish Parliament in the European Semester the draft FRP is discussed in the Flemish Parliament **General Policy, Finance and Budget Committee** since the European Semester 2015. This year this discussion took place on **21 March 2017**. The great interest of the Flemish Parliament in the follow-up of the European Semester also resulted in a draft resolution<sup>20</sup>, that was approved on 21 March 2017 in the aforementioned Committee. The involvement of the Flemish Parliament in the creation of the FRP is also referred to in a European Parliament study<sup>21</sup>.

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<sup>19</sup> <http://www.vlaanderen.be/int/europese-unie/nieuws/lezingenreeks-bouwen-aan-europa-het-europees-semester-uitgelegd>

<sup>20</sup> <https://www.vlaamsparlement.be/parlementaire-documenten/parlementaire-initiatieven/1101845>

<sup>21</sup> [http://www.europarl.europa.eu/RegData/etudes/STUD/2016/497743/IPOL\\_STU\(2016\)497743\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2016/497743/IPOL_STU(2016)497743_EN.pdf)

### **5.3. Involvement of social partners**

The social partners were also involved in the compilation of the FRP 2017 within the framework of the Flemish Economic and Social Consultative Committee (Vlaams Economisch en Sociaal Overlegcomité/VESOC) through an exchange of views on **15 March 2017**.

### **5.4. Involvement of (supra) local authorities and stakeholders**

This year the VLEVA members again presented a number of good practices for inclusion in the FRP 2017. After publication of the draft CSRs for 2017 in mid-May 2017, VLEVA will again organise a workshop<sup>22</sup>.

The **Association of Flemish Provinces (VVP)** points out that **provincial initiatives** are aimed at matching domestic energy production and energy demand (CSR 2), while improving **energy efficiency** through innovative solutions and research:

- COBEN is a partnership between six partners from different countries that develops projects that create a lever for sustainable, locally produced energy. Belgium is represented by East Flanders which is implementing a pilot project in Eeklo regarding a profitable heating network with residual heat.
- See2do! promotes energy efficient renovations in the housing sector to reduce CO2 emissions. It is a partnership between Antwerp, East Flanders, Flemish Brabant and Dutch partners.
- EnergyVille performs research into the implementation of photovoltaic systems, thermal systems and paired energy systems within the framework of the SALK programme and with support from ERDF, the Government of Flanders and the Province of Limburg, amongst others. It combines modern infrastructure with international expertise and a living lab environment to facilitate the transition to a sustainable energy region.

Other provincial initiatives stimulate **R&D&I**:

- ACCELERATE brings together 3D printing expertise from Dutch Limburg and West Flanders in a structural manner so that the necessary knowledge and testing infrastructure can be structurally pooled to allow businesses in the regions to grow.
- CROSSCARE supports the development of lifetech prototypes and receives funding from the Interreg A Flanders-Netherlands programme. It is important for the Provinces of Antwerp, Flemish Brabant and Limburg. Lifetech prototypes are further developed and tested in living labs. One of their products is designed to help people with a tremor to drink normally.

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<sup>22</sup> On 6 June 2016, an information session was held where interaction took place on themes of the CSRs between the COM services, the Flemish authorities and VLEVA members (<https://www.vleva.eu/event/geef-uw-insteek-voor-derlandenspecifieke-aanbevelingen-het-europees-semester>).

## 5.5. Afterword

Within the framework of the European Semester 2017 Flanders also played a pioneering role in the organisation of a fact finding mission (15 December 2016) between the COM and Belgium on the compilation of the draft Country Report Belgium 2017. In keeping with tradition, Flanders delivered its contribution to the creation of the **National Reform Programme (NRP)** of Belgium. The FRP 2017 is included as annex to the NRP. Flanders also participated actively in the European Semester 2017 during the several bilateral meetings with the COM at political and administrative<sup>23</sup> level which are dedicated to the implementation of the CSRs, among other things.

With its own FRP Flanders assumes ownership within the European Semester. The Government of Flanders also delivers the FRP directly to the Presidents of the COM, the European Council, the European Parliament, the European Economic and Social Committee (EESC) and the Committee of the Regions (CoR). Through its initiatives within the framework of the European Semester Flanders also makes an important contribution to the operation of the **Europe 2020 Monitoring Platform<sup>24</sup> of the Committee of the Regions**.

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<sup>23</sup> In 2016, meetings also took place between the COM services and various policy areas of the Flemish public administration, either separately or together with the other federal institutions of that area.

<sup>24</sup> <https://portal.cor.europa.eu/europe2020/Pages/welcome.aspx>

## List of abbreviations

- ABAD: Actieplan ter Bestrijding van Arbeidsgerelateerde Discriminatie (Action Plan for Combating Work-Related Discrimination)
- AGS: Annual Growth Survey
- AIO: Agentschap Innoveren en Ondernemen (Flanders Innovation & Entrepreneurship)
- AMIF: Asylum, Migration and Integration Fund
- AMS: Antwerp Management School
- AO: Agentschap Ondernemen (Enterprise Flanders)
- ARKimedes: Activeren RisicoKapitaal (Activation of risk capital)
- ARKIV: Private funds investing in promising SMEs
- BAN: Business Angels Network
- BEV: Battery Electric Vehicle
- BHG: Brussels Hoofdstedelijk Gewest (Brussels-Capital Region)
- BIOMED: Biomedisch Onderzoeksinstituut (Biomedical Research Institute)
- BSO: Beroepssecundair onderwijs (vocational secondary education)
- CNG: Compressed natural gas
- CO<sub>2</sub>: Koolstofdioxide (carbon dioxide)
- COM: European Commission
- CoR: Committee of the Regions
- CSR: Country-specific recommendation
- DBFM: Design, Build, Finance and Maintain
- DBSO: Deeltijds beroepssecundair onderwijs (part-time vocational secondary education)
- EBO: Energiebeleidsovereenkomsten (energy policy agreements)
- EEN: Enterprise Europe Network
- EESC: European Economic and Social Committee
- EFSI: European Fund for Strategic Investments
- EOS: Excellence of Science
- EPC: Energy performance certificate

- ERA: European Research Area
- ERDF: European Regional Development Fund
- E-level: Energy performance level
- ESA: European system of national and regional accounts
- ESCO: Energy Services Company
- ESF: European Social Fund
- ESFRI: European Strategy Forum on Research Infrastructures
- ETS: EU Emissions Trading System
- EU: European Union
- EVC: Erkennen van Verworven Competenties (recognition of previously acquired competencies)
- EWI: Economie, Wetenschap en Innovatie (Economy, Science and Innovation)
- FISCH: Flanders Innovation Hub for Sustainable Chemistry
- FIT: Flanders Investment & Trade
- Flanders DC: Flanders District of Creativity
- FNRS : Fonds Nationale de la Recherche Scientifique
- FPB: Federal Planning Bureau
- FRIS: Flanders Research Information Space
- FWO: Fonds voor Wetenschappelijk Onderzoek (Research Foundation - Flanders)
- GDP: Gross Domestic Product
- GESCO: Gesubsidieerde contractuelen (employees with subsidised contracts)
- GNSS: Global navigation satellite system
- GRIP: Gelijke rechten voor iedere persoon met een handicap (equal rights for each person with a disability)
- GWh: Gigawatt hour (unit of energy)
- H: Hydrogen
- HBO: Hoger beroepsonderwijs (higher vocational education)
- HvKHuizen van het Kind (Children's Centres)
- IBN: Innovative business networks

- IBO: Individuele beroepsopleiding (individual company-based vocational training)
- ICON: Interdisciplinair coöperatief onderzoek (inter-disciplinary cooperative research)
- ICT: Information and communication technologies
- IMEC: Inter-university Micro-Electronics Centre
- INR: Instituut voor de nationale rekeningen (Institute of National Accounts)
- IoT: Internet of Things
- IPR: Intellectual property rights
- ITI: Integrated territorial investments
- ITS: Intelligent transport systems
- IUAP: Inter-university attraction poles
- IWT: Agentschap voor Innovatie door Wetenschap en Technologie (Agency for Innovation by Science and Technology)
- KB: Beleidsdomein Kanselarij en Bestuur (policy area ‘Public Governance and the Chancellery’)
- KMDA: Koninklijke Maatschappij voor Dierkunde Antwerpen (Royal Zoological Society of Antwerp)
- KU Leuven: Katholieke Universiteit Leuven (Catholic University of Leuven)
- LFS : Labour Force Survey
- LNE : Leefmilieu, Natuur en Energie (Environment, Nature and Energy)
- LV: Landbouw en Visserij (Agriculture and Fisheries)
- MOW: Mobiliteit en Openbare Werken (Mobility and Public Works)
- MTOE: Million tonnes of oil equivalent
- NCC: National Climate Commission
- NEET: Not in Education, Employment or Training
- NRP: National Reform Programme
- NT2: Nederlands als tweede taal (Dutch as second language)
- OCMW: Openbaar Centrum voor Maatschappelijk Welzijn (public social welfare centre)
- OKAN: Onthaalklassen voor Anderstalige Nieuwkomers (reception classes for non-Dutch speaking newcomers)

- OKOT: Onderwijskwalificerende Opleidingstrajecten (training pathways for educational qualifications)
- OP: Operational programme
- OV: Onderwijs en Vorming (Education and Training)
- PCP: Pre-commercial procurement
- PHEV: Plug-in Hybrid Electric Vehicle
- PMV: Participatiemaatschappij Vlaanderen (Flanders Holding Company)
- Pp: Percentage point
- PPI: Public Procurement of Innovative Solutions
- PPP: Purchasing power parities
- PPP: Public-private partnership
- PPS: Programming Public Service
- PWA: Plaatselijk Werkgelegenheidsagentschap (local employment agency)
- R&D: Research and development
- R&D&I: Research, development and innovation
- RE: Renewable energy
- REFIT: Regulatory Fitness and Performance Programme
- RVARijksdienst voor Arbeidsvoorziening (National Employment Service)
- S3: Vlaamse slimme specialisatiestrategie (Flemish Smart Specialisation Strategy)
- SALK: Strategisch Actieplan voor Limburg in het Kwadraat (Strategic Action Plan for Limburg Squared)
- SBO: Strategisch basisonderzoek (strategic basic research)
- SES : Socio-economic status
- SILCStatistics on income and living conditions
- SIM: Strategic Initiative Materials in Flanders
- SME: Small and medium-sized enterprise
- SOFI: Spin-Off Financing Instrument
- STEM: Science, Technology, Engineering and Mathematics

- SvK Sociaal verhuurkantoor (social letting agency)
- SVR: Studiedienst van de Vlaamse Regering (Research Centre of the Government of Flanders)
- SYNTRA: Flemish Agency for Entrepreneurship Training
- VDAB: Vlaamse Dienst voor Arbeidsbemiddeling en Beroepsopleiding (Flemish Service for Employment and Vocational Training)
- VESOC: Vlaams Economisch en Sociaal Overlegcomité (Flemish Economic and Social Consultative Committee)
- VGC: Vlaamse Gemeenschapscommissie (Flemish Community Commission)
- VHP: Vlaams Hervormingsprogramma (Flemish Reform Programme/FRP)
- VIB: Vlaams Instituut voor Biotechnologie (Flanders Institute for Biotechnology)
- VIL: Vlaams Instituut voor de Logistiek (Flanders Institute for Logistics)
- VITO: Vlaamse Instelling voor Technologisch Onderzoek (Flemish Institute for Technological Research)
- VLEVA: Vlaams-Europees Verbindingsagentschap (Liaison Agency Flanders-Europe)
- VLIZ: Vlaams Instituut voor de Zee (Flanders Marine Institute)
- VOP: Vlaamse ondersteuningspremie (Flemish support premium)
- VVP: Vereniging Vlaamse Provincies (Association of Flemish Provinces)
- WEP: Work experience projects
- WIJ: Werkinleving voor Jongeren (work experience pathway for young people)
- WKK: warmtekrachtkoppeling (cogeneration)
- WSE: Werk en Sociale Economie (Work and Social Economy)

## Annex 3: Reform programme of the Brussels Capital Region

### 1. Introduction

This contribution of the Brussels-Capital Region to the Belgian National Reform Programme (NRP) 2017 is intended to present the main regional measures and strategies which respond on the one hand to the specific recommendations made to Belgium by the Council of the European Union as part of the European Semester, and to the objectives of the Europe 2020 strategy on the other. It has been submitted to the social partners of the Brussels Economic and Social Council for recommendations, and approved by the Brussels Government.

The contribution fits into a Brussels context which was strongly affected over the course of last year by events which are impossible to ignore. Beyond their harrowing impact in human terms, the attacks of 22 March 2016 also had negative economic consequences, and required the implementation of essential measures in the area of public security, the protection of the Brussels economy (essentially trade, Horeca and tourism-related businesses), the re-establishment and promotion of the image of Brussels, and 'Living together', mobilising an exceptional budget of €66 million.

However, the attacks did not undermine the desire of all Brussels actors to stay the course with regards to the regional ambitions of sustainable, smart and inclusive growth for the benefit of all citizens.

As such, despite the previously stated challenges, the Brussels-Capital Region has continued to work with a balanced budget, with a forward-looking outlook, and has managed to set aside significant resources for decisive investments in the area of mobility and infrastructure; in order to continue the projects undertaken to help employment, the economy, the environment and innovation; and to operationalise tax reform initiated in 2016.

Giving practical shape to the objectives of the Strategy 2025, which is designed to revitalise the Brussels economy, the reform of the target groups, the Brussels Small Business Act, the new Regional Innovation Plan, the Schools' Contracts, the Regional Programme for a Circular Economy and the "Training Plan 2020" are some of the tools developed in partnership with the social partners which will enable the government, together with the operational programmes of the European Structural and Investment Funds, to support employment, whilst taking over the competences transferred to Regions resulting from the 6th State Reform.

Furthermore, the Regional Plan for Sustainable Development, which was adopted by the government and subjected to an extensive public enquiry in the first quarter of 2017, will define the regional policy aiming to control the densification associated with demographic expansion, and ensure equality and cohesion by combating polarisation in the city. It will make it possible in particular to guide the redeployment of jobs and the economy by mobilising the territory.

Finally, the implementation of structural reforms requires significant public investment. This investment, for which the economic and strategic added value has been proven, was deemed to be inadequate in the Report on Belgium presented by the European Commission on 24 February. However, it is limited by a constraining European framework at the budget and accounting level, which acts as a strait-jacket for activating a recovery stimulus likely to provide a solution to the demographic, economic, social and environmental challenges. The Government of the Brussels-Capital Region therefore intends to reiterate its desire to see a different budgetary treatment for public investment compared to that used for current expenditure.

## 2. Macro-economic context and outlook

### *a. Economic activity<sup>25</sup>*

2016 recorded a very slight slowdown in the evolution of economic activity in Brussels. GDP growth in Brussels was only 0.8%. This downturn occurred during a context characterised by less dynamic export growth and domestic demand in Belgium. This context was also affected by the attacks which took place in Paris and the subsequent lockdown in Brussels (November 2015), as well as by the attacks of 22 March 2016, with Brussels having been particularly affected in comparison with the rest of the country. After a period of quasi-stagnation between 2014 and 2016, as was the case at the national level, 2017 should witness more sustained GDP growth in Brussels (+1.7%).

Over the complete period 2017-2021, GDP growth in Brussels should amount to 1.4% per year on average, which will approximate the national rate (1.5%). Growth in economic activity in Brussels will be based to a large extent on the contribution of two significant sectors: "loans and insurance" and "other market services".

In terms of investment, gross fixed capital formation (excluding residential investment) should increase by 2.8% per year on average between 2017 and 2021, versus 2.6% at the national level. The turnaround in investment growth expected in the coming years in Brussels represents a net catch-up, following an extended period of decline in the level of investment observed between 2009 and 2012.

According to the latest available data, the Brussels-Capital Region was home to 97,173 businesses as of 31 December 2015, equating to 11% of all businesses in Belgium. An additional 2,737 businesses were recorded in the regional territory compared with 2014, which equates to an increase of 2.9%, slightly higher than the national growth rate (2.4%). These growth rates are among the highest recorded since 2004. The tertiary sector is particularly important in Brussels since it encompassed 83% of all businesses in 2015, whereas it only represents 75% at the national level. This equates to 80,736 businesses. In relation to the total number of Brussels businesses, 32% are classed in the corporate services sector, 19% in the wholesale and retail sector, 7% in the Horeca sector and 1% in financial activities and insurance.

The business start-up rate in the Brussels-Capital Region was 12% in 2015, representing a slight increase following several years hovering around 11%. The business start-up rate in Brussels remains significantly higher than the national average, which was roughly 9% in 2015, reflecting considerably more entrepreneurial dynamism in the Region compared with the rest of the country.

After the increase already observed in Brussels in 2014, the difference between the start-up rate and the closure rate widened again in 2015, with a larger increase in the start-up rate than that of the closure rate. This positive differential means that the Region registers more new activity every year than businesses which cease their activities. For 2015 as a whole, there were therefore more than 3,280 new businesses in net terms.

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<sup>25</sup> Source: BISA – Brussels Institute for Statistics and Analysis, according to the data available up to 2014 in the regional accounts published by the National Accounts Institute (NAI) and the results of the last regional economic outlook, presented by the Federal Planning Bureau (FPB) in cooperation with the Brussels Institute for Statistics and Analysis (BISA), the Walloon Institute for Evaluation, Prospects and Statistics (IWEPS) and the Studiedienst van de Vlaamse Regering (Research Department of the Flemish Government) (SVR)

### *b. Domestic employment*

According to the regional accounts, the Brussels-Capital Region had almost 695,000 salaried and self-employed jobs within its territory in 2015, representing net creation of 5,000 jobs compared with 2014, representing 15% of Belgian domestic employment. During the period of economic contraction observed in 2012 and 2013, the maintaining of the level of Brussels domestic employment implies that labour productivity acted as an adjustment variable, absorbing the strong reduction in GDP in 2013 in particular. The very weak net job creation observed overall in Brussels between 2012 and 2014 conceals contrasting trends at the sectoral level. Indeed, three sectors of activity continued to increase their workforce during this period. These were the "other market services" sector (+ 2,000 additional jobs per year on average), "public administration and education" (+1,200 jobs) and "health and social action" (slightly less than 900 net job creations per year). The recruitment realised in these three sectors made it possible to compensate for the loss of net jobs experienced elsewhere. Three other sectors also experienced considerable reductions in their workforce, and consecutively, in 2012, 2013 and 2014: "trade and Horeca" (approximately 1,400 jobs lost each year), "loans and insurance" (-850 workers per year) and "transport and communication" (-700 jobs). Regional job growth amounted to 0.7% in 2016, and will continue at this pace on average over the period 2017-2021, slightly below the national rate (0.8%). However, this growth is still faster than that experienced by the Region between 2009 and 2014. This equates to the creation of around 5,000 additional jobs every year between 2017 and 2021. By this time, it is expected that slightly less than 730,000 people will be employed in Brussels. The "other market services" sector represents the main sector of activity in Brussels. This sector brings together a wide range of activities, including, for example, publishing, audio-visual, advertising, IT services, advisory and consultancy services, administrative and support services, estate agency activities, accounting, legal, scientific and technical activities. In 2016, this sector represented almost 29% of the regional total, both in terms of jobs (with more than 203,000 people employed) and added value. Over the period 2017-2021, "other market services" will be by far the main sector contributing to the growth of Brussels domestic employment. Of the 5,000 jobs created net every year in Brussels over this period, 3,700 will be within this sector. In 2021, almost 222,000 people will be employed in the "other market services" sector.

### *c. Job market*

The employment rate is obtained by calculating the ratio of the working population to the working-age population (15-64). Between 2010 and 2015, the employment rate in Brussels declined slightly, from 54.8% to 54.2%. However, the growth in the working population in Brussels during this period was twice as fast as in Flanders and Wallonia, although it was insufficient to absorb the strong increase in the working-age population in Brussels. The employment rate in Brussels should remain stable until 2019. Brussels will be affected to a greater extent by the refugee crisis over this period, and will benefit from a recovery in domestic employment which will be slightly less buoyant than in the rest of the country. The employment rate in Brussels will then rise again to reach 57.3% in 2021, the same level observed in 2010. It will be supported by a slowdown in the growth of the working-age population, and by a sustained increase in domestic employment.

Based on administrative data, the Brussels-Capital Region registered an average of 97,800 unemployed job seekers in 2016, representing an administrative employment rate of 17.8%<sup>26</sup>. This level is a sharp decline compared with the peak of 110,300 unemployed job seekers recorded in 2014, following the consequences of the financial crisis and the subsequent aftershocks. The marked decline in unemployment in 2015 and 2016 and, in particular, youth unemployment (-2.7% for the under 25s) is in part linked to the more favorable economic climate which allowed employment to recover, the redesign of

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<sup>26</sup> Source: Actiris

the monitoring procedure for (young) job seekers by Actiris, the regional public service for employment, and the reform of the eligibility conditions for unemployment and integration allowances.

#### *d. Inter-regional mobility*

The Brussels job market stands out from the other two regions by a largely negative commuter balance. This situation reflects the significant number of people living in Flanders and Wallonia who work in Brussels. According to forecasts, these represented 215,000 and 119,000 persons respectively in 2016. Conversely, in the same year, 59,000 Brussels inhabitants commuted to either the north or south of the country. Overall, slightly less than half of domestic employment in Brussels is accounted for by workers from another region. Although the commuter balance became substantially less negative over the last 15 years, it will remain more or less stable over the period 2017-2021, at around 276,000 jobs. This stabilisation masks two important developments which virtually cancel each other out: on the one hand, an increase in the number of Brussels residents who work in Wallonia (+1,900 jobs between 2017 and 2021) and especially in Flanders (+7,200 jobs), and on the other hand, an increase in Flemish and Walloon commuters to Brussels (approximately +5,000 people in both cases). This increase in commuter flows, expected both at the outgoing and incoming side, signals a recovery in these movements after several years of stagnation, following the 2008/2009 crisis. The share of jobs located in Brussels and filled by Brussels residents will stabilise, also as a forecast, at around 52.2% on average over the period 2017-2021.

#### *e. Demographics*

The Brussels population included 1.188 million inhabitants as of 1 January 2016, driven by sustained demographic growth in 2015 (+1.1%), and much higher than in Flanders and Wallonia. This increase in the population is the result of a far higher level of immigration from abroad compared to emigration to other countries, as well as a birth rate which greatly exceeds the death rate, offsetting the negative internal migratory balance. In other words, the number of outflows to the rest of Belgium which exceeds the number of inflows from Flanders or Wallonia. Finally, the analysis of the evolution of the regional age distribution pyramid (between 1991 and 2016) highlights the rejuvenation of the population. There are multiple and interdependent aspects to the changes in the structure per age group which have resulted in this rejuvenation. Among these, two unquestionable phenomena stand out: suburbanisation, resulting in long-term non-replacement, among seniors, by "lost" age groups, and international immigration, selected according to age and sex. Both of these contribute to rejuvenation: the first by reducing the summit of the age distribution pyramid, and the second by broadening its base.

### **3. Brussels' response to the specific recommendations made to Belgium**

#### **3.1. Budgetary and tax objectives**

*CSR 1: Achieve an annual fiscal adjustment of at least 0,6 % of GDP towards the medium-term budgetary objective in 2016 and in 2017. Use windfall gains to accelerate the reduction of the general government debt ratio. Agree on an enforceable distribution of fiscal targets among all government levels. Simplify the tax system and remove distortive tax expenditures.*

##### **3.1.1. Budgetary objective**

The Belgian stability programme has established the approaches and objectives of the budget policy for the period 2016-2019 and anticipates a structurally balanced budget for all of the public authorities by 2018. Within this framework, the Brussels-Capital Region has confirmed that it will undertake to submit

a balanced budget every year, as specified in the European context. In order to implement this, as in previous years, a balanced budget in ESA terms was drawn up for budget year 2016. This balance was also maintained during the adjustment of the 2016 budget and for the start of 2017. The Region has also indicated that, given the particular events with which it is confronted, it will reserve the right to invoke the flexibility clause for certain categories of expenditure, as is the case for other authorities.

As such, the Brussels-Capital Region believes that certain one-off or exceptional investment or expenditure which have significant economic impact, or expenditure which is the result of attacks or the asylum crisis, should not be included in the budgetary objective. Following the attacks in Brussels, the Government approved certain one-off and exceptional measures in order to support the economy, improve the image of Brussels and strengthen security (see point 1 Introduction). The Brussels-Capital Region does not include the necessary and large-scale investment for tunnels (including the Léopold II tunnel and the Porte de Hal tunnel) in the budgetary objective either, nor the expenditure for the transformation and expansion of the metro network, the main investment within the Region having the greatest impact on mobility. The multi-annual budget 2016-2021 merely acknowledges the multi-annual roadmap, in line with the 2014-2019 government agreement, and is based on the principle of flexibility for one-off or exceptional expenditure, as is the case for all other entities. This translates into the following multi-annual roadmap:

M €	2016	2017	2018	2019	2020	2021	
Begrotingsevenwicht	0	0	0	0	0	0	Equilibre budgétaire

It is worth noting the Region's outstanding budget result in 2015, which achieved a positive financing balance, in ESA terms, of around €16.6 million.

Furthermore, on 22 July 2016, Standard & Poor's affirmed its long-term AA reference rating to the Brussels-Capital Region. According to Standard & Poor's: "The rating on Brussels-Capital reflects [...] very strong financial management, exceptional liquidity, and strong budgetary performance and economy. [...]. The sixth state reform translates into a transfer of about €20 billion from the federal state and social security to communities and regions, of which about €850 million will go to Brussels-Capital. [...]. Lastly, under the sixth reform, Brussels-Capital benefits from a specific funding package. [...] We consider Brussels-Capital's financial management to be very strong, based on [...] reliable budgeting, prudent and sophisticated debt management, very effective and optimised cash management and tight monitoring of government-related entities (GREs) and other contingent risks, including its well-defined and active guarantee management system. Beginning 2016, the region has put in place a new budget monitoring committee to further strengthen its revenue and expenditure management, including closer oversight of infra-annual budget execution. Brussels-Capital has the means to maintain its tight rein on operating expenditures, with annual growth of about 2% in 2016-2018. [...]. Therefore, we continue to think that Brussels-Capital will meet its 2016-2018 budgetary targets [...]"

### 3.1.2. Taxation

Following the operationalisation of the first part of the Brussels tax reform in 2016, the second phase entered into force on 1 January 2017, heralding in particular an additional reduction in personal income tax, with the shift from taxation on labour to real estate being an essential element of the reform, with its focus on multi-owners rather than owner-occupiers.

Specifically, the flat-rate regional tax of €89 and the historically payable agglomeration tax of 1% on personal income tax have been abolished on the one hand. Since 1 January 2017, personal income tax has been reduced by an additional half percent following the reduction of the additional regional percentages.

On the other hand, the increase in tax on property assets has been implemented by raising the withholding tax on property. The additional percentage of the agglomeration in the withholding tax on property increased from 589 to 989, resulting in an increase in the withholding tax on property of around 12%. By way of compensation, an owner-occupier in Brussels receives the "Be home" bonus worth €120.

