



OECD Reviews on Local Job Creation

# Unleashing Talent in Brussels, Belgium





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# Foreword

Despite the uncertainties brought by the COVID-19 pandemic, the labour market of the Brussels-Capital Region showed remarkable resilience. Following the pandemic, the employment rate quickly recovered and reached close to 60% in 2022, a significant increase of 6 percentage points compared to a decade earlier. However, the employment rate still lags behind the OECD average of 69% and is significantly lower than that of other major metropolitan areas within the OECD. Local job creation is driven by ample opportunities for highly skilled workers whom the Brussels-Capital Region attracts from its surrounding regions, the EU and beyond. These positive outcomes for high-skilled workers mask a highly polarised labour market in which not all of the region's diverse population – in 2022, more than half of the region's working-age population was born outside of Belgium – has seen their labour market prospects improve equally. Many less educated jobseekers continue to compete for a small number of vacancies. As a result, labour force participation remains low, unemployment and long-term unemployment rates high, and involuntary part-time work persistent.

The focus for the region therefore is on shaping a future labour market that is both inclusive and resilient. Effective policymaking will have to revolve around recognising and addressing the multiple and often distinct challenges faced by the region's young and diverse population groups. In a labour market that offers high rewards for skills formation, tailoring continuous education and training offers and removing barriers to participation will need to take priority. Encouraging geographic mobility and simplifying access to employment services could greatly benefit less educated jobseekers. A rich but fragmented landscape of labour market services requires streamlining to reach all the region's talent more efficiently.

In envisioning the future for the Brussels-Capital Region, a comprehensive perspective includes steering the region's trajectory towards a digital and environmentally sustainable economy, where it stands poised to assume a leadership role. The region abounds with opportunities in sectors demanding advanced digital competencies and those driving the transition to a net-zero emissions future. Nevertheless, policymakers must remain vigilant, for these transitions have the potential to further exacerbate inequalities. This report presents actionable strategies aimed at harnessing local assets, thus bolstering the region's path toward a future with sustainable and equitable employment growth that leaves no one behind.

This report is part of the series OECD Reviews on Local Job Creation within the Programme of Work of the OECD Local Employment and Economic Development (LEED) Programme. Created in 1982, the LEED Programme aims to contribute to the creation of more and better jobs for more productive and inclusive economies. It produces guidance to make the implementation of national policies more effective at the local level, and to stimulate innovative local practices that can be scaled up. The OECD LEED Directing Committee, which gathers governments of OECD member and non-member countries, oversees the work of the LEED Programme. This report was approved by written procedure by the OECD LEED Directing Committee on 27 September 2023.

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This report was drafted by Lucas Leblanc, Policy Analyst, OECD Local Employment, Skills and Social Innovation Division (LESI) (Chapters 1, 3, 4, and 5) and Lars Ludolph, Labour Market Economist, LESI (Chapters 1, 2, and 5), under the supervision of