This second part of the tax reform also includes the abolition of the housing bonus for deeds of mortgage loans signed before a notary after 31 December 2016, offset in particular by a significant decrease in registration duties, to enable Brussels residents to acquire their first or only property<sup>27</sup>. For businesses, a zero rate has been introduced to the withholding tax on property for equipment and tooling, and the current preferential regimes in the area of donation and inheritance taxes for the transfer of assets invested professionally by the deceased in a family business or company have been simplified, relaxed and harmonised. These measures should help the sustainability of businesses.<sup>28</sup>

A third tax reform currently under development is also anticipated in the area of greening road taxes during the course of 2017. The aim is to tax diesel vehicles more heavily, since they no longer fit in to the urban setting.

### **3.2. Labour market and training**

*CSR 2: Carry out the intended review of the Law of 1996 on the promotion of employment and the safeguarding of competitiveness in consultation with the social partners. Ensure that wages can evolve in line with productivity. Ensure the effectiveness of labour market activation policies. Move forward with education and vocational training reforms and provide training support for disadvantaged groups, in particular people from a migrant background.*

The effective implementation of reforms and, more broadly, the objectives of the Strategy 2025, depends entirely on the decompartmentalisation of powers<sup>29</sup>, essentially with regards to the economy, employment, education/training, for the benefit of Brussels residents, so that the policies applied to the Region are adapted to the realities of the population, and the economic and social regeneration of the Region. It also depends on mechanisms for far-reaching social dialogue, both at the inter-professional and sectoral level. From this perspective, the working methodology which distinguishes between the projects falling under a shared priority, and others, is relatively innovative.

Specifically regarding sectoral policy, the concrete involvement of social partners in Brussels is not the same in all sectors, in particular since there is an imbalance between the territories of the federations which they represent, and the administrative perimeter of the Region. As such, the introduction of a "sectoral facilitator" role within the Economic and Social Council is designed to ensure the mobilisation of sectoral actors across the Brussels territory, by concluding framework agreements with the professional sectors and the regional government, and associating Governments of the Communities.

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<sup>27</sup> The immediate reduction (allowance) of registration duties has increased from €60,000 to €175,000 if the taxable base does not exceed €500,000; as such, households which decide to settle in the Brussels region for the longer term will benefit from an immediate discount of around €22,000.

<sup>28</sup> If an entrepreneur dies, the successors can actually benefit from a reduced rate (3% in the direct line and between spouses and 7% for the other categories), under certain conditions, such as the continuation of the economic activity. In the event of a donation inter vivos, a total exemption has even been provided for, in order to enable a transfer of expertise. The transfer of bare ownership or usufruct will be permitted, whereas previously only the transfer of full ownership was taken into consideration for granting the reduced rate.

<sup>29</sup> As a reminder, various cooperation agreements exist in the area of "interlinked policies employment-training".

These framework agreements are intended to formalise the willingness of the signatories to actively work together in order to help elaborate policies for the economy, employment, training, education by developing concrete synergies between the actors (sectoral, public and private).

Appointed in February 2016, the facilitator has so far made it possible to open up negotiations with various major sectors in Brussels: construction, Horeca, transport/logistics, industry, garages and electricity. Besides logistics, these sectors are included in the priority sectors identified by the Strategy 2025.

The Government is also working to improve technological and industrial equipment in schools by focusing on a consistent concentration of equipment in the new Training and Employment Hubs, of which 3 are currently being prepared for technical and industrial professions, ICT professions and logistics professions, as well as in Advanced Technology Centres (ATC). The aim is to implement a consistent and effective policy by linking the investment project in technical and professional colleges to the Government's economic and employment policy. Since 2016, calls for projects will be joint, linking regional and community priorities at a more in-depth level. The Region's resources are targeted as a priority and regional priorities are guaranteed through the involvement of regional bodies in the community selection procedures.

### **3.2.1. Ensure the effectiveness of labour market activation policies**

The Brussels Government adopted the Strategy 2025 in 2014. For the purpose of interlinking the implementation of policies for employment, the economy, training and education, the objectives of Strategy 2025 are reflected in 2 areas of focus covering 18 objectives: an "Economy-Employment" focus intended to foster the spirit of entrepreneurship and innovation, and an "Employment-Training-Education" focus, aimed at reversing the paradox of the Brussels economy, whereby Brussels is the largest employment area in the country, but has the highest unemployment rate among its inhabitants.

In consultation with the social partners of the Economic and Social Council of the Brussels-Capital Region, the operationalisation of the major projects of these two priority strands of the Strategy 2025 was analysed for the first time in June 2016, making it possible to highlight the significant progress achieved during its first year of implementation. Following this monitoring procedure, the annual priorities were set out, once again using the consultation model, during the Social Summit of 5 October 2016.

In particular, the main objective of the first strand related to the implementation of the 6<sup>th</sup> State Reform, and specifically, the reform of the "Target Group" policies and job seeker activation policies.

Another fundamental objective is the Youth Guarantee Scheme, which includes around 30 measures divided between 6 thematic strands and 1 cross-cutting strand for general coordination, in order to bring the actors around the same issue: that of young people and their sustainable integration in the labour market. All of the measures help to combat youth unemployment and/or increase the overall skills level of young Brussels residents between the ages of 15 and 25.

#### *a. Target Group measures*

As part of the 6<sup>th</sup> State Reform, the Target Group policy was regionalised, and then reformed with the aim of administrative simplification and a better match with the Brussels labour market<sup>30</sup>. Specifically, it aims to:

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<sup>30</sup> In the context of a transfer of competences in the area of employment, the total budget of Actiris increased from €339,674,000 in 2014 to €645,392,000 in 2015.

- reduce and simplify the number of mechanisms (28 mechanisms taken over) in order to strengthen the retained or developed mechanisms;
- direct resources to the Brussels residents who need support in order to find a job and stay in employment;
- ensure budgetary control;
- ensure a rapid transition between the qualifying mechanisms and jobs;
- improve the visibility of the mechanisms and facilitate access to them.

The reform generally fosters a transition towards sustainable employment. It is organised in 3 strands: integration, activation and retention (older workers).

As such, the measure to reduce social contributions benefiting older workers was reformed, so that by 1 July 2018, it will be possible to limit access for workers aged between 57 and 64, and standardise the flat-rate reduction to €1,000 per quarter for a maximum reference salary of €10,500 per quarter. It will be achieved in various successive phases.

The new Activa generic mechanism to help long-term job seekers find work will consist of an activation allowance paid out for 30 months to job seekers who have been unemployed for 12 months, are registered with Actiris, and domiciled in the Brussels-Capital Region. Some job seekers will fall under the category of job seekers unemployed for 12 months, and will be eligible for the mechanism the day after registering with Actiris. This is particularly the case for people younger than 30 who do not have a certificate of advanced secondary education, and job seekers aged 57 or older. In order to benefit from the advantage, employers will need to recruit job seekers, and as a bare minimum, provide an employment contract of at least 6 months part-time. The working allowance will be €350 per month for 6 months, rising to €800 in the following 12 months and then falling to €350 for the final 12 months (rates proportional to working time).

The new Activa mechanism, extended to job seekers with reduced capacity for work, will be strengthened. As is the case currently, the working allowance will be paid out for 36 months: €750 per month the first year, reduced to €600 per month the following two years (instead of €500 per month paid currently).

A new work training bonus will aim to encourage employers to train their newly recruited under-qualified workers, for the duration of the activation allowance (Activa and Activa reduced capacity for work). The bonus, worth a maximum of €5,000, will be granted if a person is recruited with a permanent contract. It will enable workers' skills to be enhanced in line with the professional experience they will develop.

A new mechanism for employment in the social economy will replace the current SINE (social integration economy) and PTP (professional transition programme) measures. It will consist of a one-off flat-rate bonus which will make it possible to vastly reduce wage costs if an employer hires an unemployed Brussels job seeker, and one who is particularly far removed from the conventional job market due to his or her psychosocial situation and/or lack of qualifications. The bonus will be paid out for two years, and can be renewed once. Jobs will be created within structures which meet the characteristics of social entrepreneurship.

A work-study bonus, for the benefit of approved employers who are headquartered in Brussels, targets young people in a work-study contract. The internship bonus, the reduction of contributions for tutors and the professional transition bonus will all be abolished.

A new mechanism providing a degressive monthly bonus for self-employed people will create opportunities for job seekers to develop their own job by means of a self-employed status.

These measures are currently active in their initial form (in other words, as transferred following the 6<sup>th</sup> State Reform). The implementation of the reformed measures should commence in July 2017 at the earliest. Each measure will be subject to internal and external monitoring.

#### *b. Inspection and exemption competences*

Following the 6<sup>th</sup> State Reform, Actiris has organised, since 1 January 2017, the competences to inspect the availability of unemployed people, as well as to grant exemptions to availability on the job market.

The inspection varies according to whether a job seeker wishes to benefit from integration allowances (on the basis of studies) or already does benefit from these, or whether he or she receives allowances on the basis of work.

It is intended to check whether the job seeker is actively looking for work, which means:

- actively participating and collaborating in the action plan drawn up by his or her job advisor, if he or she is accompanied by the latter;
- accepting job offers transmitted by Actiris;
- following a training course or any other initiative for activation towards employment, which is offered by Actiris and its partners;
- looking for a job independently, by taking regular and varied steps (every week).

The inspection procedure implemented by Actiris is characterised by the fact that it is an administrative check initially, only in problematic cases will people be summoned for an interview. Moreover, penalty decisions will be taken collectively and not by one person.

In order to enable unemployed people in the Brussels-Capital Region to join/rejoin the labour market, an exemption to their obligation to actively look for a job is granted temporarily in the context of undertaking studies or a training course, based on the regulations of the National Employment Office, which will be amended subsequently to take account of the specificities in Brussels.

#### *c. New measures as part of the Youth Guarantee Scheme*

### **The strategy for raising awareness of entrepreneurship**

Having been implemented in January 2016, the strategy for raising awareness of entrepreneurship among young people is designed to enable young people, whether or not they are job seekers, as well as students and NEETs, to learn about and discover entrepreneurial culture and the support which is available to help them make their project a reality (see also point 5).

## **The integration contract**

Implemented in July 2016, this measure is designed to offer a 12-month employment contract, subsidised by the Brussels Region, for any person younger than 25 who is a job seeker unemployed for at least 18 months after the end of his or her studies, but unable to enter the job market despite job-seeking efforts. The objective for 2017 (the first complete budget year) is 647 contracts. 44 contracts were implemented in 2016.

## **The First work experience ("Stage First")**

This new formula for work experience started in January 2017 and is intended to allow a young unemployed job seeker, who has been registered for at least 3 months after their studies (diploma of advanced secondary education at the most) to acquire their first professional experience, and to integrate the young person in question, after the internship, immediately and permanently in the job market by removing the barriers he or she faces in accessing it.

The objective is to offer 1,300 internship places in 2017.

### **3.2.2. Move forward with education and vocational training reforms and provide training support for disadvantaged groups**

In order to confront the challenges of training for young people, long-term unemployment and the growing need for skills and qualifications demanded by the labour market, the Brussels regional Government, in association with the social partners and the Communities, has incorporated a specific strategy around 8 objectives of the Strategy 2025, which targets the areas of "life-long skills, education and training".

#### *a. New measures as part of the Youth Guarantee Scheme*

### **The personalised education workshop**

This workshop aims to support young people who receive CPAS (Centre public d'Action Sociale -public social welfare centre) support, to undertake vocational training or even resume their studies in order to obtain a certificate of vocational or general education. The 2-year experiment with personalised education workshops within the integration units of the CPAS in Brussels has been carried out thanks to the collaboration set up with the Further Education of the French-speaking Community. It was made possible thanks to co-financing from the Youth Employment Initiative (YEI) of the ESF Wallonia-Brussels Operational Programme 2014-2020. Each workshop created since September 2016 benefits from the addition of one full-time teacher.

#### *b. The Bruxelles Formation (Brussels Training) Decree*

Approved in April 2016, the new Bruxelles Formation decree<sup>31</sup> updates the services which fall to Bruxelles Formation as part of its duties "*as a public service in charge of organising, controlling and managing vocational training in the Brussels-Capital Region*", in particular with the aim of developing or strengthening public-private/non-commercial partnerships, organising training in a work or work-study environment, and providing a better service to users (information, advice and guidance, identifying and acknowledging skills, certification, etc.).

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<sup>31</sup> 28 APRIL 2016. — Decree amending the decree of the French Community Commission of 17 March 1994 establishing the French-speaking Brussels Institute for Vocational Training (Published in the Belgian Official Journal on 6 June 2016)

*c. The Training Plan 2020*

In December 2016, the Government of the Brussels Region adopted the "Training Plan 2020 - Qualify Brussels residents for jobs", which primarily brings together quantitative and qualitative development measures for training.

The priority target groups of the Plan are low-qualified job seekers, as well as young people in transition between the end of their training course and the job market. By 2020, it aims to have implemented an effective qualification strategy which will help improve the participation of Brussels residents in the job market:

1. by improving their skills and certification levels;
2. and by achieving the life-long right to qualification.

The policies for employment and training will be more effectively linked through more secure "economy-employment-training" channels, which will integrate qualifications and recruitment to end up with sustainable and high-quality jobs.

The 44 measures of the Plan are structured around the following priority resources:

1. Organise coherent training paths adapted to employment, by encouraging programmes between training courses and/or studies;
2. Qualitatively and quantitatively develop and reorient the training offering and skills validation offering;
3. Develop the different internship modalities, including especially work-study internships, and Individual vocational training in the workplace;
4. Develop sectoral action in the area of employment and training in Brussels;
5. Ensure joint steering of the actions by implementing a Brussels Monitoring Centre for employment and training.

In terms of results, the Plan aims to achieve the following by 2020:

- 20,000 individual job seekers in training and/or in internships every year;
- an additional 1,000 apprentices in work-study training courses;
- the issuance of 2,000 certificates per year for skills validation.

*d. Reform of the language vouchers scheme – Transition and Matching Language Vouchers*

The reformed "Transition Language Vouchers" are one of the measures of the language vouchers scheme implemented by Actiris. Actiris issues Transition Language Vouchers to unemployed job seekers who have been identified as having a need for language training, based on their career plan and career path. Beneficiaries can follow training courses in small groups (3 to 6 people) in the following languages: French, Dutch, English or German, with a partner operator which has a partnership agreement with Actiris.

The "Matching Language Vouchers" are one of the other measures of the Language Vouchers scheme, and is run together with 14 partner organisations who supply individual language courses. If a job seeker corresponds to the profile sought by an employer in the context of a job offer managed by the Actiris screening service, but his or her level of language ability does not correspond to the level expected by the employer, the job seeker may, after signing the contract (at least 3 months part-time), follow a language training course that corresponds to the expectations of the employer and to the person in question's needs.

*e. Validation of skills*

A strategy for validating skills was adopted in 14 July 2016 by the Government of the Brussels-Capital Region. As a mechanism which allows people who do have professional experience, but not a corresponding diploma, to obtain a certificate of competence, this tool is particularly well adapted to meet the strong need for qualifications in Brussels. Furthermore, it enables professional mobility and the rapid recognition of acquired skills. However, only 712 certificates were issued in Brussels in 2014. The efforts already undertaken made it possible to increase the number of new certificates issued to 1,071 in 2015. Since the validation offering remains weak in Brussels, a simplified offering which is better adapted to the needs of Brussels residents, and which is more efficient, will make it possible to issue more than 2,000 certificates per year in the French-speaking part of Brussels alone. This objective will be gradually achieved over 5 years, from 2016 to 2020.

In addition to skills validation, Bruxelles Formation and its partners (SFPME and Further Education) issue certificates for the recognition of skills acquired in training (RAF), for training linked to a profession. RAF enables a trainee to obtain skills certificates issued by the Skills Validation Consortium, after one or more successful tests.

Furthermore, the screening actions are the subject of an ESF project "Actions for identifying skills". Since September 2016, Bruxelles Formation has offered a freely available service to users, for 8 different professions. This will be deployed in 2017 and will be included in the activities of the future 'Cité des métiers' careers fair.

Finally, it can be observed that a policy of accrediting all certificates is pursued within the regional and community public services, for accessing unfilled jobs. The public service can accept either a skills certificate acquired without a diploma (certificate of skills validation, or certificates and diplomas issued by SFPME and CECAF), or by passing an access card module organised by Selor.

### **3.2.3. Ensure the integration of people from a migrant background in the labour market**

In general, it can be stated that there is a significant proportion of people from a migrant background in the Brussels Region. Brussels is considered to be the second most cosmopolitan city in the world. The most recent data available from the Socio-economic Monitoring (2012) show that 72.9% of Brussels residents have a migrant background. The proportion is 19.4% in Flanders and 29.0% in Wallonia. De facto, the Brussels populations targeted by employment aids, or any other public employment policy, reflects this significant representation.

The Socio-economic Monitoring shows that people from a migrant background have a lower employment rate and a higher unemployment rate than people of Belgian origin. In Brussels, persons from countries which are candidates to join the EU (mainly Turkey) and the Maghreb countries have the highest levels of unemployment.

In order to broaden the results of the measures recently adopted by the Brussels Government, which were mentioned above and which are dedicated to finding employment for the most vulnerable populations to help job seekers from migrant backgrounds, specific initiatives are intended to combat discrimination.

*a. Anti-discrimination mechanism*

In December 2016, the Brussels government validated a Plan to combat discrimination in recruitment.

This Plan includes 10 additional measures to the existing anti-discrimination measures and positive measures.

The main measure of this Plan relates to the adoption of an inspection and sanctioning mechanism with regards to Brussels employers. Specifically, a draft ordinance was adopted by the Brussels Government at the first reading, in order to grant new inspection mechanisms to the regional inspectorate, with regards to employers suspected of illegal practices in the area of non-compliance with anti-discrimination legislation. These new mechanisms are discrimination tests, and there are two types: situational testing and mystery shopping.

### **Integrating migrants**

Actiris works in close collaboration with the relevant first-line partners who work with migrants, including the Reception agency for newcomers (BAPA), associations for civic integration such as BON (The Brussels reception agency for civic integration) and CIRE (Coordination and Initiatives for Refugees and Foreigners), the Dutch Language House in Brussels, etc. A partnership has also been implemented by Actiris with these operators on the ground (CIRÉ and BON) in order to encourage migrants and newcomers to have the diplomas they acquired abroad accredited in one of the two Communities.

In order to improve knowledge and accelerate their access to the services of Actiris and to the job market, Actiris organises, on a fortnightly basis, information and guidance sessions in its offices, in French or Dutch, in the presence of translators and interpreters in Arabic, Dari/Persian and Pashtun. As such, these sessions offer a general presentation, as well as possible individual enrolment to the help of an administrative support officer, or referral to the services of Actiris and/or partner services.

With the support of the European Asylum, Migration and Integration Fund (AMIF), Bruxelles Formation has developed a project designed to test the language ability of newcomers; the tool will be made available to the partners and translated into English and Dutch. Collaborations are planned with the Public Social Welfare Centres, with the aim of offering intensive training modules in French as a foreign language, specifically for young people aged between 18 and 24, from a foreign background.

### **Language training**

Furthermore, learning French as a foreign language is given particular support by the various Authorities, and will be strengthened as much as possible in 2017, given the substantial need.

### **3.3. Innovation and competitiveness**

CSR 3: Boost the capacity to innovate, in particular by fostering investment in knowledge-based capital. Increase competition in the business services sector and the retail sector by removing unwarranted operational and establishment restrictions. Address shortfalls in investment in transport infrastructure and energy generation capacity.

#### **3.3.1. Boost the capacity to innovate**

The new *Regional Innovation Plan (RIP)*<sup>32</sup> was validated by the Government of the BCR in July 2016. It introduces 45 new actions in order to increase the innovative capacity of the Region. The RIP resumes the strategy of regional smart specialisation which is broken down into three areas of strategic activity: healthcare, the green economy and the digital economy. Parallel to this, the new Research Ordinances are currently being approved in the Parliament of the Brussels-Capital Region. They will substantially enlarge the framework of the policies for research and innovation, and will implement the core of the support allowed by European legislation with regards to state aid. This enlargement will focus both on the type of aid planned and on the type of actors who will be able to benefit from it: given the characteristics of the Brussels innovative fabric, made up in large part by atypical actors such as VSEs, public entities and non-commercial actors, this last point is of particular importance.

Furthermore, in order to improve the support for innovative businesses in Brussels and to bridge the gap between the market and the various actions to support research and innovation, the Region has taken the initiative to create a financial pre-seed instrument by increasing the capital of *Brustart*, the subsidiary of the regional investment company - *finance.Brussels*, which is dedicated to innovative companies. Close collaboration at the technical level between the Institute for the encouragement of scientific research and innovation – *Innoviris* – and *finance.brussels* has also been established.

Always with a view to rationalising the support for innovative businesses in the Region, the management of the public incubators platform was entrusted to *Innoviris*. Accordingly, the platform develops a general offering of legal and other services, as well as a technological support offering, for the businesses which are hosted there. Moreover, the platform has received a new incubator, *Greenbizz.brussels*, which was inaugurated in April 2016. This new incubator is focused on projects which are green, sustainable or linked to the environment.

Based on the experience of the previous year, *Innoviris* has also relaunched the *Co-create action*, after making slight changes to the framework. This initiative aims for convergence between Brussels residents, the world of research and innovation and the world of business, by targeting applied research and innovation projects that are integrated into a co-creation process and produced in the living labs that they form, with end users as partners. The latest edition for 2017 has urban resilience as its theme.

In addition to the *Bridge initiative* which is already in place, *Innoviris* has launched the new '*Team Up*' initiative, which is intended to foster collaboration between the academic world and industry in Brussels. This annual programme implies active participation on the part of both academic institutions and industrial teams, for the purpose of strengthening knowledge, transferring the intellectual property of academic research to industry, and its transformation into prototypes leading to new economic opportunities. The first edition of the initiative will be devoted to artificial intelligence.

In a similar vein to feasibility studies for businesses, and in the context of the new RIP, *Innoviris* will implement a funding mechanism for the proof of concept and business, in order to enhance the value

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<sup>32</sup> [http://www.innoviris.be/fr/politique-rdi/plan-regional-dinnovation?set\\_language=fr](http://www.innoviris.be/fr/politique-rdi/plan-regional-dinnovation?set_language=fr)

of innovative projects among research organisations. This will involve objectively demonstrating the feasibility and viability of a given technology, method or idea via the short, incomplete or smaller-scale realisation of these technologies, methods or ideas.

Furthermore, in the context of the new RIP, a funding mechanism for the secondment of researchers will be implemented. This will facilitate access for SMEs and VSEs to highly qualified human resources from research organisations or large companies, as part of a newly created function.

Finally, after the expiry of the validity period of the agreement which entrusted the implementation and management of the National Contact Point (NCP) for Brussels of the European Horizon 2020 programme to Impulse, Innoviris decided to renew this agreement for 2 years, over the period 2017-2019. This continuation will make it possible to strengthen the collaboration, which is already close, between Innoviris and Impulse with regards to the participation of Brussels actors in European research programmes. In a similar vein, Innoviris endorses the call for projects ERA-NET Cofund Smart Urban Futures (ENSUF), as part of the joint programming initiative JPI URBAN EUROPE.

### **3.3.2. Competition in the retail sector**

The regionalisation of the Federal law on commercial facilities is currently implemented in the Brussels-Capital Region by the ordinance of 8 May 2014 amending the Brussels regional development code (COBAT). It provides that any commercial premises set up with a net surface area greater than 400 m<sup>2</sup> must no longer be subject to a socio-economic permit, just a planning permission application. Beyond 1000m<sup>2</sup> of net commercial surface area, permit applications are subject to an environmental assessment which makes it possible to anticipate, in an urban context, possible disturbances in terms of noise and visual pollution, parking, circulation, accessibility, environment, and consumer protection. It was also envisaged to closely follow the evolution of commercial activity in Brussels, via a prior planning declaration mechanism, in particular in the case of modifications or extensions to the commercial activity in an existing business, in strips for commercial areas, regardless of the surface area, in keeping with free trade, free competition and the liberalisation of services. However, this declaration mechanism was not implemented.

In the meantime, as part of the broad reform of the COBAT currently under scrutiny and soon to be passed on to Parliament, the Government proposes to further simplify the management of commercial developments and integrate them fully in town planning procedures. With the aim of easing the formalities with which shop owners need to comply, the concept of the prior declaration will be abolished. The duties devolved to Atrium<sup>33</sup> include the introduction of a commercial "barometer", whose objectives are substantially in line with those of the prior planning declaration, but without imposing the same administrative burden on shop owners.

### **3.3.3. Investment in transport infrastructure**

At the forefront of the fight against traffic congestion, the Brussels-Capital Region is continuing its programme of substantial investment in public transport infrastructure.

The multi-annual investment plan 2016/2025 for the regional public transport operator – STIB – anticipates €5.2 billion, which will make it possible over the next 10 years to achieve, as a priority, the extension of the current tram and metro routes to the municipalities of Schaerbeek and Evere, in the north-east of the Region, by 2024. This network extension is necessary and will create a direct link between the north and south of Brussels. As well as extending the existing network, the STIB will receive the

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<sup>33</sup> The Brussels Retail Development Agency

resources it needs to improve signalling safety on its metro lines, and also to increase the service frequency on these lines. The Government has also decided on a new Bus Plan. This plan must not only create faster links, better connections and an improved service, it must also create links between districts that are too isolated. The vehicle fleet will be made more ecological.

The creation of 8,000 park and ride places (P&R) is also planned by 2020, at the gateways to the Regions. Moreover, on 21 April 2016, the Government of the Brussels-Capital Region approved the note on the multi-annual investment plan relating to the securing and renovation of the tunnels managed by the BCR. This plan covers a timeframe of 15 years and will require annual budgets of between €50 and 60 million.

The multi-annual plan for cycling lanes is the result of a process of reflection organised between cyclists and the administration, with the aim of designing a coherent and continuous network of separate cycling lanes. This plan takes account of the feasibility, comfort and potential of new planned cycling lanes, by linking existing infrastructure (ICR network) with the most interesting lacking infrastructure (RER VÉLO). As such, 80km of separate new cycling lanes will be achieved.

With regards to maintenance of the roads, the Brussels-Capital Region has made the Fix my Street application available to users since 2013, enabling them to report defects in the infrastructure to the administrator for roads, in order to speed up the implementation of the necessary interventions.

The Brussels Government is also currently developing a strategy designed to establish a network of charging points for electric vehicles.

Finally, so-called intelligent systems (ITS) and the implementation of a Smart City platform will help to ease structural congestion.

Like many European regions and cities, the Brussels-Capital Region is confronted by problems in organising the transport of goods. Although the transport of goods represents only a relatively small percentage of total traffic, it causes accessibility, viability and safety problems.

In order to optimise these flows of goods and make them more efficient, the Region has developed a plan that sets out a general policy strategy for the transport of goods in cooperation with the distribution and hospitality sectors; it has the following objectives:

- optimise flows of goods, for example by grouping delivery services together between businesses, ensuring compliance with delivery zones and adapting the vehicle type to the urban environment, particularly as part of the results of the LAMILO project (Interreg IVB North West Europe – ERDF);
- guarantee the creation of a multi-modal logistics zone, while avoiding heavy goods vehicles on intra-urban roads. The Port of Brussels will be confirmed in its role as logistics facilitator;

The regional administration in charge of mobility - Brussels Mobility - is also involved in the Citylab project, funded by the Horizon 2020 programme, which supports the development of the Brussels livinglab driven by Procter & Gamble and the VUB, which aims to optimise the transport of goods intended for small businesses, by using the available capacity in delivery or service vehicles which are already circulating in the streets of Brussels. This project will make it possible to test an innovative delivery solution in Brussels, which could be extended, if evaluated positively, to other suppliers or other types of flows.

## **4. Measures supporting the objectives of the Europe 2020 strategy**

### **4.1. Employment**

As previously indicated, the Brussels Government has laid down the revitalisation of the Brussels economy as a priority leading up to 2025. As such, employment is at the heart of the objectives of the Strategy 2025, as demonstrated by the launch of reforms to the "Target Group" policies for activating job seekers, and the Youth Guarantee Scheme. These measures fall squarely within the objective of increasing the employment rate, as part of the Europe 2020 strategy.

Various employment measures decided on by the Government have been implemented by Actiris, including the integration contract and the first work experience traineeship, the so-called reform of target groups, etc. (see point 3.2.1). These various employment measures will help to stimulate recruitment and/or job maintenance in Brussels. As previously indicated, even if it is not possible to establish a causal relationship (see point 2), an overall reduction in unemployment can be observed in the Brussels Region. As such, the unemployment rate (administrative) fell from 18.5% in 2014 to 17.8% in 2016.

However, although increasing the employment rate is a European priority, it should be noted that this issue is influenced by the demographic dynamic observed in Brussels in recent years. In effect, the employed population has grown in a more sustained manner than in the other two Regions, but at the same time the working-age population has increased even more, with the consequence that the employment rate has not increased. The employment rate alone is not a sufficient indicator to qualify the performance of a region as open and competitive as the BCR (half of jobs are filled by commuters) and whose demographic growth contrasts with the evolutions observed in the rest of the country.

### **4.2. Research, Development & Innovation (RDI)**

The Brussels-Capital Region has included allocating 3% of regional GDP to R&D among the 18 objectives which make up the Strategy 2025. Although the intensity of R&D is weak in the Brussels Region compared to the country as a whole and the European objective of 3% by 2020, it has nonetheless made a strong progression in recent years. It went from 1.35% in 2011 to 1.50% in 2013, thanks to the combined efforts of private and public actors. The difference observed in the relative importance of R&D expenditures in the business sector between the Brussels Region and the other two Belgian regions is mainly explained by the relative weakness of the industrial fabric of high and medium-high technology, in the sectors where the level of intensity of R&D is the highest, like for example the pharmaceutical industry or the electronics industry. The GERD analysis of funding sources reveals that the Brussels Region stands out from the rest of Belgium and the European Union by the fact that the public authorities constitute the main source of funding. In 2013, 44% of the total expenditure in R&D in the Brussels Region was funded by the public authorities (all levels of authority combined), 41% by businesses, and 12% by foreign funds. The Brussels-Capital Region essentially funds research and innovation projects conducted by businesses, research organisations and actors from the non-commercial sector established within its territory. Increased investment in RDI is one of the ambitions of the Strategy 2025.

For 2017, budgetary funds, which had already experienced considerable growth in recent years, increased by a further 6% compared with 2016. Funds associated with business support increased by 26%. The regional Government adopted a new Regional Innovation Plan in July 2016, to mark its support for research and innovation and endow these areas with a strategic vision that matches the Brussels context. This will be supported by a new legislative framework for RDI aid which will enable Innoviris, the Brussels Institute for the encouragement of scientific research and innovation, to adapt to all new

forms of innovation. This legislative framework (new Research Ordinances) is currently being approved in the Parliament of the Brussels-Capital Region.

However, a streamlining of the actors has been launched around three hubs, which are dedicated:

- to advise and support, through the merger of *Impulse.brussels* - the Brussels enterprise agency, *Brussels Invest and Export* and *Atrium* - the regional trade agency,
- to development, particularly in real estate;
- to funding with a strengthening of the collaboration between *Innoviris* and *finance.brussels* - the public funding hub of the BCR.

In addition to the measures already covered in point 3.3.1, the following initiatives were already initiated or reinstated in 2016, from a perspective of Open Innovation and of implementation of the Smart Specialisation:

- the launch or strengthening of various incubators - in particular *Greenbizz.brussels*, enterprise centres, and start-up support programmes in priority areas such as healthcare, eco-construction, renewable energy, eco-products and social innovation;
- the continuation of the Co-create programme with a call for projects in 2017, for which the theme is urban resilience;
- the launch of 2 new strategic platforms in 2016 on the themes of energy harvesting, storage and management, and artificial intelligence;
- support for 2 networking initiatives: the Brussels Health Network (a secure digital platform for sharing medical data) and the BE.VR community (virtual reality);
- the launch of an acceleration programme for innovative start-ups in the area of environmental conservation, as part of the Regional Programme for a Circular Economy (see 5.1), prepared in collaboration with all the Brussels innovation actors.

As part of the 2014-2020 programming period, the operational programme of the European Regional Development Fund (ERDF) attaches a great deal of importance to research and innovation and to the competitiveness of SMEs. A total of more than €36 million over seven years will be devoted to strengthening applied research skills and improving innovation within SMEs (20% of the total programme amount). Moreover, almost €315 million has already been injected into Brussels as part of the projects funded by Horizon 2020 since its launch, the European Union's framework programme for research and innovation.

### **4.3. Education**

Pooling all of the regional and community levers in order to improve the quality of education and respond to the demographic boom in Brussels is one of the priorities of the Brussels Government, which is realised by the Brussels Education Programme, included in the Strategy 2025.

This involves improved monitoring of supply and demand, language-learning, combating school dropout, the quality of infrastructure and equipment, particularly improving the technological and industrial equipment in schools by ensuring a consistent level of equipment in professional reference centres (future Training and Employment Hubs) and ATC (Advanced Technology Centres). The ultimate aim

is to sign a cooperation agreement with the two Communities in order to match educational policies to regional policies, with the aim of encouraging the social advancement of young people in Brussels.

The Programme is based around two strategic components for decision aids in the area of school infrastructure and operational initiatives intended to facilitate the creation and improve the quality and urban integration of schools. Moreover, it constitutes one of the tools in the fight against inequality in education, by targeting a balanced distribution, through its territorial dimension, of high-quality school infrastructure throughout the Region, as well as the opening into various districts, via the Schools Contracts (see previously).

#### **4.3.1. Ensure a high quality offering of school infrastructure and improve equipment**

Appointed in 2014 by the Brussels-Capital Region, the School Facilitator coordinates the procedures for the creation of new places in schools. Since 2015, the regional Government has supplemented the duties of this person by putting her in charge of monitoring the Brussels Education Programme. The *School Service* was created for this purpose.

The *School Service* is assisted by a "School" Expertise Committee, made up of representatives from regional and local administrations, representatives from federations of the organising authorities, and representatives from the infrastructure administrations of the Communities (FWB, Vlaams Gemeenschap, VGC).

At the strategic level, the School Service ensures the progression of the monitoring of the offering, and of demand for schools. The objective of this tool is to provide objective data relating to the need to create school places in Brussels.

It also develops tools intended to assist and advise school project managers in their choice for locating the project. The aim in particular is to map the potentially usable buildings/sites for school purposes, and to map the school equipment needs resulting from real estate developments within the Region.

At the operational level, two significant projects started in 2016. The first project aims to improve the school environment and open the school to its neighbourhood, by putting "school" contracts in place with the objectives of developing "schémas d'aménagement territorial" in the vicinity of schools which take into account the policies of mobility, green spaces, cleanliness, public lighting, prevention, sports infrastructures, etc., and allowing the possibility that school equipment can be used by other actors outof school hours (adult education, training, cultural activities, sporting activities, etc.).

The "School" contract will be developed in partnership with the communities, schools, municipalities, neighbourhood associations and the relevant regional administrations.

Specifically, in 2016-2017, the School Facilitator Service launched a pilot experiment in three French-speaking schools and one Dutch-speaking school.

The second project is intended to improve the quality of school buildings in the Brussels-Capital Region. In effect, besides the quantitative need for school places, the quality of school infrastructure is also an important element. A study was launched into the quality of school buildings with the aim of studying, based on a sample of schools, recurrent problems in terms of infrastructure quality and urban integration. Particular attention will be given to issues related to regional powers (Regional Planning Regulations - standards for fire prevention, efficient energy use, asbestos management, acoustic comfort, accessibility to schools, etc.). Based on these findings, the study will propose avenues for reflection

and actions which will allow a more effective use of the existing space in schools, with the aim of improving the quality of school infrastructure and their integration in the City.

Moreover, the School Facilitator service will continue the individualised support provided to school project managers and publish a practical guide combining all the useful information, in a single format, to realise a school investment (administrative procedures, regulations, advice for developing a high quality project, etc.).

### **4.3.2. School Attendance Scheme**

The "Dispositif d'accrochage scolaire " (DAS) of the *Brussels-Capital Region* provides schools with the resources to combat failure, absenteeism, violence and anti-social behaviour.

The DAS finances projects for any school network, and aims not only to prevent young people of leaving the school grounds outside of lesson times, but also to raise awareness among these students of the importance of education, respect for others, etc.

The budget of the DAS is €1,873,883 for 2016-2017. This will make it possible to finance 405 projects in the schools.

In order to have a regional vision of school drop-out –whose definition currently differs between the two communities, and to establish a common approach accompanied by jointly-determined objectives which make it possible to target in a consistent and coordinated manner the support which should be provided to the populations dropping out of school, the *Brussels Education Programme* provides for the development of a *Strategy to combat school drop-out in the Brussels-Capital Region*.

The School Service is charged by the Brussels Government of developing the strategy to combat school drop-out. A study has been launched to this end. A synthesis report will be published in September 2017.

Given the challenges, school drop-out is also part of the working projects of the Youth Guarantee Scheme for people aged between 15 and 24. As such, various initiatives are currently undertaken with the support of the European Social Fund, with the aim of preventing and/or remedying school drop-out, by implementing local partnerships which foster a triangular approach (school-action youth-family).

### **4.3.3. Implementation of training for future bilingual teachers in the Brussels Region**

From September 2017 onwards, the Brussels Region and the City of Brussels will launch a training course for bilingual teachers. The project is run by the Flemish Community Commission (VGC), which is in charge of Dutch speaking education, and the councillor's office in charge of public education at the City of Brussels. The teachers who will receive diplomas from this training, issued by the two higher education institutions Erasmus Brussels and Francisco Ferrer, will be able to teach in primary education in both Dutch and French.

By giving attention to language, diversity, and the context of major cities, the trained teachers will be more aware of the needs of their future students, and will consider Brussels as their natural habitat. The students in French-speaking and Dutch-speaking education will benefit from these specialised teachers, adapted to the Brussels' context.

The project might also help to mitigate the lack of Dutch speaking teachers in French speaking schools.

The directors of the two partner schools have listed 7 challenges which should be taken into account within the implementation of the project, spread over three years: This school year (2016-2017) is dedicated to the design of the project, the first students will start their courses in September 2017, and the following year (2018-2019) will focus on "strengthening and stabilisation". Some research about project relevance will be undertaken in collaboration with the ULB and the VUB.

The cycle of a training candidate will last three years and several additional weeks or months for the immersion phase in the other community.

#### **4.4. Climate – Environment – Energy**

In the context of the cooperation agreement on the sharing of Belgian objectives in the area of climate and energy for 2020 between the Federal State and the three Regions, the Brussels-Capital Region has committed itself to reduce by 2020 its emissions of greenhouse gases by 8.8% (according to levels of 2005), to achieve renewable energy consumption of 0.073Mtoe in 2020 (849 GWh) - namely, doubling the current consumption - and to contribute to the Belgian objective in terms of energy efficiency<sup>34</sup>.

To this end, the Integrated Air-Climate-Energy Plan (PACE), adopted on 2 June 2016, specifies the regional ambitions and the foreseen actions over 5 years related to energy, climate and air quality. It contains 10 areas of focus targeting, among other things, the sectors with the highest emissions, such as building and transport, consumption patterns, adaptation to climate change, the fight against energy insecurity and the development of renewable energy sources.

In addition to the PACE and in the context of its implementation, the allocation of revenues from the auction sale of ETS quotas was tackled by a decision in June 2016 and enabled the Region to develop and launch several major projects targeting the various actors of the energy transition, namely the public authorities, households and businesses:

the promotion of photovoltaic power is right at the heart of the regional climate strategy and by 2020 will benefit from a budget of €75 million intended for public authorities, private individuals and businesses.

For example, the *SolarClick* and *NRClick* programmes, which provide energy accounting services, were launched in February 2017 to foster the huge potential of renewable energy production and energy savings within public buildings, such as administrative buildings, sports infrastructure, schools, etc.

The intention is to support public actors - municipal and regional - technically and financially, to produce more renewable energy and reduce their greenhouse gas emissions. The budget for this measure amounts up to €27 million over 4 years. An additional budget of €10 million will make it possible to equip public housing and social housing agencies. Moreover, specific loans and customised solutions will be proposed to private individuals and SMEs who will have the opportunity to benefit from energy coaching

*La Maison de l'énergie* (Energy House) which merged with the *Urban center* under the same banner, *homegrade.Brussels*, in February 2017, which offers an integrated support service for private individuals wishing to improve their housing, and also proposes minor interventions resulting in rapid reductions in energy consumption.

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<sup>34</sup> This objective was not subject to a division between entities.

Furthermore, the development strategy for alternative fuel infrastructure has also been adopted. It foresees, among other things, for minimum commitments regarding the number of charging points accessible to the public for standard and high-voltage electric vehicles, and for electricity supply points in the Port of Brussels.

#### **4.4.1. Development of the circular economy**

Since 2015 and as part of the 2025 Strategy, the Region has been developing a strategic vision of the environment as a resource that can create local employment by transforming our linear economy into a circular economy.

The objectives of the circular economy are fundamental and go beyond the accounting of tonnes, hectares and cubic metres:

- Environment: the looping of flows to reduce the wasting of resources and the digital footprint;
- Economy: transforming environmental objectives into economic opportunities, particularly through new business models in order to stand out and mitigate the increase of raw materials prices;
- Social: relocation to promote the creation of semi-skilled local jobs.

##### *a. The Regional Programme for a Circular Economy*

The Regional Programme for a Circular Economy (RPCE), adopted on 10 March 2016, aims to expand environmental policies into this cyclical approach. This involves working within an integrated, horizontal policy, linked to the different administrations responsible for competencies such as environment, economy, innovation, training and professional integration, etc., and with public and private local stakeholders. The RPCE includes 111 measures broken down into 4 parts: strategic, horizontal, sectoral, territorial.

For example, an initial call for projects 'Be Circular 2016' enabled 41 business, start-ups and SMEs to be supported in their circular economy projects. A second call for projects was launched in spring 2017.

##### *b. Public cleanliness and waste recycling in a circular economy*

As in many European metropolis, the management of household and similar waste in Brussels is confronted to specific challenges which adds more burdensome and are expensive, this is related to the urban context (high density of inhabitants, shops and offices, significant tourist and student presence, the pressure of other functions of the city such as public facilities, etc.), and requires appropriate solutions to be developed. The main vectors for improving waste management in the Brussels-Capital Region are to be found in the short and longer term in:

1. a generalisation of the collections of organic waste,
2. a reinforcement of policies for reuse,
3. an increase in the provision of Recyparks (formerly container parks),
4. waste management oriented towards the circular economy.

The Bruxelles-Propreté agency is the public operator for the collection and treatment of household waste in the Brussels-Capital Region. Two long-term trends emerge in the analysis of data collected by Bruxelles-Propreté relating to the collection of residual household waste and separate collections of

paper and cardboard, recyclable packaging or "PMD", etc., garden waste, glass, organic waste and waste collected within the Recyparks. Firstly, a reduction of 21% of non-sorted waste between 1991 and 2015 and secondly, an increase of 723% over the same period of sorted waste and waste prepared with the aim of reuse and recycling. The quantities collected selectively and/or collected with the aim of reuse and recycling have progressed at the same pace as new facilities (collection and treatment) for reuse and recycling developed by Bruxelles-Propreté, the growing involvement of inhabitants in the policies of sorting and support measures such as the obligation to sort paper/cardboard, PMD, glass and garden waste. The trend is even more pronounced if only household waste is taken into account, which is considered as the calculation basis for the fulfilment of European obligations in the area of reuse and recycling. The rate of reuse and recycling was 39.8% in 2014. Moreover, the Bruxelles-Propreté agency recovers almost 100% of the waste which it collects, via energy production, transfer to recycling and reuse facilities, and even composting.

## **4.5. Social cohesion and poverty reduction**

As indicated in the introduction, following the attacks of 22 March 2016, the Government decided to set aside an additional €3 million to support local cultural initiatives which promote the 'vivre ensemble' (living together) initiative and its implementation by operators of the COCOF and the VGC, as well as launching a call for innovative projects intended to foster inter-cultural dialogue, strengthen diversity and social cohesion. These actions are in addition to the existing policies for social cohesion within the Brussels territory.

### **4.5.1. Poverty reduction**

In the Brussels Region, "the risk-of-poverty or social exclusion rate" is around 38%. Approximately one third of Brussels inhabitants (30%) live on an income which is lower than the risk-of-poverty threshold. The risk-of-poverty rate is particularly high among persons living in a jobless household, or a household with a low work intensity. In Brussels, one active person in five (19%) and more than one active person younger than 25 in four (29%) is an unemployed job seeker. One quarter of children in Brussels younger than 18 (24%) grow up in a household without working income. Among young people aged between 18 and 24, roughly one young man in six and one young woman in seven left school early without having obtained an upper-secondary education diploma. Whatever their age, persons without secondary education diplomas have significant difficulty in joining the job market: 29% of active persons in Brussels with one secondary education diploma at the most are unemployed.

These figures and this reality attest to the fact that in terms of reducing poverty, in addition to the future organisation of the granting of family allowance by IrisCare, a new public interest body, created by COCOM following the 6<sup>th</sup> State Reform, the policies pursued in the area of education, training and activation on the job market explained in the other sections of this document are of paramount importance. As such, it is advisable to state that eligibility for the various employment plans will be expanded to all job seekers, including persons excluded from unemployment/integration allowances.

The *Brussels* Programme of Actions to Reduce Poverty will be published at the end of March 2017, and will present a range of measures including the development of 10 territorial hubs, the reception programme for newcomers, the creation of two reception centres offering social services and healthcare for marginalised populations (homeless people, migrants, Roma, etc.) for whom additional resources will be specifically allocated each year. It will be accompanied by a thematic report on the non-use of rights among the most deprived populations. Furthermore, the United College of COCOM is preparing a draft ordinance for the urgent assistance and integration of homeless people, which in addition to the allocation of a central coordinator as part of the winter programme, anticipates the creation of two separate agencies responsible for the reception, urgent social care and guidance of homeless people.

## **4.5.2. Access to housing and the fight against homelessness**

The high cost of housing weighs heavily on the budget of households in Brussels. Between 2004 and 2015, average rent, corrected for inflation, rose by 22%. Assuming that the maximum accessible rent for a household cannot exceed 25% of its budget, 60% of the population in Brussels only had access to 9% of the rental stock in 2015.

The accessibility of housing for low-income persons has consequently deteriorated significantly, in a Region where the vast majority of houses are occupied. The Government is consequently working on innovative solutions, while continuing to focus on the increase of housing under public management and with a social purpose; the renovation of existing housing; the reform of support for the rental market and the buyers' market, as well as the support of the most vulnerable populations.

In the context of creating new housing, emphasis will be placed on the fight against vacant property by strengthening the municipal monitoring centres focused on this issue, the launch of a call for projects to the Social Housing Agencies in order to convert the empty floors above shops, and the launch of calls for projects intended for Public Service Housing Agencies and municipalities, to acquire empty buildings and office buildings.

Moreover, collaborations with the private sector for the creation of public housing will be intensified. As such, the PPP launched by the Brussels Region Housing Company to create 500 standard houses will be finalised. The Housing Fund has launched a call for interest to the private sector for the acquisition of 300 houses.

Furthermore, the Social Housing Agency system will be strengthened by establishing areas where rent is raised 10% above the prevailing rent matrix, for owners who entrust their property to a Social Housing Agency.

In February 2017, the Government adopted the reform of rental contracts, governing new forms of habitation more adequately than was previously the case (flatshare, student lease and the inter-generational habitat) and making it possible to combat discrimination in housing, in particular by introducing a sliding rent, enabling an association to rent a property and rent it out in turn to socially and/or financially vulnerable persons without a home, or with inadequate housing.

Moreover, the allowance-rent pilot scheme will be subject to an evaluation in order to be reformed, and to continue the implementation of an overall, coherent and generalised allowance-rent.

The United College of COCOM is preparing a draft ordinance for the urgent assistance and integration of homeless people, which in addition to the allocation of a central coordinator as part of the winter programme, anticipates the creation of two separate agencies responsible for the reception, urgent social care and guidance of homeless people.

## **4.5.3. The reception programme for newcomers**

In the *Brussels-Capital Region*, the United College of COCOM adopted a draft ordinance in December 2016 concerning the Brussels reception programme for newcomers, establishing the mandatory nature of this programme. This obligation will be implemented in particular via a draft cooperation agreement which is currently being discussed between COCOM, COCOF (which has approved 2 category IV reception centres for newcomers) and the Flemish Community (which has implemented a reception programme via their "integratie en inburgering" agency).

## 5. Cross-cutting elements contributing towards the EU 2020 objectives

### 5.1. Industrial and entrepreneurial policy

The Brussels-Capital Region's 2025 Strategy, as mentioned previously, aims to translate the socio-economic priorities across the legislative period but also to develop a forward vision of the policy to stimulate the Brussels economy over a ten-year period.

In this context, responding to the specific challenges of its economy, the Brussels-Capital Region established a SME plan in June 2016, the *Small Business Act*, which brings together in one document the main strands of the regional economic policy with regards to Brussels SMEs.

It represents a unifying tool which anticipates 77 specific measures grouped around 5 clearly identified development strands:

- Create an environment which is favourable to entrepreneurship
- Improve access to finance
- Build on the diversity of entrepreneurs, a source of wealth in Brussels
- Create an entrepreneurial administration: "pro-SME" simplification, permits and public contracts
- Support businesses through changes and opportunities.

#### 5.1.1. Raising awareness of the entrepreneurial spirit among young people

One of the objectives of the *Small Business Act* is rightly devoted to promoting the entrepreneurial spirit. It anticipates in particular the implementation of the regional strategy to raise awareness of the entrepreneurial spirit among young people, which was adopted at the start of 2016, in connection with the Youth Guarantee Scheme.

This is based around 3 pillars of action; it is driven by a network bringing together the partners involved in entrepreneurship in Brussels. The network has the role of a regional think-tank, encouraging alignment with regards to the regional objectives and promoting dialogue, exchange, and the creation of collaborative projects.

The challenge is to ensure that all the actors involved discuss, exchange and transfer best practice, and gradually align themselves with the joint objectives, which are defined in the regional strategy. Each pillar has a specific target group, and is made up of different actions.

The strategy adopted since 2016 has had the following objectives:

spread and popularise entrepreneurial culture among young people in Brussels (pillar 1): upstream actions aiming to raise large-scale awareness among young people and their networks.

encourage and support the acquisition of entrepreneurial knowledge and skills (pillar 2): programmes enabling young people to experience entrepreneurship.

encourage a transition to concrete action, allowing the desire to be an entrepreneur to materialise in the short term (pillar 3).

Some actions will concentrate on the programmes of vocational and professional training, universities, as well as on teachers, supervisors and employment advisors. The latter will make it possible to ensure the sustainability and continuity of the efforts undertaken. As many links as possible will be made to existing initiatives, which will make it possible to combine the resources of various sources and policies, in particular those linked to employment and training.

### **5.1.2. Measures to prevent bankruptcy and encourage the 'rebound'**

Although bankruptcy proceedings fall under the powers of the Federal State, the measures to prevent bankruptcy and encourage the 'rebound' are part of the leverage actions to help SMEs.

Over the last decade, the Region has supported the 'Centre d'entreprises en difficulté' (Centre for Businesses in Difficulty) which helps the entrepreneurs who call on their services. It is considered as a good practice at the European level and has largely inspired its regional counterparts.

The Small Business Act anticipates various measures designed to:

- perpetuate the Centre for Businesses in Difficulty;
- implement a package for businesses in difficulty;
- develop tools to identify businesses in difficulty.

However, it is possible that these entrepreneurs realise the scale of their difficulties too late, and the only foreseeable solution is to cease activities. One of the objectives of the SBA is to encourage entrepreneurs to 'bounce back', and it anticipates support for pilot projects for re-start loans which make it possible to release alternative resources to bank loans, with the aim of supporting businesses which are in difficulty, but which have strong strategic or commercial potential. It may be extended to bankrupt entrepreneurs who would like to start a new activity, and could be systematically linked to support measures.

Actions to raise awareness of the importance of the entrepreneurial 'rebound' will also be implemented.

### **5.1.3. ITC Entrepreneurship**

The Brussels-Capital Region, well aware of the challenges associated with the digitisation of businesses, supports SMEs in Brussels to consider and take advantage of the current changes as opportunities. The SBA encourages the evolution of businesses to digitisation. In addition, the Region has launched the NextTech.brussels plan<sup>35</sup> to stimulate ITC Entrepreneurship, whose aim is to make Brussels a vast accelerator of start-ups and to have a network of attractive ecosystems which concentrate all the ingredients to meet the needs of Brussels start-ups, investors and foreign talent (entrepreneurial culture, talent, technological mastery, funding, etc.). In this context, particular attention will be given to broader collaboration between public and private actors in the digital economy, with a view to high-quality support for every entrepreneur. Raising awareness and training certain specific populations, in particular young people and women, with regards to the professions of the ITC sector, especially those with a shortage.

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<sup>35</sup> <https://nexttech.brussels/>

A digital strategy to encourage the participation of businesses in the digital economy and fulfil the new expectations of consumers has also been adopted. It aims to enable sellers to initiate the necessary changes to evolve with customers who are now connected to the internet. This will involve putting in place an intelligent digital platform to better serve decision makers, local businesses and the Brussels consumer. This platform will include two technological interfaces intended for businesses on the one hand, to enable them to assimilate the technologies which are essential for their presence and digital activity, and on the other hand, intended for consumers to promote local business via high quality information and reliable data.

The **Myshop.brussels** platform consequently has the ambition of enabling Brussels businesses to have a no-hassle web presence within a simplified and uniform environment. This implies coordination between the public and private sector, to be able to provide a complete basic digital solution which is free, whereby the business can find all the features necessary for managing its e-commerce activities within a single platform, but relies on various technological solutions in the background and therefore different public or private companies.

As such, by 2018, Brussels businesses will gradually have a complete tool via this platform which will help to improve their visibility and provide a range of services, particularly in the area of e-commerce. The aim is to familiarise businesses with digital ecosystems which provide solutions. Businesses who have had access to this platform can then start normal commercial relations with the start-ups who develop these applications.

#### **5.1.4. Access to funding for SMEs**

The *Small Business Act* includes a range of measures with regards to access to funding. Several of these measures were already in the process of implementation in 2016. For Example:

- resources for the audio-visual sector have been mobilised via the *screen.brussels* cluster since May.
- An increase in the capital of the BRUSTART subsidiary of *finance.brussels* was approved in December 2016 in order to put in place a fund for pre-seed funding.
- Funds are set aside in the 2017 budget for the circular economy.
- The assessment of the public funding mechanisms to meet the needs of SMEs began in the second quarter of 2016. The recommendations will make it possible to evolve towards a balance and achieve complementarity between the various types of funding, as well as a strengthening of the public offering with, moreover, the implementation of regional levers which are necessary to stimulate access for businesses to private funding. The aim is to better meet the primary needs of Brussels SMEs.
- Measure 1, which anticipates seed funding via thematic calls for projects, was implemented in 2016. For example, 41 projects or businesses have received funding to the tune of €1.7m for the circular economy, and 14 social enterprise projects have received €503,000.

Access to venture capital for Brussels businesses will be strengthened by creating favourable conditions for this access, in particular through the following actions which have been prepared for implementation in 2017:

- the creation of a regional co-investment fund (BEI meeting planned 13/01/17);
- Euroquity platform: facilitate SMEs' access to investors;
- activation of Venture Capitalists in the service of Brussels SMEs via a liaison officer, who could be responsible for informing SMEs with regards to these actors and approach them;

Private, non-banking funding mechanisms (*crowdfunding*, mobilising citizens' savings, etc.) will be encouraged by the following actions:

- the perpetuation and strengthening of trust in crowdfunding;
- the promotion of direct financial instruments within social entrepreneurship.

### **5.1.5. Internationalisation**

The Brussels government supports Brussels businesses so they can reinforce their exports to emerging markets, thanks to the strategy of Brussels Invest & Export, the regional department in charge of promoting foreign trade and attracting foreign investors. A network of 95 economic and trade attachés make it possible to identify business opportunities and potential customers for Brussels SMEs, the dissemination of information regarding the regulatory frameworks of foreign markets, and the organisation of B2B meetings.

The initiatives targeting emerging markets have developed significantly over the last 5 years, and new offices have opened in Chennai in India, Rio de Janeiro in Brazil, and Beijing and Shenzhen in China. These efforts contribute to the positive evolution of Brussels exports, which increased by 14% between 2012 and 2015 with certain growth rates higher than 100% in some emerging Asian and African markets.

Moreover, BIE offers a tailored coaching programme for SMEs wishing to commence international activities. A training programme accompanied by an internship for job seekers is also provided, in order to guide them towards the profession of export officer. It has led to 75% of interns being hired at the end of the cycle.

## **5.2. Structural and Investment Funds**

The ERDF and ESF structural and investment funds active in the Brussels Region act as an important lever for establishing an effective link between the Europe 2020 Strategy, the National Reform Programme, and the policies linked to the demographic, environmental and socio-economic issues faced by the Region.

The funds complement the Region's public policies to give structural, sustainable, inclusive and innovative strength to the Brussels economy and support social integration by organising training, professional reintegration, active inclusion and even the promotion of equal opportunities.

With a total budget of nearly €190 million, including ERDF funding of almost €95 million, the Brussels-Capital Region has chosen to structure its ERDF Operational Programme around four priority areas, in which the 46 dossiers selected at the end of the call for projects fall:

1. Strengthening research and improving the transfer and promotion of innovation - 10 projects
2. Strengthening entrepreneurship and improving the development of SMEs in promising industries - 12 projects
3. Supporting the development of a circular economy through the rational use of resources in promising industries - 12 projects
4. Improving the quality of life in the neighbourhoods and for vulnerable populations - 12 projects.

Keen to combine the benefits of these projects with its regional revitalisation policies, the Region has also provided that property investments made through the ERDF Programme will be used in renovation or demarcated development areas.

The programming has entered its operational phase, and 64.1% of the resources (total cost) have already been the subject of a decision.

Finally, it should be noted that the ERDF OP was adapted in order to support regional efforts to reduce poverty and social exclusion, via two reception centres operated by the NGO *Médecins du monde*.

The ESF operational programme "Employment" 2014-2020, managed by Actiris, is intended to increase employment rates and social inclusion rates within the Brussels territory. Its total budget is €98 million, €52 million of which is from the EU budget, including €6 million from the Youth Employment initiative.

Among other things, this programme will attempt to foster access to employment for all, combat discrimination and allow better integration of the most vulnerable groups, targeting young people in particular. The strategy and investment priorities chosen are in line with the Region's significant socio-economic challenges. These investments cover three main areas:

1. The sustainable intervention of young people in the job market,
2. Access to employment for all,
3. The active inclusion of the most vulnerable groups.

95.1% of the resources (total cost) have been the subject of a decision, and 18.3% has been spent.

The Brussels aspect (Cocof) of the ESF "Wallonia-Brussels 2020.eu" operational programme has an ESF envelope of €152 million for the period, of which €6.88 million is for the YEI.

The programme is based on a four-part strategy based on an assessment of the weaknesses of the Walloon and Brussels economies (low entrepreneurial culture, low level of qualifications of the working population and social exclusion). The four priorities of the ESF OP meet coherent objectives that complement ERDF operations and the Brussels political strategies. These four parts are:

1. support for business creators,
2. the development of life-long training,
3. social inclusion,
4. the sustainable intervention of young people in the job market. The OP strategy is based on the dynamic of innovative professional training and is targeted primarily at job seekers, particularly those with few qualifications, and young people.

It should be noted that in 2016, the European Commission carried out a re-examination of the total amounts allocated, as part of the "Investment for growth and employment" objective, to every Member State for the period 2017-2020, and found that there was an increase of €10,960,907 in current prices for the most developed regions.

- With regards to the Brussels-Capital Region, this breakdown makes it possible to increase:
- the ERDF operational programme by €1,105,549.28,
- the ESF Employment Programme by €538,297.23,
- the ESF Wallonia-Brussels programme by €2,400,496.85.

## Glossary

- ACE : Accompagnement à l'autocréation d'emploi (Support for the self-creation of jobs)
- Actiris : Public Service for Employment in the Brussels-Capital Region
- Activa : Employment aid mechanism intended to encourage the recruitment of long-term inactive people in Brussels
- AIS : Agence Immobilière Sociale (Social Housing Agency)
- AMIF : (European) Asylum, Migration and Integration Fund
- BAPA : Bureau d'accueil pour les primo-arrivants (Reception agency for newcomers)
- BFP (FPB) : Bureau fédéral du Plan (Federal Planning Bureau)
- BIE : Brussels Invest & Export
- BON : Brussels reception agency for civic integration
- CECAF – Certificat des Compétences Acquisées en Formation (Certificate of Skills Acquired in Training)
- CIRE : Coordination et Initiatives pour Réfugiés et Étrangers (Coordination and Initiatives for Refugees and Foreigners)
- COCOF – French Community Commission
- COCOM – Common Community Commission
- CPAS : Public Social Welfare Centre
- CTA (ATC) – Centre de Technologies Avancées (Advanced Technology Centres)
- COBAT : Code bruxellois d'aménagement du territoire (Brussels regional planning code)
- DAS : Dispositif d'accrochage scolaire (School Attendance Scheme)
- DEI – Demandeur d'emploi inoccupé (Unemployed job seeker)
- DIRD (GERD) : Dépense intérieure de recherche et développement (Gross Expenditure on R&D)
- ETS (quotas)– European Trading System of *quotas* for greenhouse gas emissions
- ERDF : European Regional Development Fund
- FSE (ESF) – Fonds Social Européen (European Social Fund)
- FWB : Fédération Wallonie-Bruxelles (Wallonia-Brussels Federation)
- Horeca : sector of activity for Hotels, Restaurants and Cafes

- IBSA (BISA) : Institut Bruxellois de Statistique et d'Analyse (Brussels Institute for Statistics and Analysis)
- ICN (NAI) – Institut des Comptes Nationaux (National Accounts Institute)
- ICT (ICT professions) – Professions in Information, Communications and Telecommunications
- IEJ (YEI) – Initiative pour l'emploi des jeunes (Youth Employment Initiative)
- Innoviris : Institute for the encouragement of research and innovation
- ITS : Intelligent Transport Systems
- IWEPS : Institut Wallon de l'Évaluation, de la Prospective et de la Statistique (Walloon Institute for Evaluation, Prospects and Statistics)
- NCP : National Contact Point
- NEETs : Not in Education, Employment or Training
- OIP (PIO) – Organisme d'Intérêt public (Public Interest Organisation)
- PACE – Plan Intégré Air-Climat-Energie (Integrated Air-Climate-Energy Plan)
- PIB (GDP) – Produit Intérieur Brut (Gross Domestic Product)
- PMD (waste) : plastic bottles, metallic packaging and drinks cartons
- PO (OP) : Programme opérationnel (Operational Programme)
- PPP – Public-private partnership
- PREC (RPCE) : Programme régional en Economie Circulaire (Regional Programme for a Circular Economy)
- PRI (RIP) – Plan Régional d'Innovation (Regional Innovation Plan)
- PRU (URP) – Projet de Rénovation Urbaine (Urban Renewal Project)
- PTP – Programme de Transition Professionnelle (Professional Transition Programme)
- RAF : Reconnaissance des compétences acquises en formation (Recognition of skills acquired in training)
- RBC (BCR) : Région de Bruxelles-Capitale (Brussels-Capital Region)
- R&D – Research & Development
- RDI : Research, Development & Innovation
- SEC (ESA) – Système Européen de Comptabilité (European System of Accounts)
- SELOR : official body depending on the FPS Personnel and organisation. Selor handles staffing for the State, its recruitment, language exams

- SFPME : Service Formation Petites & Moyennes Entreprises (Training service for Small & Medium-sized Enterprises)
- SINE : "Social Integration Economy" measure fostering the re-integration of unemployed people who are very difficult to integrate into the job market
- SBA : Small Business Act
- SPE : Service Public de l'Emploi (Public Service for Employment)
- STIB : Société des Transports Intercommunaux de Bruxelles (Brussels Inter-municipal Transport Company)
- SVR : Studiedienst van de Vlaamse Regering (Research department of the Flemish government)
- TIC (ITC) : Information and Communication Technology
- TPE (VSE) : Très petite entreprise (Very Small Enterprise)
- VGC : Vlaams Gemeenschap commissie (Flemish Community Commission)

## Annex 4: Reform programme of the French Community

### Introduction

The strategic orientations of the Government of the French Community for the period 2014-2019 are detailed in the Community Policy Declaration (CPD). Priorities for this period include:

- adopting a Pact for Excellence in Education (see point 1.1);
- improving vocational education;
- reinforcing orientation and evaluation tools to reduce the failure rate in higher education, and increasing the number of graduates;
- investing in basic research;
- investing in school buildings and increasing the number of places;
- developing cultural and artistic education.

These priorities will also be supported through the 2014-2020 programmes of the Structural and Investment Funds, which were approved by the Commission in December 2014.

As stipulated by the Cohesion Policy's regulatory framework, the Structural and Investment Funds for the period 2014-2020 will prioritise support for policies developed in response to the country-specific recommendations, and will contribute to the objectives of the Europe 2020 Strategy.

In this context, the following actions can be highlighted for the year 2016:

- in January 2016, the Government of the French Community adopted two action plans. The subject of the first of these was 'Taking your place in society: training in basic skills, digital technology and citizenship issues – Brussels', and was part of Measure 3.1. of the ESF Operational Programme (OP); its objectives are: 'To support and train people at risk of exclusion to ensure they are able to access integration and training schemes in Wallonia and Brussels'. The second plan, entitled 'Investing in cultural occupations: training in cultural occupations in Brussels', was part of Measure 3.2, the objective of which is 'To give job-seekers and vulnerable people preliminary training with a view to training with high added value or employment'. The ESF budget reserved for calls for projects under this plan is €450,000;
- in March, the Government adopted the action plan entitled 'Equality of women and men and of girls and boys in the education system', which falls under Priority 3: 'Inclusive society and employment - Specific objective 3.4: Combating discrimination through actions to promote equal opportunities';
- in June, a third general call for projects for the ESF operational programme 'Wallonia-Brussels 2020.EU' was closed with the adoption by the Government of the French Community of ESF projects under Measure 2.2 'Promoting an effective system of training and education' in the transition zone and Measure 3.1 'Supporting and training people at risk of exclusion to ensure they are able to access integration and training schemes in Wallonia and Brussels' in the more developed zone;

- in October, in collaboration with the Walloon Government, the French Community validated the launch of the call for transnational cooperation projects in relation to the operational programme ‘Wallonia-Brussels 2020.EU’; this call for projects should be closed shortly;
- at the end of September, the Government of the French Community jointly adopted the second call for projects for the francophone component of the European Asylum, Migration and Integration Fund (AMIF) programme, together with the Walloon Government and the Board of the French Community Commission (COCOF).

## 1. Response to country-specific recommendations

**Move forward with education and vocational training reforms and provide training support, especially / including for people from a migrant background**

1. In January 2015, the Government of the French Community initiated work under the ‘Pact for Educational Excellence’ with all players in the schools sector. On the basis of a precise diagnosis of education in the FWB, a coherent set of measures and initiatives aimed at reinforcing the quality (effectiveness, equity and efficiency) of the school system was developed and subjected to an impact analysis. These measures and initiatives were then prioritised and phased (including budgetary aspects) [see Opinion No. 3 of the Central Group [www.pactedexcellence.be/documents/](http://www.pactedexcellence.be/documents/)].

This systemic educational reform consists of five strategic focuses:

- teaching the knowledge and skills of 21st century society and encouraging the enjoyment of learning, through reinforced pre-primary education, a multi-technical and multi-disciplinary core curriculum and a revised and re-specified learning framework;
- mobilising the players involved in education within a framework of increased autonomy and accountability by strengthening and contractualising the management of the education system and of schools (see point 2.2), by increasing the head teacher’s leadership and by affirming the role of teachers in the collective functioning of the school;
- making the vocational path an area of excellence which develops each student’s potential and leads to successful integration into society and the working world, while reinforcing its management and simplifying its organisation;
- in order to improve the role of education as a source of social emancipation while aiming for excellence for all, promoting diversity and inclusive schooling throughout the education system, while developing strategies to combat school failure, dropping out and grade repetition;
- ensuring that every child has a place in a quality school, and encouraging changes in the way schools are organised in order to make them more accessible, more open to their environment and better adapted to the conditions for children’s well-being.

Opinion 3, which was drafted jointly by the different players in the school system, also sets out a phased plan for the various initiatives with a view to their progressive implementation, in the form of a **roadmap for the next 15 years**, which distinguishes for each measure the preparatory years, those during which the initiative is rolled out, and those during which it is fully operational.

The implementation of the Pact will require budgetary investments in its launch phase and then throughout the process. These investments will make it possible gradually to release budgets which

will be reallocated in the education system; the budget will be balanced by 2030, as indicated by the table on pages 341 to 343 of Opinion 3.

Investments in basic education, and pre-primary education in particular, will enable the French Community to close the substantial gap that exists relative to the OECD average. They will be offset by a reduction in spending on secondary education. This reorientation within the overall spending framework will also enable the Community to move closer to the OECD average for secondary education budgets, the proportion of the Community's spending on which is higher than in other countries.

On the proposal of the Minister of Education, the Government approved Opinion 3 on the Pact for Educational Excellence on 22 March 2017. Opinion 3 was also presented to Parliament.

The Government will draw up a multiannual budget framework by the end of April 2017. It has also been decided to implement the first measures of the Pact for Excellence in Education starting in September 2017. These measures involve:

- reinforcing staff in pre-primary education;
- establishing a new framework for the management of institutions;
- administrative assistance in basic (pre-primary and primary) and specialised secondary education.

In February 2017, the Government decided to set up an operational change unit to oversee the long-term implementation of the Pact (Government decision of 25 January 2017). Its role is to support the project teams of the Education Administration.

2. The implementation of the Pact for Excellence in Education is linked to a reform of initial teacher training. This reform, which was the subject of a preliminary draft decree in March 2017, is under discussion with a view especially to strengthening competencies, and in particular the mastery of the language, of subject content and of the link between theory and practice. There is a desire on the part of the Government to extend this training and raise its standards, and for it to integrate the various forms of higher education. There are also plans to reinforce the training of those who train teachers.
3. On 8 March 2017, the Government of the French Community approved, on its first reading, a draft decree amending the decree of 30 April 2009 organising differentiated educational support within schools. In 2009, considerations of fairness accounted for the differentiated allocation of resources to schools according to the percentage of students from disadvantaged districts and subject to their definition of a pedagogical project adapted to their school context. The draft decree provides for a new method of calculation representing an improvement on the current method, which is based not on the characteristics of the students but on those of their district of origin and on statistical data dating back to 2001. From now on, per capita income, educational level and unemployment rate will be among the factors taken into account. In addition, the ranking of schools will be carried out every year, but the allocation of additional resources will be based on the last six rankings. This system will make it possible to strike a balance between schools' needs for educational and budgetary stability and the need to reflect socio-demographic changes in the local area as accurately as possible, i.e. to act as closely as possible to the students.

4. The integration needs of newly arrived students, and of migrants more generally, are also taken into account, in particular through arrangements for schooling and for official recognition of qualifications and skills validation (see point 2.3).
5. The role of social advancement education (SAE) as an operator of dual education is being accentuated. To encourage as many adults as possible to gain qualifications and to bring social advancement education more into line with realities and needs on the ground, a decree amending various measures in social advancement education was adopted on 9 February 2017.

These changes are intended to enhance the pedagogical practices put in place to enable every adult or young adult to get trained, achieve success and show resilience throughout life. They also aim to make this type of education more accessible by opening the doors of schools to as many people as possible, particularly the most vulnerable and furthest from the job market.

The decree of 9 February 2017 provides among other things for the implementation of dual education at secondary level within this type of education. More specifically, it provides for:

- the development of dual education in secondary social advancement education, in harmony with the guidelines of the Pact for Excellence in Education and in conjunction with regional vocational training operators.
  - In practical terms, this means that SAE professionals will be able to contribute their expertise and know-how by setting up training provision that combines education with workplace activity.
  - personalised support for learners throughout their education process. Each organising authority (teachers, school leaders, training advisers, etc.) will now be able to introduce individualised social and educational support for the learner, from registration through to qualification. In this connection, a ‘reference person’ will be appointed within each institution.
  - greater recognition of previous experience. Social advancement education institutions will use an integrated process for the recognition of prior learning. This will enable them to give more recognition to students’ previous experience and know-how and to their formal, non-formal and informal learning when their course programme is being defined.
6. The Governments of the French Community, the Walloon Region and the Brussels-Capital Region and the Board of the French Community Commission met on Thursday 7 July 2016 in order to reinforce the development of synergies, structure common approaches more effectively and together define a coherent and effective francophone education and vocational training sector, incorporating aspects related to the integration of young people and students into employment. Since their introduction in 2014, the regional majorities in Brussels and Wallonia have been combining their efforts to pursue cross-cutting policies on lifelong guidance, education and vocational training. The goal is to develop synergies between francophone players in education, training and employment, with a view to improving the transfer possibilities which are essential to promoting employment, improving the quality of training and meeting the needs of employers in Brussels and Wallonia.

## **2. Thematic goals of the Europe 2020 Strategy**

### **2.1. Higher education**

The graduation rate from higher education in the French Community is among the highest in the OECD. The percentage of those with higher education degrees in Belgium among 30-34-year-olds was 42.7% in 2015 (compared with a European average of 38.7%).

To enable higher education institutions to continue to receive students while maintaining high-quality education, the Government of the French Community has issued a decree in which it commits to re-finance higher education with 107.5 million euros for the period 2016-2019. For 2016, higher education funding was increased by 10 million euros for the operation of universities and university colleges, with 75% of the increase going to the former and 25% to the latter. The arts colleges will benefit from measures connected with the refinancing in 2017.

The budget allocated to study grants is currently 60 million euros (compared with 45 million euros a few years ago). The September 2016 study grant reform takes account of the total income of the household in which the student lives. At the same time, income ceilings have been revised upwards. In addition, fixed deductions apply to student housing and use of public transport, and these are reinforced in the new system.

On 29 June 2016, a decree generalizing dual education in higher education was adopted. In higher education on a dual basis, the competencies necessary to obtain a degree from a higher education institution are acquired partly in the workplace and partly at the hosting educational institution. The decree makes dual education possible not just in master's programmes but also in short-type bachelor's programmes and in vocational programmes, and in both higher education and social advancement education. In each study cycle, at least 40% of the days or periods of activity in the study programmes are spent in the workplace and at least 40% in the higher education institution; the distribution of the remaining 20% is left up to the institution. The company participates in the assessment of proficiency, in accordance with the conditions defined in the dual education agreement. However, the higher education institution allocates marks to the teaching units and the jury or study council decides whether the student has passed. The aim of this decree is to perpetuate higher education on an alternating basis in suitable fields of study. It can be organised in fields leading to jobs in sectors affected by skills shortages, new professions, evolving professions, professions related to sustainable development and professions related to economic recovery. Courses organised on an alternating basis give access to higher education degrees at the same level and of the same value as those awarded in full-time educational programmes and in higher social advancement education.

A cooperation agreement on the creation and development of collective higher education structures for continuing education and lifelong learning activities was concluded in March 2014 between the French Community and the Walloon Region. The idea is that these collective structures will provide quality infrastructure and facilities to all higher education institutions and vocational training operators, with a view to developing local training and higher education provision in response to local socio-economic needs. These collective structures will also make it possible to relocate, to the geographical areas and professional sectors where it is needed, higher-level training provision aimed primarily at jobseekers, at workers as part of their continuing training, and more widely at any student of higher or social advancement education.

On 19 October 2016, the Government of the French Community approved a decree on the financing of projects promoting success in non-university higher education. The Government's decision specifically concerns the granting of a subsidy of €527,000 to support initiatives promoting the success of first-

generation students in university colleges. The projects must satisfy a series of preconditions: for example, they must involve interinstitutional collaboration. Particular attention will also be paid to socio-economically disadvantaged students.

## **2.2. Fundamental research**

The Federation Wallonia-Brussels's (FWB) public R&D budget appropriations have been constant for several years and amount to 140 million euros. Most of the budget is allocated to the FNRS and associated funds (75%). The balance is used in particular to finance the Special Fund for Research and Concerted Research Initiatives under the decree of 30 March 2007.

## **2.3. Compulsory education**

Labour Force Survey data shows that the drop-out rate is falling and is now (in 2015) 10.1% for Belgium. The same survey reports figures of 13.1% for Wallonia and 15.8% for the Brussels-Capital Region. The phenomenon of school drop-out is broadly correlated with that of falling behind at school (grade repetition), which affects one out of every two students by the age of 15 in the FWB. This is one of the highest rates in the EU and the OECD.

In the last two years, several new measures which have been introduced in the French Community have aimed to combat grade repetition and dropping out of school. These are the reduction of the number of authorised days of absence before information is passed on to the specialised service, the redefinition of the conditions for directing students into specialised education and the reinforcement of support for students with learning disabilities in regular education, the complete renewal of the additional budgetary resources of the differentiated framework and the improvement of a new method of calculation (based on student characteristics; draft decree in progress), measures against bullying and cyber-bullying, provisions for children in the third grade of pre-primary school and the management plan for schools.

Strengthening the management of the school system is also an essential factor in combating grade repetition and dropping out. Under the **decree adopted on 4 February 2016**, this reinforced management is based on a series of general goals for the system set by the Government, which should make it possible to reduce grade repetition and drop-out rates. The decree also states that each school must draw up a six-year management plan by 1 September 2018 at the latest. Management plans reflect the general goals, specifying the specific goals and strategies that the school has defined for itself, some of which must specifically focus on combating grade repetition and drop-out (the strategy for ensuring all students' success and enabling them to become proficient and achieve the expected targets; the school's strategy for combating failure, drop-out and grade repetition).

In addition, the Pact Excellence in Education sets a goal of reducing grade repetition and school drop-out by 50% by 2030 through:

- The development of a strategic approach to grade repetition, based on:
  - the allocation of 40 million euros per year of specific resources for the implementation of differentiation and remediation mechanisms (during and outside the school time), in accordance with arrangements to be determined;
  - tools for the early detection of difficulties, including the introduction of the student support dossier;
  - boosting pedagogical innovation, dialogue with families, etc.

- This strategic approach to grade repetition is also being combined with the systemic effect of other prioritised initiatives (a reinforced core curriculum extended until the third grade of secondary education, the reinforcement of pre-primary school and the learning of French, management plans, collaborative practices etc.).
- The development of a comprehensive plan to combat school drop-out, based on:
  - the introduction of an effective data collection and information system for the monitoring of specific goals;
  - the redefinition of the roles and missions of the various parties involved and schemes focusing on the main goals of reinforcing drop-out prevention within schools and psychological, medical and social support centres, intervention by mobile teams and mediators, and mitigating arrangements when students are in a drop-out situation (school drop-out services (SAS));
  - the creation of a reinforced framework for effective coordination of intervening parties/players and arrangements at zonal level;
  - the revision of certain procedures, including exclusions.

In addition, on 10 November 2016, the Government of the French Community adopted a decree aimed at shifting distance education into the FWB's e-learning web space, which offers training and remediation exercises. The modules offered will prioritise preparation for the exams for the primary and secondary diplomas and adapted online tutoring. Registration is possible throughout the year, affordability is guaranteed and access to all modules is unlimited.

## **2.4. Social inclusion**

In December 2014, the Government of the French Community adopted an Anti-Discrimination Plan 2014-2019, based around three priorities: young people, the media and coherence in governance. Fifty-three measures are included in this plan which is relevant to the functional areas of every Minister. A process has been defined for the plan's implementation, action by action, and its annual evaluation is carried out in collaboration with the members of the Government of the French Community, Unia and the Institute for Equality between Women and Men. The French Community is committed to putting the fight against discrimination in the wider context of social justice and emancipation, regardless of ethnic or social origin, disability, age, convictions or sexual orientation.

The French Community is also working on a specific action plan to make the issue of poverty a cross-cutting priority; child poverty will be at the heart of this plan.

Also noteworthy is the decree of 30 June 2016 on inclusive social advancement education, which aims to implement arrangements, known as reasonable adaptations, to remove obstacles in an environment that is unsuited to the specific needs of learners with disabilities. Such reasonable adaptations may be material, non-material, organisational or educational.

With regard to the inclusion of refugees and migrants, several schemes have been reinforced or put in place.

The French Community has organised a special schooling and reception system for newly arrived students (DASPA) for several years, under the terms of the decree of 18 May 2012.

This scheme is adapted to the learning profiles of students, in particular the difficulties related to learning French and learning about the culture in FWB, and is intended to be a stage of intermediate schooling for a limited period before immersion in a 'traditional' class.

In June 2016, the French Community reinforced its special schooling and reception scheme for newly arrived students in compulsory education by creating new facilities and providing additional resources.

As of 1 September 2016, in basic and secondary education, 80 DASPAs were automatically renewed. The Government of the French Community has decided to open new reception and schooling facilities and to reinforce the existing ones in order to cope with the arrival of migrants. For the school year 2016-2017, for example, 34 secondary schools were granted additional periods (1,111 periods) in order to organise this scheme and calls for applications were launched for the creation of a number of new DASPAs.

A new scheme, currently under construction, should make it possible to adapt aid to migrants by increasing the number of times schools' students are (re)counted during the school year, with the aim of reflecting the reality on the ground as closely as possible.

In March 2016, the Government of the French Community opened new classes for French as a foreign language (FLE), and continues to increase its training provision.

In response to the migration wave of 2015, the Government of the French Community introduced points of flexibility in the equivalence procedure for refugees and recipients of subsidiary protection.

By the decree of 29 June 2016, refugees who cannot produce the appropriate documents or whose documents cannot be authenticated may be granted an equivalent level of education by the Minister of Higher Education, on the opinion of the Equivalence Committee. Refugees and recipients of subsidiary protection are exempted from the fees for both types of procedure: requesting an academic decision and requesting a level decision.

In August 2016, the Government of the French Community also allocated 1.45 million euros to the implementation of 153 projects to support citizenship education activities for young people, the fight against racism and the defence of the rights of people made vulnerable by exile.

-2020 AMIF programme, a call for projects was launched by the Government in June 2016. The overall objective of the Fund is to 'contribute to the effective management of migration flows and the implementation, reinforcement and development of the common asylum, integration and migration policy'. The Council of Ministers of the French Community has validated the projects selected within its competence, which will be allocated 785,000 euros of funding for their implementation.

## Annex 5: Reform programme of the German Speaking Community

### Mesures de la Communauté germanophone en faveur des objectifs UE2020 qui font partie intégrale de ses compétences.

#### 1. Emploi – Marché du travail

##### 1.1. En 2015, le taux Marché du travail : Situation actuelle

Le chômage en Communauté Germanophone (CG) s'élève à 8,4% et a donc baissé de 0,4 points de pourcentage par rapport à l'année passée (8,8%). En ce qui concerne les jeunes, le taux de chômage des jeunes (14%) est plus élevé que le taux de chômage des plus âgés (8,9% = +50 ans). En ce qui concerne la durée au chômage, 34% des personnes sont au chômage moins que 6 mois. Comme ailleurs, ce sont les personnes sous-qualifiées qui ont le plus de difficultés à trouver leur place sur le marché du travail. En CG, leur part correspond à 44%.

Même si on ne dispose pas de données très complètes sur la population active par nationalité en CG, on peut constater que les personnes d'origine étrangère (hors UE) ont nettement plus de difficultés à s'insérer sur le marché d'emploi que les belges ou européens. Leur part dans le chômage est plus élevée que dans la population en âge de travailler et ils sont surreprésentés dans les statuts plus précaires (DEI non-indemnisés et dépendants d'un CPAS).

##### 1.2. Concept de développement régional de la Communauté germanophone<sup>36</sup> (REK – Regionales Entwicklungskonzept)

La CG prend soin des générations futures. C'est pourquoi en 2008, elle a commandé l'élaboration d'un Concept de Développement Régional. Il s'agit d'un projet d'avenir pour la Communauté germanophone jusqu'en 2025. Le Concept de Développement Régional a pour objectif de mettre en exergue les mesures avec lesquelles la CG peut relever les défis actuels et futurs. Le Concept de Développement Régional s'appuie sur une analyse approfondie de la région.

##### Projet d'avenir – Augmenter les perspectives d'emploi et garantir la disponibilité de personnel qualifié

Quelque 2 800 citoyens de la Communauté germanophone (CG) étaient à la recherche d'un emploi en 2015. Parallèlement, des dizaines d'employeurs cherchent tous les mois des travailleurs ou de la main-d'œuvre qualifiée adaptés à leurs besoins, parfois sans succès. **L'offre et la demande sur le marché du travail ne se rencontrent pas toujours.** D'une part, les profils et parcours professionnels des demandeurs d'emploi sont très variés. En même temps, les exigences du monde du travail sont en constante évolution. Si un profil professionnel était encore demandé il y a quelques années, il est possible qu'il n'offre aujourd'hui pratiquement plus de chance d'emploi. Par contre, d'autres profils professionnels se retrouvent parmi les métiers en pénurie, car la demande a fortement augmenté ces dernières années.

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<sup>36</sup> <http://www.dglive.be/desktopdefault.aspx/tabid-258/>

Les instruments utilisés pour le placement de main-d'œuvre et la promotion de l'emploi doivent être adaptés, y compris **diverses formes d'aide à la formation et de garantie d'un personnel qualifié**. Et c'est ainsi justement que se prépare le projet « Augmenter les perspectives d'emploi et garantir la disponibilité de personnel qualifié » : en investissant dans **plus de transparence et de simplicité**. Si nous parvenons à éliminer toute bureaucratie inutile des administrations, nous encourageons la création de nouveaux postes de travail attrayants. Et si nous simplifions les systèmes d'aide actuellement très complexes et les ciblons mieux, nous pouvons utiliser ces moyens de manière plus efficace pour réduire le chômage, en particulier chez les jeunes et les personnes plus âgées.

### **Sous-projets : Assurer le transfert de compétences et soutenir l'emploi efficacement**

Dans le cadre de la **6ème réforme de l'Etat**, un ensemble de compétences relatives au marché de l'emploi est transféré aux entités fédérées. A partir du 1er juillet 2014, les Régions ont reçu ainsi la pleine compétence de décision et d'exécution de ces matières. Le 1er janvier 2016, une série des compétences ont été transférées de la Région Wallonne à la Communauté Germanophone.

Par le décret du 25 avril 2016 portant des mesures en matière d'emploi, la Communauté Germanophone règle les nouvelles matières transférées et la période transitoire. Une série des compétences continueront à être gérées par l'ONEM afin de garantir la continuité. Des protocoles de coopération entre l'Etat fédéral et les entités fédérées ont été conclus.

Suite au transfert des compétences, la CG est en train d'élaborer une **nouvelle politique des groupes cibles** afin de mieux intégrer les jeunes de moins 25 ans, les personnes âgées, les chômeurs de longue durée ainsi que les demandeurs d'emploi difficiles à placer. Différents critères afin de mieux identifier les différents groupes cibles seront définis. Les employeurs qui engagent une personne qui satisfait à ces critères pourront recevoir une aide à l'emploi.

Aujourd'hui, les personnes qui perdent leur emploi à un âge avancé doivent continuer à prouver très longtemps qu'elles sont toujours disponibles sur le marché du travail. Et les jeunes, tout comme les demandeurs d'emploi à la santé précaire, sont contrôlés de beaucoup plus près. Il est nécessaire d'offrir à ces personnes un accompagnement adapté. La proximité de l'Allemagne et du Luxembourg, la petite taille de notre région et le pourcentage relativement élevé de personnes actives plus âgées constituent d'autres caractéristiques de notre marché du travail. Avec des mesures d'activation adaptées, nous pouvons profiter des opportunités que ces particularités nous offrent.

Le but est de mieux répondre aux besoins du marché de travail et des demandeurs d'emploi de la Communauté Germanophone. La nouvelle politique des groupes cibles devra entrer en vigueur en 2019.

### **Sous-projet : Placement centralisé**

Un autre sous-projet est « **Vermittlung wie aus einer Hand** » (placement centralisé). Les mesures de « placement centralisé » ont pour objectif d'éviter l'effet carrousel qui consiste à renvoyer sans cesse le demandeur d'emploi d'un établissement à l'autre. Ce processus est très contraignant, tant pour le personnel d'encadrement et que pour le demandeur d'emploi qui souhaiteraient utiliser leur énergie à meilleur escient. Les mesures décrites ici s'axent principalement sur les questions organisationnelles liées au problème de l'effet carrousel. En étroite collaboration avec l'ensemble des acteurs de terrain, nous vérifierons comment nous pourrions, sur la base des nouvelles possibilités que nous offre la sixième réforme de l'Etat, réduire les pertes d'informations et les frictions, par exemple au travers de solutions techniques. Nous souhaitons ainsi atteindre notre objectif, qui est de garantir une prestation de service adaptée au citoyen, tant au niveau de l'accompagnement que du placement.

### **1.3. Réforme du placement des demandeurs d'emploi**

L'Arbeitsamt der Deutschsprachigen Gemeinschaft (=service de l'emploi de la CG) est en train de réformer son travail en matière de placement. Dans un premier temps, un inventaire détaillé des approches existantes en Communauté germanophone a été dressé. Les systèmes de placement des régions et pays voisins ont été analysés de manière à identifier d'éventuels synergies et points d'ancrage. Un but est le renforcement des relations entre le service de l'emploi et les entreprises situées en CG. Les mesures prises doivent tenir compte des besoins individuels et du marché de l'emploi. Le but final est l'intégration durable du demandeur d'emploi sur le marché de l'emploi.

### **1.4. Garantie pour la jeunesse**

En ce qui concerne la **garantie pour la jeunesse**, les États membres sont invités à proposer une offre de formation ou de travail dans un délai de quatre mois à tout jeune de moins de 25 ans qui n'est ni en situation de travail, ni de formation. La CG travaille elle aussi activement à la mise en œuvre de cette garantie. Le but est d'améliorer la compréhension des besoins particuliers des jeunes vivant des situations de vie variées et d'intégrer ces besoins dans nos mesures. En 2015, l'Arbeitsamt de la CG (ADG) a établi une **évaluation de la garantie pour la jeunesse**.

Les besoins des jeunes demandeurs d'emploi demandent une attention particulière dans chaque processus de réforme.

L'ADG soutient les jeunes de manière proactive. Il s'agit d'un soutien à la recherche d'emploi articulé autour d'un plan d'action. Celui-ci est élaboré par le demandeur d'emploi et son conseiller d'emploi. Afin de mieux intégrer les jeunes demandeurs d'emploi, l'ADG offre différentes formations professionnelles. En plus l'Arbeitsamt collabore avec d'autres opérateurs de formation et/ou reconnaît leurs formations. L'offre est très diversifiée : qualifications professionnelles, formations individuelles en entreprise, stages, projets d'insertions socio-professionnelles.

## **2. Education et formation professionnelle – formation tout au long de la vie**

### **2.1. Référentiels de compétences**

Depuis 2008, la Communauté germanophone (CG) assure la qualité de son enseignement sur base de référentiels axés sur les compétences.

Dans le cadre du Concept de développement régional de la CG et un de ses projets « améliorer le multilinguisme », un référentiel de français première langue étrangère a été développé pour les 2ème et 3ème degrés de l'enseignement secondaire professionnel et technique de qualification. Ce référentiel est implémenté cette année scolaire 2016-2017. Pour le néerlandais, nous allons vérifier le niveau de compétences à l'aide d'une étude universitaire. Les renseignements ainsi collectés vont permettre de rédiger le référentiel de néerlandais pour l'enseignement secondaire et de fixer les compétences terminales que les élèves devraient atteindre.

Ces actions visent à améliorer les compétences linguistiques des élèves en optimisant les pratiques de l'enseignement des langues modernes.

La rédaction de référentiels de compétences pour les cours de mathématiques et d'allemand pour les 2ème et 3ème degrés de l'enseignement secondaire professionnel et technique de qualification est en cours et a pour objectif d'élever le niveau de compétences des élèves de cette filière à moyen et à long terme.

## **2.2. L'égalité des chances en matière d'éducation**

L'égalité des chances en matière d'éducation et l'amélioration qualitative de l'enseignement sont les missions phares de la politique éducative en CG qui a pour objectif d'accroître les chances de réussite de tous les élèves. Dans le cadre du Concept de développement régional de la CG, un de ses projets « soutenir les élèves individuellement » vise entre autres cette égalité des chances en matière d'éducation et intégration.

Afin que les élèves acquièrent les compétences essentielles, il est nécessaire de proposer des offres d'apprentissage spécifiques qui tiennent compte à la fois des forces et des capacités, mais aussi des faiblesses de chaque enfant et adolescent.

Dans ce contexte, des projets pour intéresser les filles spécifiquement aux métiers techniques et scientifiques sont en cours.

De manière générale, différentes mesures ont été prises dans l'enseignement pour augmenter le taux de réussite scolaire et diminuer le taux d'échec et de décrochage scolaire, tenant compte de la Convention de l'ONU relative aux droits des personnes handicapées. Par ailleurs la CG poursuit ses efforts vers une école inclusive.

Par un décret voté en juin 2016, un système de « compensation des désavantages » (mesures de facilitation spécifique en cas de handicap) et de « protection de notes » (non-évaluation de certaines compétences en raison d'un handicap) à la demande motivée des parents a été mis en place pour compenser temporairement certains déficits.

Ces systèmes devraient également s'étendre aux élèves primo-arrivants, présentant des lacunes temporaires dans l'apprentissage de la langue de l'enseignement.

Le nombre d'enfants dont la langue maternelle n'est pas l'allemand n'a en effet cessé d'augmenter ces dernières années, et en particulier depuis 2015. Toutes les écoles ont à présent au quotidien pour mission d'intégrer des élèves issus de l'immigration (y compris de deuxième ou troisième génération) où des élèves primo-arrivants. Il est indispensable d'impliquer ces élèves et leurs parents dans le processus de développement scolaire.

A cet effet, un décret est actuellement en gestation, visant à accroître les moyens humains et financiers pour la scolarisation et l'intégration des élèves primo-arrivants en renforçant l'apprentissage de la langue.

En matière d'interculturalité, des mesures diverses ont été développées afin de sensibiliser les acteurs des communautés éducatives aux différences culturelles et de développer des compétences interculturelles lors de l'année scolaire 2016-2017, dédiée au dialogue interculturel et interreligieux.

### **2.3. Une approche pratique de la formation en alternance**

Il est indéniable que la main d'œuvre technique qualifiée se fait de plus en plus rare sur le marché du travail. Le projet d'avenir « Valoriser la formation technique et professionnelle » va sans doute aider à changer cette réalité. La CG met notamment l'accent sur l'attractivité des différents types de formation technique et professionnelle, l'objectif étant de susciter une acceptation générale au sein de la société et de donner une valeur égale aux différentes formes d'enseignement.

La valorisation de la formation technique et professionnelle ne sera possible que si elle devient une préoccupation prioritaire de toutes les écoles. Ce ne sont pas uniquement les écoles secondaires techniques et professionnelles qui sont concernées, mais également les écoles primaires et les écoles secondaires de la CG orientées principalement vers un enseignement général. Lors de la mise en œuvre de ce projet d'avenir, il est nécessaire de veiller à ce que les jeunes qui ont besoin d'un encadrement pédagogique spécialisé au sens de l'inclusion aient un accès égal à l'enseignement ordinaire technique et professionnel et à la formation en alternance.

La création d'un campus pour le centre de formation des classes moyennes (ZAWM) et l'institut technique (TI) à St. Vith, à l'instar du campus déjà existant à Eupen, ouvre des perspectives de coopération entre les écoles secondaires d'orientation essentiellement générale, les écoles d'orientation qualifiante et les centres de formation tels que le ZAWM.

De plus, une nouvelle mesure a été mise en place pour contrer la marginalisation des jeunes apprentis en rupture de contrat par l'instauration d'un accompagnement spécifique de ces jeunes.

Ainsi entre-autre, une offre de « formation professionnelle élémentaire » permettra aux élèves qui en ont le besoin, de se préparer pendant une année scolaire à la formation en alternance. Afin de faciliter l'accès à une formation en alternance, notamment pour des filles ou des jeunes femmes, des adolescents issus de l'immigration ou des jeunes avec des difficultés d'apprentissage, la CG s'efforce de développer de nouvelles professions dans le cadre de la formation en alternance.

Le caractère novateur du projet tient au fait que, tous réseaux confondus, toutes les formes d'écoles et de formations doivent travailler ensemble pour que chaque jeune de la CG soit encadré individuellement.

Finalement, le Concept de développement régional de la CG comporte des sous-projets relatifs à l'enseignement et la formation afin de favoriser le processus d'acquisition des compétences des élèves. Ainsi la CG aimerait améliorer via des projets bien spécifiques, la maîtrise de compétences telles que les compétences en Technologie de l'Information et de la Communication (TIC), les compétences linguistiques ainsi que les compétences personnelles et sociales.

Au-delà de cela, la CG favorise la collaboration entre les responsables de la formation et de l'enseignement, les institutions publiques et les entreprises afin de promouvoir la coopération entre les écoles et les entreprises. Une association a vu le jour pour réaliser des projets communs et mettre en pratique les référentiels de compétences comme le référentiel concernant la préparation des élèves au choix professionnel et à l'orientation professionnelle. Les entreprises participent activement à la formation des élèves et des apprentis en leur permettant d'effectuer les stages prévus dans le programme de formation au sein des entreprises.

## 3. Cohésion sociale et lutte contre la pauvreté

### 3.1. Politique familiale

Ces deux dernières années, plusieurs mesures ont été prises afin de valoriser et promouvoir l'accueil des enfants 0-12 ans en C.G. :

- L'instauration d'une crèche supplémentaire au sud de la communauté germanophone (St Vith) en août 2015. Capacité d'accueil : 24 places.
- Augmentation d'un EUR de l'indemnisation journalière des accueillantes conventionnées en communauté germanophone en janvier 2016.
- Mise en place de normes de sécurité pour les services d'accueil 0-3 ans (accueillantes conventionnées et reconnues, crèches et mini-crèches, halte-garderies) ainsi que subsidiations pour les accueillantes en vue de l'adaptation des normes de sécurité.
- Enfants à besoins spécifiques en matière d'aide et de soins et enfants porteurs d'un handicap : augmentation de l'indemnisation journalière à raison de 50% pour les accueillantes conventionnées.
- Augmentation des moyens financiers en accueil extra-scolaire et pendant les vacances scolaires suite à l'augmentation des présences d'enfants ainsi que création de nouveaux endroits pour ces mêmes projets.

En outre, les réflexions suivantes sont en cours :

- Mise en place d'une crèche inter-communale au nord de la communauté germanophone.
- Examen de la nécessité d'une crèche en faveur des services publics de la C.G.
- Examen de la nécessité d'une crèche privée en faveur des entreprises privées du zoning industriel d'Eupen (East Belgium Park).

### Masterplan 2025

Ce plan, faisant partie du programme REK/CDR IV (Concept de Développement Régional de la Communauté Germanophone), aspire à soutenir les différentes formes d'accueil de la petite enfance ainsi que l'accueil des 3-12 ans. Les mesures suivantes seront envisagées et examinées et visent d'une part à valoriser le statut des accueillantes et d'autre part à concilier la vie familiale et professionnelle :

- Une valorisation financière sous forme par exemple de chèque repas, prime de participation aux formations, prime au matériel pédagogique.
- L'examen d'un statut pour les accueillantes conventionnées après la réalisation de projets pilotes en communauté flamande (2014-2018) et en Fédération Wallonie-Bruxelles (2017-...).
- L'augmentation du paiement des heures supplémentaires à partir de la 9e heure de garde au lieu de la 11e.
- Examen d'une valorisation financière sous forme de réduction des journées de crédit pour les parents d'enfants accueillis (nombre de journées de crédit actuel : 30).

- Examen de la participation financière parentale sur base de(s) revenu(s) brut(s) déclaré(s) au SPF Finances (actuellement cette participation repose sur le(s) revenu(s) net(s)).
- Valorisation des compétences acquises en tant qu'accueillante sur base des formations et expériences professionnelles au courant de la carrière, sans en exiger de diplôme.
- Examen de mesures à prendre afin de valoriser le métier des gardes d'enfants en accueil extra-scolaire ainsi que l'introduction du métier d'assistant à la garde d'enfants.
- Promotion des co-accueillantes et mini-crèches (mesures à déterminer).
- Examen de la nécessité d'élargir les heures d'ouverture des deux crèches existantes.
- En cours : mise en place d'un portail de réservation pour les places d'accueil 0-12 ans.

### **Inclusion dans l'accueil extrascolaire**

Dans nos priorités il y a l'offre d'accueil qui sont inclusives. Ainsi, le projet pilote de l'inclusion dans l'accueil extrascolaire a été créée. Le projet vise à former et coacher le personnel présent dans les différents sites des accueils extrascolaires subsidiés. Cette formation est mise en place avec l'aide d'un éducateur temporaire et la Dienststelle für Selbstbestimmtes Leben. Ces deux acteurs veulent prendre la peur et diminuer les obstacles auprès du personnel présent dans la prise en charge des enfants avec un handicap. Ces formations devraient également augmenter la confiance et l'assurance du personnel des accueils extrascolaire. Les parents des enfants avec un handicap devraient davantage être soulagés et soutenus par cette mesure.

### **Le développement et l'amélioration des offres de soutien à la parentalité facilement accessibles**

Le développement et l'amélioration des offres de soutien à la parentalité facilement accessibles en matière de conseil éducatif et familial a pris une nouvelle étape. De cette manière, un forum prendra lieu avec les acteurs du terrain et des experts externes. L'échange entre les participants devrait donner la possibilité de voir quelles mesures facilement accessibles en matière de conseil éducatif et famille devraient être améliorées ou mises en place en Communauté germanophone.

### **Prestations familiales**

En septembre 2016 le gouvernement a adopté le Concept de prise en charge des prestations familiales. Celui-ci fixe les principes de la réforme des prestations familiales, suite à la sixième réforme de l'État. La réforme entrera en vigueur le 1er janvier 2019.

Les prestations familiales sont un instrument de la politique familiale et un moyen efficace pour lutter contre la pauvreté. L'objectif de la réforme des prestations familiales est d'établir un système plus transparent et simplifié, orienté sur les besoins et tenant compte de la structure des familles en Communauté germanophone.

### **Le nouveau régime des prestations familiales prévoit :**

- Les prestations familiales comme droit de l'enfant. Ils ne dépendront plus de la situation socio-professionnelle des parents.

- Un montant de base de 151 EUR pour chaque enfant, indépendant de l'âge et du rang de l'enfant dans la fratrie, ainsi qu'un supplément annuel de 50 EUR au début de l'année scolaire.
- Un supplément pour familles nombreuses, de 130 EUR pour le troisième et tout autre enfant suivant, indépendant du revenu de la famille. Ceci différencie le modèle de la Communauté germanophone des modèles présentés par la Communauté flamande et la Région wallonne, où existent uniquement des suppléments sociaux plus élevés pour familles nombreuses.
- Un supplément social de 72 EUR par enfant pour les bénéficiaires de l'intervention majorée de l'assurance maladie-invalidité. Contrairement aux suppléments actuels, il sera aussi ouvert aux personnes qui, même en travaillant, ne dépassent pas les plafonds de revenus.
- Les suppléments pour enfants atteints d'une affection restent inchangés (7 montants différents entre 80,75 et 538,36 EUR).
- Un supplément pour les orphelins de père et de mère de 230 EUR.
- Une allocation de naissance et une allocation d'adoption de 1100 EUR, indépendant du rang dans la fratrie.

Ces montants correspondent à des montants pour l'année 2016 et vont encore évoluer jusqu'en 2019.

Ce nouveau régime est appliqué à toute famille dès qu'il est plus avantageux. S'il n'est pas plus avantageux, la famille continue de recevoir le montant qu'elle a reçu en décembre 2018 et ce jusqu'au prochain changement du nombre d'enfants bénéficiaires dans la famille.

Pour implémenter le nouveau système et garantir à chaque famille l'application du montant qui lui est plus favorable, le gouvernement prévoit des dépenses annuelles supplémentaires de 1,2 millions d'euros.

### **3.2. Politique d'intégration**

Tout un projet du Concept du développement régional du gouvernement, sous le nom « Miteinander stark » est dédié à l'intégration. Celui-ci prévoit différentes mesures pour favoriser l'intégration des personnes issues de la migration. L'élaboration d'un parcours d'intégration et l'adoption d'un décret d'intégration par le Parlement sont parmi les mesures les plus importantes.

L'année passée encore la communauté germanophone ne disposait – à la différence des autres entités – pas encore d'un parcours d'intégration pour les primo-arrivants. Entretemps un groupe de travail, qui a été instauré en mai 2015 par le gouvernement avec la mission d'élaborer un concept d'un parcours d'intégration, a rendu celui-ci en juin 2016.

Le parcours se compose de quatre étapes :

1. L'accueil
2. Cours de langue « allemand comme langue étrangère »
3. Cours d'intégration
4. Intégration socio-professionnelle

Le gouvernement a mis en pratique les mesures de ce concept afin que le parcours d'intégration puisse commencer début 2017 pour la première fois dans la communauté germanophone :

- Un centre de référence d'intégration a été instauré avec 5 équivalents temps plein. Ils sont chargés d'accompagner les migrants qui suivent le parcours d'intégration et de soutenir les organisations, qui travaillent elles-mêmes avec les migrants. La sensibilisation et la mise en réseau du secteur appartiennent également à leurs tâches.
- Des cours de langue intensifs « allemand comme langue étrangère » ont été déjà financés avec 150.000 EUR l'année passée. À partir de 2017 le budget a été accru de 50.000 EUR afin d'assurer aussi des cours de langue à bas seuil. Après un appel à projet, plusieurs organisations sont chargées de l'organisation et l'exécution des cours pour les cinq prochaines années.
- Un cours d'intégration a été développé sur base des propositions du groupe de travail susmentionné. Après un appel à projet, des organisations d'enseignement d'adultes offrent à partir du début de printemps 2017 ce cours pour 150 personnes. Pendant 60 heures celui-ci traite les droits et devoirs en Belgique, la vie quotidienne en Communauté Germanophone et explique les valeurs de notre société.

2017 est dès lors une année pilote pour l'exécution du concept. À côté du centre de référence et des établissements d'enseignement chargés des cours de langue et du cours d'intégration, le gouvernement a pu gagner d'autres partenaires dans l'essai du concept en pratique tels que certains CPAS. De plus, un système informatique a été développé afin d'enregistrer les participants du parcours et les différentes offres de cours.

À l'heure actuelle, toute personne issue de la migration est invitée à suivre le parcours sans être obligée.

En outre, à côté du parcours d'intégration, beaucoup d'autres mesures ont été prises, comme des coordinateurs locaux d'intégration. Leur tâche est d'identifier les besoins au niveau local et d'y répondre d'une manière appropriée. Ils s'occupent aussi d'un encadrement professionnel des bénévoles. Un autre exemple est la publication d'une brochure dans différentes langues qui contient les informations les plus élémentaires pour un primo-arrivant en communauté germanophone (l'inscription à une caisse d'assurance, l'inscription des enfants à une école...). Celle-ci est distribuée dans les communes après l'inscription des primo-arrivants.

En conséquence de ces diverses mesures, le budget dédié à l'intégration a été accru énormément. Chaque année, le gouvernement prévoit environ 650.000 EUR pour les mesures d'intégration.

À la différence des autres entités, la Communauté germanophone ne dispose pas encore d'un décret. Mais afin d'apporter une base juridique, un décret d'intégration est la prochaine étape. Celui-ci sera préparé cette année et entrera en vigueur l'année prochaine.

### **3.3. Politique de lutte contre la pauvreté**

En mai 2016 le Centre de Recherche en Inclusion Sociale de l'Université de Mons a présenté le deuxième rapport sur l'analyse de la pauvreté, la précarité et la vulnérabilité sociale en Communauté Germanophone (C.G.).

Ce rapport est l'aboutissement d'un travail de recherche-action de deux années et vise à mettre en place des outils et des instruments numériques susceptibles de renforcer la cohérence de l'action sociale en C.G.

Ainsi en 2017, les instruments suivants seront lancés :

- Un observatoire de la pauvreté dont l'objectif est la récolte et le traitement de données permettant d'observer le processus de paupérisation en C.G.
- Un bottin social interactif reprenant des informations sur l'ensemble des services et des institutions d'action sociale.
- Un centre de ressource en Action Sociale figurant des outils, des référentiels et des espaces d'intervention et de formation.

Pour apporter aux personnes à problèmes multiples une aide ciblée et adaptée à leurs besoins, le gouvernement de la C.G. soutient depuis 2013 le processus d'implémentation du Case Management en C.G. Dans ce cadre sera lancé en 2017 un projet de coordination des aides multiples fournies à ce groupe cible. Ce travail de mise en réseau sera coordonné par des Case Managers situés dans les CPAS de la C.G.

## Annex 6: Reporting table on the assessment of the policy response to CSRs: qualitative assessment

Table A1. Description of the measures taken and information on their qualitative impact											
			Information on planned and already enacted measures								Foreseen impacts
CSR number (1)	CSR sub-categories (2)	Number and short title of the measure (3)	Description of main measures of direct relevance to address the CSRs					Europe 2020 targets	Challenges/ Risks	Budgetary implications	Qualitative elements
			Main policy objectives and relevance for CSR (4)	Description of the measure (5)	Legal/ Administrative instruments (6)	Timetable on progress achieved in the last 12 months (7)	Timetable on upcoming steps (8)	Estimated contribution to Europe 2020 targets (9)	Specific challenges/ risks in implementing the measures (10)	Overall and yearly change in government revenue and expenditure (reported in mln. national currency) Contribution of EU funds (source and amounts) (11)	Qualitative description of foreseen impacts and their timing (12)
CSR 2 Federal government	Competitiveness	Revision of the 1996 Law on wage setting	Review of the Law on wage setting, as was explicitly recommended in the CSR	The 1996 Law has been adapted to establish an automatic correction mechanism, to introduce a safety margin and to strengthen the legal basis of the two-yearly wage norm	Law (to be implemented two-yearly by Collective Agreement or by Royal Decree)	The Law has been voted in Parliament, and an Inter-professional Agreement that will be the basis for the Collective Agreement 2017-2018 to implement the law has been agreed upon	The Collective Agreement will be signed in the coming weeks and implemented in the sectoral agreements	By restoring competitiveness, job creation will be strongly encouraged	Inflation that is significantly higher in Belgium than in the neighbouring countries for a sustained time period could under some conditions make the application of the Law very difficult		See Annex 7

CSR 2 Brussels-Capital Region	Functioning of labour market	Reform of employment aids for target groups	Reform of the activation policy for target groups with a view to administrative simplification and a better match with the Brussels labour market, in particular for older workers, long-term unemployed and persons with a reduced capacity for work	Reduction of social contributions benefiting older workers (whose wages are less than 10 500 euros / trim.), long-term unemployed (Scheme 'Activa générale': activation allowance granted for 30 months to long-term unemployed jobseekers and training incentive to encourage employers to train infra-skilled workers) and persons with a reduced capacity for work (Scheme 'Activa aptitude': work allowance granted during 36 months and training incentive to encourage employers to train infra-skilled workers)		First phase of the reform implemented in October 2016 for the 'older workers' target group	Second phase of implementation foreseen in July 2017	Increase in the employment rate			
CSR 2 Brussels-Capital Region	Functioning of labour market	'Internship first' for a first work experience	Better matching competencies with market needs for young jobseekers	Internship allowing a young unemployed jobseeker to acquire a first work experience on the labour market	Regional Ordinance on internships for jobseekers (10 March 2016)	Governmental decree relating to internships for first work experience (14 October 2016)	Entry into force on 1 January 2017, 1 300 internships foreseen in 2017	Increase in the employment rate			

CSR 2 Wal- lonia	Function- ing of la- bour mar- ket	Reform of employ- ment aids (target groups) and new insertion contract for young people	Efficiency, coherence and lisibility of the sys- tem. Focus on young people with low/middle qualification, older work- ers and long-term un- employed	Three target- groups: low-quali- fied young people, long-term unem- ployed, older workers. Insertion contract: personal support for <25 years, un- occupied for more than 18 months	Regional decree in the framework of a Pact for em- ployment and training agreed with social part- ners	Decree pro- ject adopted in December 2016  Decree re- lated to inser- tion contract adopted in January 2017	Entry into force foreseen for July 2017	Improving em- ployment rate		Annual budget 1.6 billion euros	
CSR 2 Wal- lonia	Compe- tencies	Creation of training places for dual learn- ing	Better matching compe- tencies with market needs	Doubling the num- ber of places, four financial incen- tives (for dual learning stake- holders, trainees, enterprises and in- dependent work- ers), facilitating matching of sup- ply and demand through an inter- active platform, improving certifi- cation	Pact for employ- ment and training agreed with so- cial partners	Agreement in June 2016	Entry into force of new incentives in September 2016	Improving em- ployment rate Reducing early school leaving			
CSR 2 French- Com- munity	To move for-ward with re- forms of education and voca- tional training, give sup- port to training, in particu- lar to people with a mi- gration back- ground	Pact for Excel- lence in Education	The Pact for Excellence in Education contains five lines of action. The current systemic reform mainly aims at reducing inequity problems with a focus on quality		The Pact for Ex- cellence in Edu- cation	The Pact and the first as- pects of im- plementation were adopted on 22 March 2017 by the French Com- munity				The reforms laid out in the Pact involve new ex- penses of around 300 million euros	

CSR 2 Flan- ders		<u>Measure 1</u>	Flanders aims to improve employment performance of vulnerable groups through a new policy approach called 'Focus on Talent'	First of all, talents will have to be activated through customization (tailor made guidance). Second, investing in every talent will be done by concentrating on the HR policy of companies. Flanders wants to support companies to improve the quality of their HR policy (renewed SME portfolio and SME growth subsidy). Third, prejudices will be eliminated. Together with the social partners, a strong mobilizing strategy is currently being developed which breaks down prejudices and provides incentives to actions in the field. The first actions with regard to the new approach will be implemented in 2017	The government of Flanders has formally adopted the 'Focus on Talent' project on 10 March 2017. More specifically the government adopted the co-operation agreement (2017-19) with the liberal, social and Christian labour unions to focus on talent as a way to raise employment rates in the framework of equal labour market participation of vulnerable groups	The concept paper on the project 'Focus on Talent' has been adopted in July 2015. On 10 March 2017, the co-operation agreement has been adopted. The following months the first initiatives will be launched.	The government grants subsidies to several civil society actors to take initiatives that will take down barriers for vulnerable people in the labour market. Out of 20 projects that have been submitted at the European Social Fund, eight have been selected	The 'Focus on Talent' projects specifically aim to increase labour market participation of vulnerable groups such as people with disabilities but also people with a migrant background. The main goal is to reach the Europe 2020 objective of an employment rate of 76% in 2020		The European Social Fund invested 2 million euros for the projects to be launched in 2017. This budget had to be increased by an additional 213 673 euros	The projects focus on three domains: easing transitions from long-term employment to work, reducing early school leaving and fostering inclusive businesses. The projects aim to tackle prejudices and prevent discrimination on a talent based approach
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CSR 2 Flan- ders	Move forward with education and vocational training reforms	Measure 2 Modernisation of Flemish secondary education	Retain the strengths of the current system, address existing shortcomings, and guarantee high quality education for every pupil. Fight early school leaving, grade repetition, and social inequality	The modernisation of secondary education comprises a multitude of measures for pre-primary, primary and secondary education and pays due attention to a smooth transition from primary to secondary education	Concept note 1: 'Modernising secondary education: measures primary education and first stage' Concept note 2: 'Modernising second and third stage secondary education' Concept note 3: 'Addendum to concept notes first, second and third stage of secondary education'	Approval of concept notes by the Flemish government: Concept note 1: 31 May 2016 Concept note 2: 31 May 2016 Concept note 3: 13 January 2017	In 2017 the legislative framework for the modernisation of secondary education is elaborated with the aim of reaching a progressive implementation school year by school year from 1 September 2018 onwards (starting with the first grade of the first stage)	Various measures contribute to fighting early school leaving in Flanders (i.e. raising participation in pre-primary education, increased differentiation, better flow of information between primary and secondary education, strengthening of vocational track...)	The modernisation of secondary education is a comprehensive reform process, with various closely connected aspects. A good monitoring of the anticipated timing is crucial to start the phased implementation of the modernisation on 1 September 2018	The implementation of the modernisation of secondary education will have no significant impact on the Flemish education budget	<ol style="list-style-type: none"> <li>1. Offering high quality education for every pupil</li> <li>2. Allow youngsters to develop into personalities who participate in society in a critical, engaged, responsible, autonomous, creative, and tolerant way</li> <li>3. Impart to every pupil the key competences needed to function within and contribute to society</li> <li>4. Prepare youngsters to participate on the labour market</li> <li>5. Prepare youngsters to further education for those who want and can continue studying</li> </ol>
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CSR 3 Wal- lonia	Innova- tion, in- vestment in KBC	Digital ac- tion plan	Fostering investment in ICT, digitisation of econ- omy	Integrated set of measures for fos- tering digitisation of economy and ICT sector: invest- ment fund, tech- nology transfer and support to start ups, Industry 4.0, ICT equip- ment and infra- structure, skill, e- administration...	Pluriannual ac- tion plan, govern- ment decision	Adoption in December 2015	First measures adopted progres- sively in 2016- 2017	Innovation and investment, support to productivity gains		Total budget 503 million euros	
CSR 3 Brus- sels- Capital Region	Capacity of innova- tion	Regional Innovation Plan	Making Brussels the capital of innovation	Overall policy plan containing 45 measures along five axes, includ- ing the BCR's S3 strategy (topics: health, environ- ment, ICT) com- panies	Two new R&D&I Ordinances, now fully exploiting the forms of as- sistance allowed under the GBER	Ten out of 45 actions imple- mented (as of March 2017), three ready for implemen- tation upon adoption of R&D&I Ordi- nances	Adoption of R&D&I Ordi- nances (summer 2017), then imple- mentation of re- maining measures (38 out of 45 measures ex- pected to be im- plemented in 2017)	Improvement of the innovation chain, new forms of inno- vation and bet- ter R&D&I gov- ernance		Total BCR government forecast R&D&I ex- penditure in 2017: 53.7 million euros (+3.1 million euros). EU funds contri- bution in 2017: Hori- zon 2020 99.4 million euros, ERDF 5.2 million euros (annual change N/A)	
CSR 3 Brus- sels- Capital Region	Capacity of innova- tion	Co-Create action	Stimulating co-creation projects in Brussels	Grants to co-crea- tive research pro- jects involving re- search organisa- tions, business and end users (2017 topic: urban resilience)	Existing legal framework	2017 call launched, projects eval- uated	Project rollout, preparation of 2018 call (fore- seen December 2017)	Support to new forms of inno- vation in a more cohesive innovation eco- system		Forecast ex- penditure in 2017: 2 mil- lion euros (no expenditure in 2016). No EU funds contribution	

CSR 3 Flan- ders	Economy	Transposition of Directive 2013/55 on qualifications for regulated professions: Flemish Region conducts an analysis on the impact	Study on the effects of the transposition and the stimulation of access to entrepreneurship and the possibilities for administrative simplification and deregulation	On 17 March 2017, the government of Flanders has taken a principle decision to abolish the establishment for certain professions  The government of Flanders repeals the Royal Decrees regarding the professional qualifications of butcher wholesaler, dry-cleaner/dyer, restaurant owner or caterer/organiser of banquets, bread and pastry baker, hairdresser, aesthetician, masseur, pedicurist, optician, dental technician, funeral undertaker, butcher and regarding the exercise of self-employed activities concerning bicycles and motor vehicles	The relevant Orders are currently being drawn up and will be submitted for approval to the government of Flanders in the first half of 2017	The text is about to be published in the official gazette, after being approved by the government of Flanders  Decision government of Flanders	Apart from the transposition itself, all regulations regarding professional qualifications are being screened to establish if they are still appropriate in the new context following the EU directive. In addition, discussions have been initiated with the building sector for a review of the establishment requirements for a number of specific civil engineering professions with a view of the reform thereof. Finally, discussions are currently ongoing with civil society, and a study is being carried out, on a potential reform of the business management basic knowledge certificate	None  The EU has never proposed or decided on a target for economy or industrial policy			The entry into force of the new regulations can be expected in early 2018
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CSR 3 Flanders	Economy	Initiatives on implementation of retail establishments	Increase competition in retail. The Flemish government approved in July 2016 the Flemish Parliament Act on retail establishments. When drafting the text, transparency, predictability and monitoring have been principles. For reasons of administrative simplification, the Handelsvestigingsvergunning, or retail establishment permit, will be integrated into the Omgevingsvergunning, or environmental permit		Decree / Flemish Parliament Act		Implementation in 2018				
CSR 3 Flanders		Measure 3	The Flemish government wants to counter the growing mobility demand and the actual congestion issues by increasing the transport budget significantly. Until 2019, 5.8 billion euros will be invested in different modes of transport, a historic high. This investment policy correlates directly to the CSR of addressing shortfalls in transport infrastructure	The foreseen budget for roads increases with 37% to 2.7 billion euros (2017-2019). For waterways, 2.25 billion euros are allotted for the same period, a budget increase of 17.5%. Furthermore, 800 million euros are foreseen for public transport and 300 million for cycling infrastructure	N/A	The Flemish Workplan Mobility was launched by minister Weyts in February 2017	The budget increase will be implemented in the project financing 2017-2019	N/A	Although essential, financing is just one aspect of the foreseen outcome of the measure, i.e. realizing infrastructure projects. Evidently, there is a number of other possible project implementation risks such as environmental or procedural aspects	As the measure is of a budgetary nature, the implications are self-evident	
CSR 3 Wallonia	Investment	Infrastructure Plan 2016-2019	Fostering investment in transport infrastructure	Modernisation of road and water transport infrastructure	Pluriannual action plan, government decision	Adopted in 2016	Roads: 14 construction sites closed or ongoing, 49 new to start in 2017 Water: 5 construction sites to start in 2017	Investment		Total budget 640 million euros	

## Annex 7: Reporting table on the assessment of the policy response to CSRs: quantitative assessment

### Law for the promotion of employment and the preventive safeguarding of competitiveness:

#### Analysis of the differences between the new and old version of the legislation

Prior to the legislative reform, the secretariat did not establish a maximum available margin. The legislation stipulated that the technical report about the maximum available margins provided a number of figures to the social partners, who based themselves on these figures for establishing the maximum margin. The figures to be provided were:

- The expected change in the average hourly labour costs in the three reference countries. In recent years, the most cautious forecasts were usually provided;
- The indexation forecast in Belgium;
- The development of the wage handicap during the past two years. In practice, the wage handicap since 1996 had been provided.

It is therefore impossible to compare the maximum available margin for the IPA 2017-2018 with the margin that would have been established under the old legislation. The only comparison that can be made between the two laws is set out below:

There are two types of modifications in the new compared to the old legislation:

The first type of modification consists of a series of provisions aimed at avoiding a positive handicap:

- A safety margin of 0.5% with the aim of avoiding prediction errors regarding the wage increase in the three reference countries and regarding indexation.
- An automatic correction in case of a positive wage handicap (and if the wage handicap is negative if there is no historical handicap). This does not apply as the wage handicap in 2016 was zero.
- A government intervention if the maximum margin does not allow for the elimination of the wage handicap over a two-year period. This does not apply as there was no positive wage handicap in 2016.

Moreover, a series of new provisions result, under certain conditions, in hourly labour costs that change less quickly than in the reference countries:

- Not factoring in the reductions of social security contributions by employers as a result of the tax shift: Under the old legislation, the reduction of the aforementioned employer social security contributions would have created a negative wage handicap and could have been used to increase the maximum margin. Under the new legislation, the reduction of these employer social security contributions, which are the result of the decisions about the tax shift, are not factored in in the calculation of the wage handicap. Consequently, they do not give rise to an increase of the maximum available margin and the maximum margin of the next IPA. Consequently, the new legislation may possibly reduce the wage increases to the reduction of the employer social security contributions of the tax shift. This was evaluated by the Federal Planning Bureau.

- If there was a historical handicap:
  - (at least) half of the future reductions of the employer social security contributions decided after or on top of the reductions that were already included from the tax shift will not be factored in in the calculation of the wage handicap: the effect is the same if the reductions of social security contributions by employers as a result of the tax shift were not factored in. This provision has not yet entered into force.
  - Any remaining negative handicaps after neutralisation of the reductions of the employer social security contributions are not (fully) offset by an increase in the maximum available margin of the next IPA. This provision is not yet applicable as there was no negative handicap in 2016 (and the historical handicap was not yet defined).

Besides not factoring in the reductions of social security contributions by employers as a result of the tax shift, a measure that was evaluated by the Federal Planning Bureau, the safety margin is the only other provision that applies for the 2017-2018 IPA and which may therefore be subjected to an evaluation.

Under the old legislation there was no safety margin. In practice, however, it was in recent years relied on the most cautious wage increase forecasts in the reference countries to avoid prediction errors. If we look at the most cautious predictions, the prediction of the average increase in the three reference countries would have been 4.1%. This is 0.5% less than the prediction of 4.6% that was taken into account for determining the maximum available margin of 2017-2018. In other words, for the 2017-2018 IPA, the safety margin prevents the prediction errors in the same manner as if we had followed the usual practices under the old legislation.

**Table A2: Expected change in hourly labour costs in the private sector for the 2017-2018 period**

	National forecast	EC	OECD	National Banks	Most cautious
Germany	5.3%	5.1%	6.0%	5.2%	5.1%
The Netherlands	4.2%	4.5%	4.9%	n.a.	4.2%
France	n.a.	3.3%	2.6%	3.5%	2.6%
Av3					4.1%

## Annex 8: Reporting table on national Europe 2020 targets and other key commitments

Table A3. Description of the measures taken and information on their qualitative impact		
Target / policy area	List of measures and their state of play that were implemented in response to the commitment	The estimated impacts of the measures (qualitative and/or quantitative)
	<b>National Europe 2020 targets</b>	
Employment (see also CSR 2)	<p><b>Federal government</b> The <b>Law on Workable and Adaptable Work</b> (Law of 5 March 2017) will increase flexibility to the benefit of both employers and employees</p>	<p><b>Federal government</b> The Law should inter alia lead to longer working lives and facilitate the integration of people in the margins of the labour market, thereby increasing the employment rate. Its impact is hard to estimate, however.</p>
	<p><b>Brussels-Capital Region</b> The <b>integration contracts</b> are 12-month employment contracts subsidised by the Brussels Region for any under 25 jobseeker who has been unemployed for at least 18 months after the end of his/her studies and who has not yet entered labour market despite his/her efforts to find a job. The internship <b>first professional experience</b> gives a young unemployed jobseeker registered as such after his/her studies the opportunity to acquire a first professional experience and aims at integrating young people, directly and lastingly, into the labour force by lifting by removing barriers to access.</p>	<p><b>Brussels-Capital Region</b> For the integration contracts: 2016: about 110 foreseen and 44 effective contracts. 2017: first full fiscal year for the measure - around 655 integration contracts foreseen. The measure will be assessed throughout 2017. For the internships of first professional experience: 2017: about 1 300 internships</p>
	<p><b>Wallonia</b> <b>Compusory integration paths for new arrivals and new actions</b> for supporting their socio-professional integration (individual support, training, ...)</p>	<p><b>Wallonia</b> Raising the employment rate of people with a migrant background</p>
	<p><b>Flanders</b> In order to activate the long term unemployed, the government of Flanders decided on 23 December 2016 to set up a new system of <b>Temporary Work Experience (TWE)</b>. Due to a lack of work experience, skills and labour mindset, long term unemployed jobseekers do not often get easy access to the regular economy. The new system wants to play an important role in the transition from unemployment to work by creating work experience. The system differentiates between two main target groups: jobseekers who receive a living wage from social services and other jobseekers registered at the PES. A work experience trajectory is always tailored to a jobseeker's individual needs and can last up to two years. A financial compensation will also be granted. After this period the jobseeker can benefit from PES services in case the work experience does not lead to a job. In addition, a financial incentive will be granted to employers who hire long-term unemployed jobseekers from January 2017 onwards.</p>	<p><b>Flanders</b> In Belgium, the share of long-term unemployed has increased overall since the financial crisis from 47% in 2008 to 51% in 2015. That is higher than the EU average of 48% in 2015. Also, the regions witnessed an increase of long-term unemployment since the crisis. Although there are substantial differences in numbers across the regions. In Flanders about 38% of jobseekers were long-term unemployed in 2015 in comparison to 36% in 2008. In the Brussels and Walloon Regions long-term unemployment constitutes for more than half the population of jobseekers: 63% and 58% respectively in 2015 (in comparison to 55% and 51% in 2008). The system of TWE wants to diminish the share of long-term unemployed jobseekers in Flanders on a structural basis. By activating the long-term unemployed the system of TWE also aims to contribute significantly in reaching the overall employment rate target of 76% in 2020.</p>

R&D and innovation	<p><b>Flanders</b> Total Flemish <b>STI budget</b> was 2.22 billion euros in 2016, of which 1.40 million euros for R&amp;D (the highest amount ever). This represents just over half of total Belgian GBARD. For 2017, there is an extra R&amp;D&amp;I budget of 185 million euros, as well as an additional budget for R&amp;D-infrastructure of 60 million euros. The main beneficiaries of the extra budget in 2017 are: Imec (nanotechnology, 29 million euros), VIB (biotechnology, 14.7 million euros), university colleges (10 million euros), FWO (Research Foundation Flanders; 30.3 million euros), Special Research Fund for the universities (BOF, 10 million euros), new cluster policy (40 million euros), more innovation support (20 million euros), and living laboratory for 'Internet of Things' and Industrie 4.0 (8 million euros).</p>	<p><b>Flanders</b> Impact of the extra R&amp;D&amp;I budget: more funding for R&amp;D will probably contribute to the 3% R&amp;D-intensity target for Flanders. There is extra budget for more fundamental as well as for more applied research. A higher lever of public R&amp;D&amp;I efforts on the businesses sector is also an aim of the additional budget, for which the extra budget for innovation support and for the new cluster policy of Flanders will contribute. Overall, the extra budget will further strengthen the knowledge base of Flemish companies and the various research institutes. Yet as is generally known, the R&amp;D-intensity itself depends not just on the evolution of the GERD, but also on the evolution of the GDP over the years.</p>
	<p><b>Brussels-Capital Region</b> New <b>Regional Plan for Innovation 2016-2020</b> approved in July 2016 by the government: a reference framework for the research and innovation policy and a catalyst for socio-economic development, while also promoting the welfare of the inhabitants of Brussels.</p>	<p><b>Brussels-Capital Region</b> Improvement of the innovation chain, support of new forms of innovation within a more inclusive and effective governance through, a.o. two new Ordinances on the promotion of research, development and innovation to be adopted in 2017.</p>
	<p><b>Wallonia</b> <b>Creative Wallonia 2015-2019:</b> adopted in July 2016. Large set of measures to foster creative economy and innovation in the whole economy, and in the population: SME and start up / scale up support, innovation support, competencies.</p>	<p><b>Wallonia</b> Fostering creativity and innovation in the economy</p>
GHG emission reduction	<p><b>Wallonia</b> <b>Adoption of the Air-Climate-Energy Plan 2016-2022:</b> measures allowing to reach our climate objectives</p>	<p><b>Wallonia</b> Reduction of GHG emissions by 30% in 2020, 80-95% in 2050</p>
	<p><b>Flanders</b> The Flemish <b>Mitigation plan</b> (2013-2020) includes measures in all non-ETS sectors reducing greenhouse gas emissions in accordance with the Flemish target (-15.7% in 2020 compared to the 2005 reference year). At the second Climate and Energy Summit in Ghent, 1 December 2016, the Flemish government signed a <b>Climate and Energy Pact</b> containing concrete engagements for reducing greenhouse gas emissions. With this pact, the government also took the first step in the development of an integrated <b>Energy and Climate plan 2021-2030</b>, an <b>Energy vision</b> as well as a <b>Climate vision for 2050</b>.</p>	<p><b>Flanders</b> Within the period 2013-2015, the Flemish emissions were in line with the reduction path towards 2020, and resulted in a cumulated surplus of 6 379 kton CO<sub>2</sub>-eq. Considering the period 2013-2020 the Flemish reduction target of -15.7% is within reach, despite an expected deficit after 2017.</p>
	<p><b>Brussels-Capital Region</b> Adoption of the <b>Air-Climate-Energy Integrated Plan:</b> measures allowing to reach the climate objectives</p>	<p><b>Brussels-Capital Region</b> Reduction of GHG emission of 8.8% in 2020 (compared to 2005)</p>
Renewable energy	<p><b>Brussels-Capital Region</b> Adoption of the <b>renewable energy strategy</b> on October 18th 2016 by the government - integrating an ambitious strategy for photovoltaics targeting public authorities, households and companies.</p>	<p><b>Brussels-Capital Region</b> Increase in renewable energy consumption</p>

	<p><b>Flanders</b></p> <p>The Flemish government is finalising an <b>Energy plan 2020</b>, setting out new renewable energy sub-targets. To meet these targets, a sharp increase in solar energy, wind power and green heat is needed. The Flemish government adopted a concept for a <b>Solar plan</b>, in order to accelerate the development of solar energy by citizens, companies and governments. To promote the production of wind energy, a concept paper 'Windkracht 2020' was approved in which actions are proposed to build more (and faster) wind turbines.</p> <p>A regulatory framework for <b>district heating</b> is being developed and an overall heat plan will be presented to the Flemish government in 2017.</p>	<p><b>Flanders</b></p> <p>According to the intra-Belgian burden sharing agreement, the renewable energy target for Flanders corresponds to a production of 2.156 Mtep (25 074 GWh) renewable energy in 2020. In 2015, the production of renewable energy was 1.41 Mtep, or 6% of the final energy consumption.</p>
	<p><b>Wallonia</b></p> <p>Call for projects for a new <b>biomass power plant</b></p>	<p><b>Wallonia</b></p> <p>Max. new capacity of 200MW, investment of 250 to 450 million euros</p>
Energy efficiency	<p><b>Wallonia</b></p> <p>Adoption of the <b>Employment-environment alliance</b>, with a focus on buildings</p>	<p><b>Wallonia</b></p> <p>New norms, support to sustainable building/renovation, developing competencies</p>
	<p><b>Brussels-Capital Region</b></p> <p>the <b>SolarClick &amp; NRClick</b> programs launched in February 2017 to exploit the significant renewable energy and energy-saving potential of public buildings</p>	
	<p><b>Flanders</b></p> <p>In the context of the <b>Renovation pact</b>, the Flemish government and all relevant stakeholders are developing a coherent action plan that will lead to a sharp increase of the renovation rate and energy performance of the building stock.</p> <p>From 1 January 2017, energy performance standards will also apply to non-residential buildings. Flanders is also working on the improvement of the energy performance certificates and related inspection protocols.</p> <p>The number of energy intensive companies entering into the new <b>energy policy agreements</b> (EBO's - energiebeleidsovereenkomsten) had increased to 338, representing over 80% of the industrial energy use in Flanders. The Flemish government will set up pilots to investigate the establishment of 'mini-EBO's for SME's.</p>	<p><b>Flanders</b></p> <p>To contribute to the national target (43.7 Mtoe primary energy consumption in 2020), and in accordance with the targets for final energy use in the Energy Efficiency Directive, the Government of Flanders aims at:</p> <ul style="list-style-type: none"> <li>- realising 9% energy savings in 2016 (base: the average non-ETS final energy consumption in 2001-2005). In 2012, the savings in final energy consumption amount to 16 499 GWh or 8,8%. It is estimated that the savings will be 27 416 GWh or 14.5% by the end of 2016.</li> <li>- achieving yearly savings of 1.5% in the period 2014-2020 (base: the average annual energy sales to final consumers in 2010-2012); This equals a total saving of 172 PJ between 2014 and 2020.</li> </ul>
Early school leaving	<p><b>French Community</b></p> <p>The <b>Pact for Excellence in Education</b> adopted on 22 March 2017 includes several measures: strengthening of means for preschool, monitoring of educational system and school establishments, extension of the duration of the common curriculum, remedial lessons and strengthening of learning achievements</p>	<p><b>French Community</b></p> <p>Target figures and compulsory monitoring plan for school establishments as from September 2018, containing in particular the strategy of the school for fighting against school failure, school dropout and repetition</p>
	<p><b>Flanders</b></p> <p>Modernisation of secondary education. Further implementation of action plan <b>Together against School Drop-out</b></p>	<p><b>Flanders</b></p> <p>By reducing the number of early school leavers and fighting truancy a maximum number of pupils obtains a certificate at the end of secondary education</p>
	<p><b>Brussels Capital Region</b></p>	<p><b>Brussels Capital Region</b></p>

	Setting up of the <b>Service School</b> to coordinate procedures aiming at the creation of new school places, to follow the Brussels programme for education and ensure implementation and assessment of the local and regional mechanism to fight against school dropout	Tool against school dropout: management of 400 projects per year (1.8 million euros budget).
Tertiary education	<p><b>Brussels Capital Region</b></p> <p>Launch in September 2017 of a <b>study course for bilingual teachers</b>. The project is led by the Flemish Community Commission (VGC) in charge of Dutch-speaking education and the local administration responsible for public education in the City of Brussels. The teachers who will graduate from the two schools providing this study programme, will be able to teach both in the Dutch-speaking and French-speaking primary schools.</p> <p>By paying attention to language, diversity and big cities, the teachers will be in greater contact with the needs of their future pupils and will consider Brussels as their natural habitat. The pupils of the French-speaking and Dutch-speaking schools will benefit from the qualifications of these teachers tailored for Brussels. This project could also help make up for the lack of Dutch teachers in the French-speaking schools.</p>	
	<p><b>Flanders</b></p> <p><b>Reform of higher vocation education</b></p>	<p><b>Flanders</b></p> <p>A strengthened sector of higher vocational education will attract additional students to higher education and thus contribute to the further democratization of higher education in Flanders</p>
	<p><b>French Community</b></p> <p>The reform of the <b>study grants</b> launched in September 2016 takes into account the total incomes of the household of the student. At the same time, the income ceilings have been raised. On 29 June 2016, a decree extending <b>school- and work-based education</b> in higher education has been approved. The decree allows school- and work-based education not only for master's degrees but also for bachelor's degrees or certificates. In the <b>second chance education</b>, prior experiences are better valued. The second-chance schools have now an integrated process for valuing achievements. Previous experience and know-how, formal and non-formal achievements of students will be better taken into account when establishing their study programme. Thanks to this tailored programme, more exemptions will be delivered and valued on a case-by-case basis.</p>	<p><b>French Community</b></p> <p>The reforms and decrees concerning higher and sec-ond-chance education expand access to higher education.</p>
Poverty	<p><b>Federal government</b></p> <p>Structural mechanism for adapting social security and social assistance benefits to the development of the general standard of living. Implementation in 2017 -2018.</p>	<p><b>Federal government</b></p> <p>Supporting the income of the lowest income categories through an increase of social assistance and (selected) social security benefits on top of the adjustment to the consumer price index. The proposal by the social partners regarding the use of the welfare envelope 2017-2018 (approx. 500 million euros from 2018) has been approved by the federal</p>

		government. The aim is to reduce the gap between the minimum benefits and the EU at-risk-of-poverty threshold, while taking care to avoid financial unemployment and inactivity traps. There is a specific focus on supporting lone parents.
	<b>Wallonia</b> Reform of <b>Social Cohesion Action Plan 2020-2025</b> , with increased focus on fight against poverty	<b>Wallonia</b> 147.3 million euros for 2020-2025 for local authorities
	<b>Brussels-Capital Region</b> The <b>Brussels Action Plan against Poverty</b> , including measures such as the reception of newcomers and the creation of two care centers offering social and health services to marginalized groups (homeless, migrants, Roma ...).	
	<b>Flanders</b> The government of Flanders will continue to assume its responsibility using structural initiatives related to poverty prevention and poverty reduction with a specific focus on the prevention and combating of child poverty. A complete list of the Flemish measures can be found in the <b>Flemish Action Plan for Poverty Reduction</b> . In 2017 the plan was reviewed.	<b>Flanders</b> The reduction of the poverty rate in Flanders. Composite indicator (% people in poverty or social exclusion) (2012): 16,0% (2013): 15,4% (2014): 15,3% (2015): 15,0%
<b>Other key commitments</b>		
(Related to AGS priorities, Euro Plus Pact commitments, commitments in relation to 2020 targets, to National Job Plans, to other key bottlenecks identified in the NRPs, commitments in relation to flagship initiatives)	<b>Brussels-Capital Region</b> The Brussels <b>Small Business Act</b>	<b>Brussels-Capital Region</b> Financial, institutional and administrative environment more attractive for the development of SMEs
	<b>Wallonia</b> <b>Reform of SME support system, and creation of a one-stop shop.</b> Eleven thematic enterprise vouchers created	<b>Wallonia</b> Simplification of the system, and reinforced efficiency of support schemes for SMEs
	<b>Wallonia</b> <b>'Coup de Pouce' loan scheme</b> aiming at mobilisation of private savings for supporting real economy and SMEs (fiscal support)	<b>Wallonia</b> Facilitating access to finance for SMEs and independents

<p>Measure (chapter 5)</p>	<p><b>Flanders</b> <b>Industrie 4.0:</b> The Flemish government aims at transforming industry in Flanders into 'Industrie 4.0'. This is a global definition for new technologies and concepts in industry, mainly based on intense digitalization. The strategic importance of this transition is clear: a major industrial activity that generates economic added value, supports a good labour environment and is sustainable in Flanders (or is being strengthened). It is one of the transition domains in the LT Visie 2050 of the Flemish government. The transition support aims at establishing a vision on the LT by gathering actors in a transitional space and immediate actions based on the existing insights and analyses. It is founded on 5 main principles: (1): a platform that supports a wider promotion of information on Industrie 4.0 and supports sensibilisation; (2): strengthen the knowledge basis; (3): speed up the application, mainly by focused support of companies, dependent on their familiarity and involvement with the transition; (4) : contribute to good environmental conditions; (5): support international cooperation especially at the European level.</p>	<p><b>Flanders</b></p> <p>Effects and impact: Starting point: further build on our strengths such as a good position in digitalisation, a strong research landscape and performing companies that already have a high degree of automatization and are internationally active. More start-up companies and strengthen the existing companies (and long-lasting sectors) is also an aim and expected outcome of Industrie 4.0.</p> <p>The outcomes can be various: Higher productivity More digitalisation for industry in Flanders; A better knowledge basis for industry in Flanders; More competitiveness for the companies; More and better inclusion in (global) value chains; More activities at the international level.</p>
<p>Measure (chapter 5)</p>	<p><b>Flanders</b> <b>Entrepreneurship</b> In 2017 there is further effort in stimulating entrepreneurship and entrepreneurial culture, via education. On 10 June 2016, the action plan <b>Ondernemend onderwijs 2015-2019</b> (entrepreneurial education) was approved by the Flemish government. It was drafted by several policy domains including Education and Training (OV), and Economy, Science and Innovation (EWI). The action plan aims at inspiring and support educational institutes, offer a policy framework for suppliers, and bundle the actions of the Flemish government. The strategic targets are: -: Education institutes develop an entrepreneurial culture and promote this widely; -: Entrepreneurial culture is stimulated at all pupils, students, and people following vocational training (courses). -: All pupils, students, and people following vocational training feel the broader world of entrepreneurship. -: All pupils, students, and people following vocational training who want to, get the chance of developing entrepreneurial competencies via the own educational situation.</p>	<p><b>Flanders</b></p> <p>Expected or hoped outcome: Increase entrepreneurship and entrepreneurial culture and develop the necessary skills to this aim via different channels and in different stages of people's life.</p>

## Annex 9: Opinion of the Central Economic Council and the Federal Council for Sustainable Development

### Saisine

Par lettres respectivement du 14 mars et du 24 mars 2017, le Premier Ministre a demandé l'avis du Conseil central de l'Economie et du Conseil national du Travail concernant le Programme national de Réformes (PNR) 2017. Etait joint en annexe de la demande d'avis le document de planification du PNR 2017.

Les deux secrétariats se sont chargés de la rédaction d'un projet d'avis et une procédure de validation électronique a été suivie.

Le projet d'avis a été approuvé par les deux Conseils lors de la séance plénière commune du .... 2017. Il est destiné à être annexé au PNR.

La présente contribution donne un aperçu des résultats de la concertation sociale interprofessionnelle, ainsi que des principaux avis, rapports et études émis par le Conseil central de l'économie et le Conseil national du travail (les Conseils) les derniers mois qui présentent un lien avec l'adoption du Programme national de réformes 2017.

Les interlocuteurs sociaux réitèrent leur volonté commune, maintes fois affirmée par les instances du Conseil central de l'Economie et du Conseil national du Travail, d'organiser l'information, le dialogue et les consultations avec les interlocuteurs sociaux dès le début du processus décisionnel européen pour que leurs débats, leurs travaux et leurs contributions puissent alimenter de manière effective et pertinente le positionnement politique du gouvernement belge.

Pour renforcer ce point de vue, les deux Conseils tiennent à se référer à la Commission européenne qui dans sa Communication du 21 octobre 2015 <sup>1</sup> indiquait que les Etats membres devraient être plus attentifs au rôle des partenaires sociaux nationaux, compte tenu de l'intérêt porté par eux aux processus européens. A cette fin, la Commission encourage les partenaires sociaux à participer plus activement à l'élaboration des programmes nationaux de réforme. En outre, les représentations de la Commission dans les Etats membres consulteront les partenaires sociaux nationaux à des moments clés prédéfinis du semestre. Ces mesures seraient complétées par un renforcement du dialogue avec les partenaires sociaux durant les missions menées dans le cadre du semestre européen. C'est dans ce sens que des initiatives ont été développées au CCE et au CNT à l'initiative de la représentation de la Commission européenne en Belgique.

Les Conseils se réfèrent également au Sommet social tripartite européen de mars 2016 qui a mis l'accent sur « un partenariat solide pour la création d'emplois et la croissance inclusive - bilan du nouveau départ pour le dialogue social ». A cette occasion, la Commission européenne a réaffirmé deux principes essentiels : (1) le dialogue social dans l'Union européenne ne peut pas produire de résultats sans un dialogue social efficace et performant au niveau national ; (2) la concertation tripartite associant les autorités publiques doit s'appuyer sur un dialogue social bipartite fort. Cela est valable tant au niveau de l'UE que dans les Etats membres.

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<sup>1</sup> <https://ec.europa.eu/transparency/regdoc/rep/1/2015/FR/1-2015-600-FR-F1-1.PDF>

## Avis

### Considérations générales

Depuis le lancement de la Stratégie Europe - 2020, les instances du Conseil central de l'économie (CCE) et du Conseil national du travail (CNT) ont régulièrement souligné la nécessité pour les autorités politiques européennes et nationales d'organiser le dialogue et les consultations avec les interlocuteurs sociaux à tous les niveaux de pouvoir dès les premiers jalons du cycle annuel du Semestre européen pour que leurs travaux et contributions puissent alimenter de manière effective et pertinente le Programme national de réformes (PNR). Le dialogue avec les interlocuteurs sociaux doit porter sur les intentions des différentes autorités politiques du pays dans la perspective du suivi des recommandations européennes, des objectifs de la Stratégie Europe 2020 et plus largement de la coordination des politiques socio-économiques au niveau européen.

Ce dialogue à plusieurs niveaux vise également à éclairer l'articulation de la coordination européenne avec les autres objectifs de l'action des autorités publiques et les préoccupations des interlocuteurs sociaux à tous les niveaux de pouvoirs.

Le Programme national de réformes (PNR) doit s'efforcer de rassembler formellement les mesures prises au cours des douze derniers mois dans les domaines concernés par les recommandations de 2016, les autres dispositifs de la coordination macro-économique européenne ainsi que les priorités pour les mois à venir. Le PNR s'inscrit aussi dans le cadre de la stratégie « Europe 2020 » pour une croissance économique « intelligente, durable et inclusive » que l'Union européenne a adoptée en 2010. Il constitue l'instrument de suivi et d'évaluation du volet national de la stratégie européenne. Depuis 2011, dans le cadre de la mise en place du Semestre européen, le PNR s'articule aussi avec Les programmes de stabilité et de convergence.

La rédaction du PNR est assurée par un comité de rédaction dirigé par la Chancellerie du Premier Ministre. Sont représentés dans ce comité : le SPF Finances, le Bureau fédéral du Plan (en collaboration avec le SPF Economie), le SPF Sécurité sociale, le SPF Emploi, les Régions et les Communautés. La responsabilité finale du PNR incombe au gouvernement. Des domaines importants repris dans le PNR relèvent de la responsabilité partielle ou exclusive des Régions ou des Communautés, ce qui nécessite une coordination entre le gouvernement fédéral et les gouvernements des Régions et des Communautés. Cette coordination est organisée au sein d'un Comité d'accompagnement politique créé à cette fin, ainsi que du Comité de concertation qui rassemble les différentes autorités.

Le Conseil central de l'économie et le Conseil national du travail (les Conseils) sont au niveau fédéral les instances de discussion et d'avis autonome et les lieux d'appropriation des enjeux des politiques et des coordinations socio-économiques européennes ainsi que des recommandations européennes adressées à la Belgique. En 2016-2017, les principaux chantiers en lien avec les recommandations européennes 2016 sur lesquels les interlocuteurs sociaux ont été appelés à se prononcer au sein des deux Conseils concernent, par exemple, la réforme structurelle du marché du travail et le travail faisable, la réforme de la loi de 1996 sur la formation des salaires, la réforme des pensions, en ce compris la prise en compte de la pénibilité parallèlement à l'allongement de l'âge légal de la retraite et de la durée des carrières, l'engagement de la Belgique en matière de changements climatiques et les enjeux énergétiques ainsi que de mobilité.

La 6ème réforme de l'Etat se traduit par une fédéralisation accrue de l'Etat. Dans ce contexte institutionnel dans lequel les interlocuteurs sociaux présentent la caractéristique d'être représentés tant au niveau fédéral que des entités fédérées, les Conseils sont un lieu privilégié pour assurer une meilleure diffusion de l'information entre les différents niveaux de pouvoir, une plus grande transparence et une

meilleure cohérence des politiques menées. La mise en place au sein des Conseils de plateformes interfédérales pour traiter des questions relatives à la mobilité ou encore du travail des étudiants, en lien avec la formation en alternance, poursuit cet objectif de bonne gouvernance.

Ce rôle central des Conseils trouve également à s'appliquer sur les questions présentant un intérêt à la fois pour le niveau interprofessionnel que plus spécifiquement pour certains secteurs. Ainsi, en matière de lutte contre la fraude sociale et fiscale, la création d'une plateforme informative permet de mettre à la disposition des secteurs les plus concernés, en un point central d'information, les informations sur l'implication des dispositions européennes relatives, par exemple, au détachement de travailleurs. Cette plateforme permet également d'avoir une vue globale sur le suivi des différents plans sectoriels de lutte contre la fraude et le dumping social, en lien étroit avec l'administration et les services d'inspection compétents.

## 1. Les priorités des interlocuteurs sociaux

Le 2 février 2017, le Groupe des dix a conclu un accord interprofessionnel (AIP) 2017-2018, entériné par toutes les instances concernées<sup>2</sup>. Ce n'était plus arrivé depuis 2010. En se basant sur le Rapport Emploi-Compétitivité du CCE (Partie I), l'accord prévoit la marge maximale d'augmentation des salaires. Cette marge maximale a été fixée par CCT du CNT adoptée le 21 mars 2017.

L'accord prévoit aussi une revalorisation en priorité des allocations qui sont les plus éloignées de la norme européenne de pauvreté<sup>3</sup>. En matière de liaison au bien-être des allocations sociale et de l'assistance sociale, l'AIP formule ainsi des propositions en vue de poursuivre la réduction de l'écart de pauvreté et de proposer des solutions spécifiques pour des situations problématiques spécifiques, en particulier la situation des familles monoparentales, tout en veillant à ne pas créer de nouveaux pièges à l'emploi et à l'inactivité. Les propositions en question sont développées dans un avis conjoint CCE/CNT du 21 mars 2017 (voir infra).

Durant la période 2017-2018, les interlocuteurs sociaux souhaitent relever ensemble un certain nombre de défis sociétaux importants. Les travaux autour de ces points sont organisés principalement au sein du Conseil national du travail (CNT) et du Conseil central de l'économie (CCE). Les interlocuteurs sociaux veulent entre autres :

- Ouvrir une discussion sur la problématique du burn-out, à laquelle sont confrontés les travailleurs comme les employeurs et les entrepreneurs dans le but d'identifier et de proposer des solutions. L'AIP prévoit la mise sur pied, dans le giron du CNT, d'un comité spécial, chargé d'examiner la problématique, de donner des orientations, d'étayer l'analyse et de lever le tabou sur la problématique.
- Qu'au sein du CNT, des propositions soient formulées pour simplifier la réglementation existante et les formalités administratives de façon à diminuer la complexité, les charges et les coûts administratifs tout en maintenant les droits d'information, les droits sociaux et la protection sociale.
- Œuvrer à une organisation du travail tournée vers l'avenir répondant aux besoins des employeurs et des travailleurs. L'AIP prévoit que les interlocuteurs sociaux examineront au sein du CNT pour

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<sup>2</sup> L'accord interprofessionnel est un accord-cadre conclu entre les représentants du Groupe des 10 qui prévoit un socle commun d'avantages sociaux accordés pendant les 2 années à venir aux travailleurs du secteur privé. Il porte sur la marge salariale, l'affectation de l'enveloppe bien-être, la prolongation de dossiers en cours comme les régimes de chômage avec complément d'entreprise, la formation, les défis sociétaux...

<sup>3</sup> Pour une analyse approfondie des indicateurs européens de pauvreté, voir Troisième plan fédéral de lutte contre la pauvreté (2016-2019), SPP Intégration sociale.

le 30 juin 2017, quelles mesures et adaptations de la législation sur le travail peuvent permettre de rendre possible une organisation plus souple du travail pour l'employeur et la combinaison vie privée et vie professionnelle et la soutenabilité du travail pour le travailleur, y compris les nouvelles formes de travail et d'organisation du travail avec comme but de promouvoir l'emploi et la compétitivité.

- Veiller à ce que les phénomènes de la digitalisation et de l'économie collaborative contribuent de manière optimale à plus de croissance, d'emploi, d'entrepreneuriat et à une protection sociale durable en renforçant les opportunités qu'ils offrent et en palliant d'éventuels dangers ou effets indésirables. Un colloque CNT-CCE réunissant les acteurs concernés est prévu en septembre 2017.
- Examiner, au sein du CCE et du CNT, comment le budget mobilité peut être élaboré pour améliorer la mobilité durable et favoriser l'intermodalité, sans surcoût pour les employeurs, sans perte de salaire pour les travailleurs et sans impact négatif sur les budgets de la sécurité sociale et des pouvoirs publics.
- En matière de restructurations, l'intention est de pouvoir disposer du temps nécessaire pour débattre en profondeur de la problématique des restructurations dans son ensemble et d'examiner au CNT, pour le 30 juin 2017, quelles propositions communes peuvent être formulées.
- Examiner au CNT les propositions communes pouvant être formulées pour promouvoir l'emploi des jeunes et améliorer la situation des jeunes sur le marché de l'emploi de façon structurelle ainsi que pour offrir à très court terme une solution structurelle pour les secteurs où les mesures du régime de préavis harmonisé et de la suppression de la période d'essai ont un impact particulier ;
- Examiner quelles autres démarches peuvent être faites dans le dossier ouvriers-employés et dans la réforme du paysage paritaire au niveau sectoriel et d'entreprise.

Fin 2017, le Groupe des dix évaluera les progrès faits sur ces différents points. L'AIP 2017-2018 est repris en annexe de l'avis.

## **2. Contribution des Conseils au Semestre européen**

### ***2.1. Dialogue avec le gouvernement***

Dans le cadre du Semestre européen, et de manière récurrente, dans la foulée de la publication par la Commission européenne de l'Annual growth survey (AGS) et du Rapport sur le mécanisme d'alerte sur les déséquilibres macro-économiques, des contacts et auditions sont organisés au niveau du CCE avec les représentants belges auprès du comité de politique économique (EPC) et du comité économique et financier (EFC). Au travers des activités du CNT, les interlocuteurs sociaux sont étroitement associés aux travaux du Comité de Protection sociale et du Comité de l'emploi, via des contacts réguliers avec les représentants belges auprès de ces comités ainsi qu'avec les représentants des cabinets ministériels concernés.

La rédaction du PNR est réalisée sous l'autorité de la Cellule stratégique du Premier Ministre. En conséquence, l'implication des interlocuteurs sociaux dans la préparation de ce document est mise en oeuvre en premier lieu via les contacts établis depuis un certain nombre d'années par le Conseil national du Travail (CNT) et le Conseil central de l'Economie (CCE) avec la Cellule stratégique du Premier Ministre.

Dans le cadre de l'élaboration du PNR 2017, les interlocuteurs sociaux proposent au gouvernement que le Rapport Emploi-Compétitivité du CCE (REC) puisse trouver un écho dans le PNR. La première partie

du rapport, qui contient entre autres les marges maximales disponibles pour l'évolution du coût salarial et le handicap des coûts salariaux, y sera mentionnée dans le cadre de la réforme de la loi de 1996 et des recommandations européennes de 2016. Les interlocuteurs sociaux pensent que des références à la seconde partie du Rapport, rédigée sous leur responsabilité, constitueraient certainement une plus-value. Cette seconde partie fait le point sur le consensus existant entre les interlocuteurs sociaux sur les enjeux de politique économique. Le travail d'appropriation souhaité par les instances européennes au niveau national, rappelé dans le préambule de l'avis, implique un dialogue effectif entre les forces sociales représentatives et les différentes instances impliquées dans le processus d'élaboration de la politique socio-économique. Ces références dans le PNR constitueraient un élément de ce dialogue dans la mesure où elles indiqueraient que certaines actions du gouvernement reprises dans le PNR sont des réponses aux préoccupations des interlocuteurs sociaux.

Précisément, les interlocuteurs sociaux rappellent que la loi du 26 juillet 1996 confie au CCE la mission permanente de surveillance de l'état de la compétitivité de la Belgique, ce qui fait du CCE un pivot de la politique économique du gouvernement. Cette loi de 1996, modifiée en 2017, dispose que le Conseil Central de l'Economie rédige un Rapport Emploi Compétitivité (REC). La première partie du rapport est rédigée sous la responsabilité du secrétariat du CCE et concerne entre autres les marges maximales pour l'évolution du coût salarial et le handicap des coûts salariaux. La deuxième partie du REC – rédigée sous la responsabilité des interlocuteurs sociaux – analyse la politique des salaires et de l'emploi ainsi que les aspects structurels de la compétitivité et de l'emploi, en particulier quant à la structure sectorielle des investissements nationaux et étrangers, aux dépenses en matière de recherche et développement, aux parts de marché, à l'orientation géographique des exportations, à la structure de l'économie, aux processus d'innovation, aux structures de financement de l'économie, aux facteurs de la productivité, aux structures de formation et d'éducation, aux modifications dans l'organisation et au développement des entreprises, ainsi que des suggestions d'amélioration. Cette partie comprend également une analyse du respect de la paix sociale et de l'influence de l'ancienneté sur les salaires, ainsi qu'une analyse de l'impact des niveaux de salaires sur le fonctionnement du marché du travail en général et, en particulier sur l'intégration des groupes à risques sur le marché du travail.

Cette partie II du REC analyse les dynamiques en œuvre en matière de productivité et de compétitivité qui influent aussi bien sur l'accumulation et la correction des déséquilibres macroéconomiques que sur l'examen de l'impact socio-économiques des politiques publiques qui sont menées et l'efficacité des ajustements engagés. Ces problématiques sont également au cœur du Rapport pays de la Commission européenne et des recommandations européennes.

Le REC contribue donc à remplir trois missions principales du CCE : la première est de contribuer à un consensus large des forces productives autour de grands objectifs, d'un cadre d'analyse commun et de principes de politique économique pour assurer une pérennité de ces objectifs et de ces principes, même en cas de changement de majorité gouvernementale; la seconde mission est de mettre des points à l'agenda politique en attirant l'attention des gouvernants sur les thèmes qui cristallisent les débats dans la société et ainsi contribuer à établir l'ordre des priorités de l'action gouvernementale ; la troisième est de permettre le dialogue entre les interlocuteurs sociaux et les gouvernants. Il constitue un état des lieux de notre économie, en comparaison avec les pays de référence, en matière d'emploi et de compétitivité.

Le Rapport Emploi Compétitivité de 2016 est repris dans son intégralité en annexe de l'avis.

Dans le REC 2016, les interlocuteurs sociaux visent à garantir un niveau de vie élevé en Belgique en augmentant le taux d'emploi, tout en assurant, au regard du coût du vieillissement, la soutenabilité des finances publiques, la soutenabilité environnementale et l'équilibre de la balance des opérations courantes. Une plus grande cohésion sociale garantie par un haut taux d'emploi et une protection sociale efficace et efficiente sont également désignées comme des objectifs essentiels de politique économique.

Pour ce faire, les interlocuteurs sociaux pointent plusieurs objectifs intermédiaires pour réaliser ces objectifs, comme une plus forte croissance de la productivité ; le dynamisme entrepreneurial ; l'innovation; l'importance de la rentabilité ; la nécessité d'une évolution modérée des prix ; la nécessité d'apparier l'offre et la demande sur le marché du travail. Différents leviers politiques sont également identifiés comme un cadre institutionnel garantissant le bon fonctionnement du marché, favorable à l'emploi et un cadre institutionnel solide pour une vision énergétique à long terme ; la fiscalité sur le travail, le capital et la consommation ; l'enseignement et la formation comme leviers de productivité et de cohésion sociale (avec une attention suffisante pour la numérisation croissante) ; la recherche et le développement comme facteurs essentiels à l'innovation ; et l'importance des infrastructures (notamment en matière de télécommunication, énergie et transport).

En matière de politique énergétique, il importe au plus haut point d'élaborer une vision à long terme car la Belgique doit affronter de nombreux défis : les interlocuteurs sociaux affirment la nécessité de, simultanément, garantir des prix énergétiques qui soient compétitifs pour les grandes et petites entreprises (qui sont sensibles aux prix de l'énergie et sont en concurrence avec des entreprises étrangères) et abordables pour les citoyens (et plus particulièrement pour les moins favorisés); respecter les limites environnementales et les engagements environnementaux; garantir la sécurité d'approvisionnement énergétique, tout en consolidant une société durable et des activités économiques garantissant la pérennisation des emplois de qualité et une valeur ajoutée dans l'économie nationale (avis CCE, 2015).

## **2.2. Dialogue avec la Commission européenne**

Depuis quelques années, à l'occasion de la publication du « Rapport pays – Belgique » par la Commission européenne, une rencontre se déroule entre les membres du CCE et du CNT avec le Desk Belgique de la Commission. Cette initiative vise à accentuer et encourager les discussions avec les interlocuteurs sociaux sur le rapport pays et les recommandations spécifiques par pays lors des étapes clés du semestre européen. Ce processus est complété depuis l'année passée (2016) en développant un dialogue entre la Commission européenne et les interlocuteurs sociaux prenant appui sur le REC. Ainsi, les experts de la Commission européenne ont été informés des thématiques reprises dans la deuxième partie du REC et des conclusions tirées par les interlocuteurs sociaux, notamment en termes de recommandations de politique économique. Fin février 2017, dans le cadre de la présentation du Rapport pays 2017, les experts de la Commission ont apporté leur éclairage et les réponses de leur rapport en regard des considérations, propositions et préoccupations des interlocuteurs sociaux repris dans le REC.

Pour les interlocuteurs sociaux, ces rencontres avec la Commission européenne sont importantes, dès lors qu'elles participent d'un processus de justification des positions défendues par cette instance dans le cadre de son analyse pays et des propositions de recommandations qu'elle formule au printemps. Ces rencontres donnent l'occasion à la Commission européenne de confronter ses analyses avec le point de vue des interlocuteurs sociaux sur les différentes thématiques reprises dans le rapport pays. En corollaire, les experts européens ont aussi l'occasion de connaître les résultats du dialogue social qui se déroule dans notre pays et les travaux en vue du REC. Il convient de reconnaître que la Commission européenne, soucieuse d'affirmer sa légitimité d'impartialité, cherche à tenir compte de la pluralité des opinions et d'une ouverture nécessaire aux demandes de la société ; ce qui implique qu'elle prenne en compte dans son analyse la totalité des données des problématiques soulevées par tous les groupes socio-économiques concernés.

Fin février 2017, à l'occasion de la présentation du rapport pays-Belgique de la Commission européenne, les experts de la Commission ont pointé et commenté les éléments d'analyse des interlocuteurs sociaux reflétés dans le REC qui sont convergents (divergents) et les points importants pour eux qui ne se trouvent pas dans le rapport pays.

En substance, il y a plusieurs différences, mais la Commission européenne rejoint le CCE sur la prudence à adopter à l'égard des prévisions du Comité d'étude sur le vieillissement. La Commission européenne dispose également de données plus récentes – janvier 2017– que celles sur lesquelles se basait le CCE – juillet 2016– concernant les projections de l'ajustement budgétaire additionnel à réaliser. Cela explique, entre autres éléments, que si les deux institutions sont d'avis qu'une grande part de cet ajustement est à attribuer au coût du vieillissement, cet indicateur de soutenabilité atteint 3,1% selon la Commission alors que la projection du CCE se limitait à 2,7%.

La Commission européenne reconnaît la richesse et la finesse de l'analyse du CCE concernant l'écart entre les taux d'emploi des tranches d'âge qui performant le mieux et celles qui performant moins bien. Autre sujet dont la Commission reconnaît la richesse de la documentation concerne le fait que la croissance de la productivité dans de nombreux secteurs est entravée par la persistance de déficits de compétences ainsi que par la pénurie de main-d'œuvre dans certaines professions. Quant à la croissance de la productivité et le dynamisme entrepreneurial, les deux institutions soulignent le lien très direct qui existe entre ces deux éléments et la nécessité d'un niveau important de dynamisme entrepreneurial afin de déplacer les moyens de production là où ils sont utilisés de façon plus efficiente. Les deux institutions constatent que les emplois temporaires et le travail à temps partiel involontaire ne réagissent pas de manière uniforme en fonction de l'âge, du genre, de la qualification et de l'origine des travailleurs concernés. Les deux rapports présentent également les mêmes analyses en matière de marché du travail et d'éducation, et des analyses complémentaires en politiques sociales.

Si la Commission européenne reconnaît que le CCE souligne dans son rapport le manque de coordination entre régions en matière de politique d'emploi, la Commission s'étonne que le CCE ne reprenne pas sa recommandation de concertation et d'engagement des différents niveaux de pouvoir en matière de politique budgétaire. La Commission européenne traite également de l'activation des chômeurs ainsi que de la nécessité de récupérer ou d'activer les non-actifs pour améliorer le taux d'emploi. Thèmes non abordés par le CCE à ce jour.

À l'inverse, le CCE met en évidence dans son rapport la difficulté à établir un bilan à l'échelle nationale, faute de données harmonisées dans les trois régions. Si la Commission européenne ne le dit pas explicitement dans son rapport, elle soutient cette opinion.

Enfin, la Commission européenne a marqué son intérêt pour deux études inscrites dans le programme stratégique du CCE : les dynamiques à la base de la polarisation de l'emploi – phénomène aussi complexe que grave – et les secteurs qui seront touchés par la numérisation en Belgique.

Ces dernières années, les politiques européennes et leur traduction au plan national ne font pas consensus parmi les interlocuteurs sociaux. Ces divergences d'appréciation entre les organisations n'ont pas permis, jusqu'à présent, une expression commune sur le contenu des recommandations adressées à la Belgique ni la formulation de propositions de fond quant aux politiques qui devraient être menées pour traduire ces recommandations au plan national dans le PNR.

Néanmoins, sur certaines thématiques et au départ de préoccupations communes ou d'un diagnostic partagé, la volonté des interlocuteurs sociaux a été de trouver une expression commune à l'égard des instances politiques concernées.

### 3. Conseil de la productivité

Dans la perspective de mise en œuvre de la recommandation européenne sur les conseils nationaux de la productivité le CCE a adopté, fin mars 2017, un avis d’initiative. Dans cet avis, les interlocuteurs sociaux soulignent qu’en représentant paritairement les organisations représentatives des travailleurs et des employeurs, le CCE contribue fortement à l’appropriation des analyses et des politiques économiques en matière de compétitivité, croissance, emploi et productivité. Ils examinent les principes auxquels le conseil de productivité doit répondre s’il veut être utile à l’appropriation des enjeux en matière de productivité et de compétitivité. Le gouvernement, lors de la mise en place du conseil de la productivité, doit consacrer dans la composition et les modalités de fonctionnement, les prérogatives du CCE et le rôle essentiel du secrétariat du CCE. La présidence du conseil de la productivité doit revenir au secrétariat du CCE. Cette présidence est indispensable pour que le conseil de la productivité puisse être informé de l’évolution du processus d’appropriation ainsi que pour garantir une cohérence des analyses et des méthodologies utilisées dans le débat national en matière de productivité et de compétitivité et ainsi éviter les risques d’interférences avec le fonctionnement de la loi de 1996 révisée en garantissant le respect des pratiques et du système de formation des salaires, tel que le prévoit la recommandation. Les interlocuteurs sociaux soulignent avec force que la formation des salaires et les négociations collectives y afférentes relèvent de la compétence exclusive des interlocuteurs sociaux. Cette présidence est aussi et surtout la meilleure manière de s’assurer que les acteurs de l’appropriation jouent un rôle prépondérant dans le processus devant conduire à cette appropriation. En effet, les interlocuteurs sociaux ne pourront admettre les résultats du conseil de la productivité que s’ils ont été parties prenantes au processus d’élaboration de ces résultats, au travers du secrétariat et du fonctionnement de la sous-commission du CCE en charge du suivi des travaux du conseil de la productivité.

En échos à la préparation de l’avis, des représentants de la Commission européenne (fin février 2017) ont confirmé qu’il revient aux Etats membres de désigner le conseil de la productivité, qui pourrait quant à lui s’appuyer sur une combinaison d’organismes existants ou se composer de tels organismes. Pour la Commission européenne, il n’y a pas de difficulté, d’objection à ce que le secrétariat du CCE participe au fonctionnement du conseil de la productivité en Belgique.

### 4. Orientation de la politique budgétaire de la zone euro

Le CCE a adopté au mois de février 2017 un avis<sup>4</sup> concernant une communication de la Commission européenne pour une orientation dite positive de la politique budgétaire de la zone euro. Dans leur avis, les interlocuteurs sociaux s’accordent avec la Commission européenne que, dans le contexte actuel, la politique budgétaire de la zone euro a bien un rôle à jouer dans la consolidation de la reprise économique. Ils soutiennent qu’un équilibre doit pouvoir être trouvé entre, d’une part, des règles budgétaires garantissant la soutenabilité des finances publiques et, d’autre part, la capacité des gouvernements à renforcer la croissance économique par des investissements productifs, ce qui contribue à la création d’emplois et à la cohésion sociale. Au vu de l’impact modérément restrictif de la position budgétaire globale future de la zone euro et au vu de l’existence de déséquilibres budgétaire et externe entre Etats membres au sein de cette zone, les interlocuteurs sociaux estiment qu’une meilleure coordination des politiques budgétaires y est possible et même désirable. Ils regrettent néanmoins que des objectifs spécifiques n’aient pas encore été adoptés en la matière.

Outre leur nature quantitative, les interlocuteurs sociaux soulignent la nécessité de prendre en compte la qualité et l’efficacité des dépenses publiques, et ce au regard de la croissance économique et de l’em-

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<sup>4</sup> <http://www.ccecrb.fgov.be/txt/fr/doc17-440.pdf>

ploi mais aussi de la cohésion sociale. C'est sur base de ces critères que les interlocuteurs sociaux rappellent l'importance des investissements, publics et privés, et particulièrement de ceux d'infrastructure (mobilité, énergie, etc.). Par conséquent, les interlocuteurs sociaux enjoignent les pouvoirs publics à assurer un niveau adéquat de dépenses en investissement public, sans pour autant mettre en péril la soutenabilité des finances publiques. Ceci doit notamment se faire en fonction de la taille de l'économie nationale, de la structure de ses activités économiques, et surtout en fonction de l'état des infrastructures publiques et des besoins présents et futurs en la matière. A ce sujet, les interlocuteurs sociaux font part de leur préoccupation quant à la dégradation du stock d'actifs publics dont l'origine a été un très faible niveau d'investissements publics nets. Cette situation s'observe notamment en Belgique depuis au moins vingt ans. Afin de poursuivre cet objectif, les interlocuteurs sociaux appellent à revoir, notamment, la manière dont les investissements publics sont pris en compte dans l'application des règles budgétaires européennes afin que ces dépenses bénéficient d'un traitement plus favorable.

## **5. High level group (plateforme financière)**

Les interlocuteurs sociaux contribuent au fonctionnement du High level group (plateforme financière) initié par le Ministre des Finances pour promouvoir le futur du secteur financier belge. Un futur qui garantisse le fonctionnement de ce dernier au service de l'économie et de la société belges en contribuant à une croissance durable et stable. Il a été établi une procédure d'échange permanent d'informations et de points de vue entre la plateforme financière et la sous-commission créée au sein du CCE chargée de suivre les travaux de cette plateforme financière. D'abord, la plateforme reçoit les recommandations qui doivent faire l'objet d'une justification supplémentaire. Ensuite, à la suggestion du CCE, certains aspects complémentaires des problématiques analysées peuvent être inclus dans la réflexion de la plateforme financière. Enfin, l'état des préoccupations peut être pris en compte par les autres membres de la plateforme dans l'expression de leurs recommandations. Le CCE peut encore exprimer les positions communes des interlocuteurs sociaux concernant les recommandations de la plateforme financière sous forme d'avis. Bien que le CCE se réjouisse d'être associé aux travaux de la Plateforme de discussion permanente, il estime qu'il n'est pas suffisamment tenu compte dans certaines propositions de la recherche d'une adhésion sociétale. En conséquence, le CCE ne peut pas soutenir l'ensemble des propositions. On y préconise également à plusieurs reprises la création d'une nouvelle plateforme, d'une nouvelle Taskforce ou d'un nouvel organe consultatif, alors que la plus-value de cette nouvelle entité par rapport aux organes de concertation et de consultation existants n'est pas toujours évidente.

En matière de réglementation du secteur financier, il faut tendre, là où c'est possible, vers un cadre européen : l'accumulation inutile de règles nationales pour lesquelles une législation européenne existe déjà doit être évitée. De plus, les interlocuteurs sociaux soulignent également que pour réussir une transformation structurelle de l'économie, le lancement d'entreprises est important, ainsi qu'une croissance suffisante de celles-ci. Une attention suffisante portée aux entreprises existantes est également nécessaire. Ils soulignent aussi qu'une offre en financement diversifiée et complémentaire est nécessaire, afin qu'entreprises et consommateurs puissent faire appel aux sources de financement les plus appropriées et puissent recourir à un mix de financement adapté à leur situation spécifique. Dans ce cadre, il est essentiel d'établir une relation équilibrée entre clients et acteurs financiers. Un niveau suffisant de confiance et d'intégrité est à cet égard nécessaire, et les produits financiers doivent aussi être suffisamment compréhensibles pour les non-spécialistes. Une formation adéquate du personnel financier peut apporter une contribution en la matière. Il est ainsi nécessaire d'être attentif à la différence de besoins entre différents types d'entreprises : start-ups, micro-entreprises, PME, entreprises en croissance, grandes entreprises. Dans le prolongement de cet avis, le CCE étudie actuellement le classement de la Belgique au niveau de la croissance/de la montée en puissance des entreprises, les principaux déterminants d'une montée en puissance d'entreprise et la manière dont cette forme d'entrepreneuriat pourrait être favorisée (avis CCE, 2015).

## 6. Organisation du travail

Le CNT s'est prononcé, dans son avis n° 2.008 du 7 décembre 2016, sur un avant-projet de loi relatif au travail faisable et maniable. Les interlocuteurs sociaux y ont émis un certain nombre de remarques communes sur l'avant-projet de loi en matière de formation, de compte épargne-carrière, de congés conventionnels, de groupement d'employeurs et de prolongation du congé pour soins palliatifs et crédit-temps. Le Gouvernement n'a pas tenu compte de ces remarques unanimes. Un certain nombre de positions divisées ont également été exprimées dans cet avis. Les travaux du CNT sur cette thématique sont appelés à se poursuivre dans le cadre de l'exécution du point de l'AIP 2017-2018 relatif à l'organisation du travail et aux nouvelles formes de travail.

Concernant le compte épargne carrière, le CNT a jugé essentiel, dans son avis n° 2008 précité, de laisser la concertation sociale jouer pleinement son rôle harmonisateur afin qu'un système de compte épargne carrière soit développé au niveau intersectoriel. La réalisation concrète du compte épargne-carrière est actuellement en discussion au sein du CNT.

## 7. Digitalisation de l'économie

Dans le cadre des travaux relatifs au centenaire de l'OIT, le CNT a rendu le 7 décembre 2016 l'avis n° 2009 sur les nouveaux défis que doit relever le monde du travail. Le Conseil indique dans cet avis que, dans un contexte en évolution constante, il est nécessaire que les partenaires sociaux ne se limitent pas à rester spectateurs passifs mais qu'ils deviennent acteurs de ces changements, les anticipent et les accompagnent en posant certaines balises permettant d'encadrer les différentes formes d'organisation du travail et les nouvelles formes de relations de travail, qu'elles soient plus classiques, nouvelles ou encore à créer. Ces balises permettraient de garantir la protection des travailleurs contre les possibles effets néfastes des nouvelles évolutions, d'une part, et des conditions de concurrence équitables pour les acteurs concernés, d'autre part, et ce, conformément aux normes de l'OIT. L'enjeu pour le dialogue social apparaît ainsi de définir un futur cadre qui tienne compte des réalités économiques ainsi que de la dynamique économique, et qui détermine en même temps les conditions, via la protection du travail, la fiscalité, la sécurité sociale et d'autres domaines politiques pertinents, qui permettront d'éviter toute concurrence déloyale entre les différents acteurs ainsi que des effets néfastes sur les droits des travailleurs et sur la société au sens large. Les premières réflexions des interlocuteurs sociaux contenues dans cet avis sont appelées à trouver leur prolongement dans les travaux qui auront lieu au sein des Conseils concernant les phénomènes de la digitalisation et de l'économie collaborative.

## 8. Emploi des jeunes

Le CNT a adopté le troisième rapport de suivi (rapport 99 du 19 juillet 2016) du cadre d'action sur l'emploi des jeunes adopté le 7 juin 2013, au sein du Comité du dialogue social. Ce rapport fait état des actions prises pour les jeunes, tant au niveau fédéral interprofessionnel, qu'au niveau régional et sectoriel. Celles-ci portent notamment sur des actions créatrices d'emploi, sur les initiatives prises en matière de développement de stages et de formations (notamment la formation en alternance) concernant spécifiquement les jeunes.

Les travaux en vue de mettre en œuvre le point du dernier accord-interprofessionnel 2017-2018 qui concerne l'emploi des jeunes ont débuté au sein du Conseil national du Travail début 2017. Des alternatives aux propositions du Gouvernement sont recherchées dans ce cadre.

## **9. Plan pour l'emploi des travailleurs âgés**

Dans son avis n° 1.988 du 19 juillet 2016, le Conseil a réalisé une évaluation de la convention collective de travail n° 104 du 27 juin 2012 concernant la mise en œuvre d'un plan pour l'emploi des travailleurs âgés dans l'entreprise. Cette évaluation porte sur le processus et sur la dynamique qui se sont mis en place dans les entreprises ainsi que sur les résultats engrangés suite à l'adoption de cet outil. Dans cet avis, le Conseil souligne que le maintien et l'accroissement du taux d'emploi des travailleurs âgés constituent une question sociétale relevant de la responsabilité de tous les acteurs concernés (employeurs, travailleurs, partenaires sociaux et autorités publiques). Il demande dans cet avis que les efforts en matière de diffusion d'informations et de sensibilisation soient renforcés et qu'une campagne soit menée à cet effet. Il demande également d'attirer l'attention sur les bonnes pratiques et de les diffuser. Le Conseil a en outre jugé opportun d'adresser, à côté de cet avis, une recommandation aux secteurs au sujet du rôle qu'ils peuvent remplir en ce qui concerne la CCT n° 104.

## **10. Régime de chômage avec complément d'entreprise et emplois de fin de carrière**

En exécution de l'AIP 2017-2018, le CNT a procédé le 21 mars 2017 au renouvellement et à l'adaptation des sept conventions collectives de travail concernant les régimes spécifiques de chômage avec complément d'entreprise conclues en 2015 pour une période de deux ans et qui étaient arrivées à échéance le 31 décembre 2016. Ces sept nouvelles conventions collectives de travail sont valables pour une période de deux ans prenant cours le 1<sup>er</sup> janvier 2017 et s'achevant le 31 décembre 2018.

Ces conventions collectives de travail relèvent les conditions d'âge à atteindre pour bénéficier des régimes en question. Elles concernent les régimes spécifiques de chômage avec complément d'entreprise applicable pour la construction, le travail de nuit et les métiers lourds (conventions collectives de travail n°s 120 et 121), pour certains travailleurs âgés licenciés occupés dans un métier lourd (convention collective de travail n° 122), pour certains travailleurs âgés licenciés, moins valides ou ayant des problèmes physiques graves (convention collective de travail n° 123), pour certains travailleurs âgés licenciés ayant une carrière longue (conventions collectives de travail n°s 124 et 125), ou encore pour certains travailleurs âgés licenciés dans une entreprise reconnue comme étant en difficulté ou reconnue comme étant en restructuration (convention collective de travail n° 126).

Pour pouvoir bénéficier de l'accès à ces régimes de chômage avec complément d'entreprise, une initiative sectorielle et/ou d'entreprise sera cependant également nécessaire dans certains cas.

En exécution de l'AIP 2017-2018, le CNT a procédé le 21 mars 2017 au renouvellement de la convention collective de travail n° 118 (maintenant n° 127 pour la période de 01.01.2017-31.12.2018) concernant le cadre interprofessionnel de l'abaissement à 55 ans de la limite d'âge en ce qui concerne l'accès au droit aux allocations pour un emploi de fin de carrière, pour les travailleurs qui ont une carrière longue, qui exercent un métier lourd ou qui sont occupés dans une entreprise en difficultés ou en restructuration.

L'avis n° 2.025 rendu concomitamment à ces conventions collectives de travail traite plusieurs questions connexes liées aux régimes de chômage avec complément d'entreprise, notamment la simplification du calcul du passé professionnel et la dispense de disponibilité adaptée sur le marché du travail pour les bénéficiaires qui en font la demande.

## 11. Liaison au bien-être

Ce point de l'AIP a fait l'objet d'un avis conjoint CNT/CCE du 21 mars 2017 dans lequel les Conseils et le Comité général de gestion pour le statut social des travailleurs indépendants se sont prononcés à l'unanimité sur la détermination et la répartition de l'enveloppe bien-être, dans le cadre de la lutte contre la pauvreté, disponible pour les prestations de sécurité sociale et d'assistance sociale pour la période 2017-2018.

L'avis se tient à l'accord initial dudit accord interprofessionnel de rester dans les limites de l'enveloppe bien-être prévue. Une part importante de l'enveloppe est affectée à l'augmentation des prestations minimales et des forfaits. Dans la plupart des secteurs (pension, maladie-invalidité, accident du travail, maladie professionnelle, ...), il s'agit d'une augmentation de 1,7 %. Avec un effort supplémentaire consenti dans la branche chômage pour les personnes qui ont charge de famille et/ou qui dépendent complètement de cette allocation (chefs de famille, cohabitants privilégiés et isolés). Afin de ne pas créer de nouveaux pièges à l'emploi, les partenaires sociaux formulent une proposition concernant le calcul de la dégressivité.

Par ailleurs, il est également prévu d'augmenter les allocations pour congés thématiques pour les isolés qui s'occupent de leurs enfants. Pour de nombreux parents isolés, la prise d'un congé d'assistance pour leurs enfants est souvent un droit qu'ils ne peuvent pas s'offrir en raison du niveau actuel des allocations. Les partenaires sociaux proposent dès lors une augmentation substantielle de l'allocation des nouveaux cas pour tous les congés thématiques (congé parental, congé d'assistance médicale, congé palliatif) pour les parents isolés.

À côté d'un certain nombre de mesures plus ponctuelles, l'avis prévoit également une augmentation des plafonds de calcul (+ 0,8 %), une augmentation de la plupart des prestations qui ont pris cours il y a 5 à 6 ans (+ 2 %), ainsi qu'une opération de rattrapage (+ 1 %) pour les pensions qui ont pris cours entre 1995 et 2004.

En ce qui concerne les allocations d'assistance sociale, les Conseils et le Comité général de gestion entendent combler l'écart qui est apparu entre le revenu d'intégration et l'allocation de remplacement de revenus en conséquence de la correction du tax shift, en augmentant les allocations de remplacement de revenus de 2,9 % au 1<sup>er</sup> septembre 2017.

## 12. Pensions

Le Comité national des pensions (CNP), qui réunit des représentants du Gouvernement et les interlocuteurs sociaux et dont le secrétariat est assuré par les secrétariats du CNT et du CCE, a remis le 12 septembre 2016 un premier rapport d'étape sur la problématique de la pénibilité.

Ce rapport d'étape se situe dans la suite directe de l'accord du Gouvernement qui prévoit qu'en concertation avec les partenaires sociaux, des dispositions spécifiques seront prises en matière de pension pour des métiers lourds dans le secteur privé (travailleurs salariés et indépendants) et dans le secteur public. Ce rapport d'étape s'inscrit dans l'approche en 3 phases adoptée par le Gouvernement.

Dans le cadre de la première phase visant à établir les critères transversaux de pénibilité le Comité, estime que l'approche transversale de la pénibilité implique de prendre en compte celle-ci de manière cohérente dans les trois régimes (secteur public, travailleurs salariés et indépendants) tout en respectant les spécificités propres à chacun de ceux-ci (c'est-à-dire la nature de l'activité et le contexte dans lequel celle-ci s'est exercée). Ces spécificités sont liées, notamment, aux circonstances historiques dans lesquelles ces régimes ont été créés et ont évolué, à la manière dont ils sont financés, ainsi qu'au contenu

des droits qui y sont prévus. La réflexion sur la cohérence d'ensemble de la réforme doit inclure notamment la question des carrières mixtes ainsi que les engagements pris par le Gouvernement au niveau du secteur public.

Le Comité considère également que la pénibilité dans certaines fonctions est une réalité qui doit être traitée en matière de pension dans le cadre d'une approche globale, visant à appréhender la pénibilité du travail tout au long de la carrière. Dans le cadre de cette approche globale, une attention particulière doit également être portée aux politiques préventives axées sur l'amélioration des conditions de travail durant toute la carrière, la formation et la reconversion des travailleurs vers d'autres fonctions, dans le but de limiter la pénibilité tout au long de la carrière.

Les membres du CNP ont marqué leur accord pour poursuivre la discussion sur la concrétisation des critères à retenir (phase 3) dès lors que les moyens budgétaires à affecter à la prise en compte de la pénibilité auraient été définis par le Gouvernement (phase 2) ; seuls des critères précis, objectifs, contrôlables, mesurables et enregistrables devant être retenus. Les travaux annoncés se dérouleront dans le cadre d'un certain nombre de contours bien définis qui sont précisés dans le rapport d'étape.

Les travaux du CNP se poursuivront en parallèle par l'examen d'autres propositions, parmi lesquelles l'instauration d'un système de pension à points ou encore l'introduction de la possibilité de pension partielle, dans un souci d'égalité de genre et de qualité sociale.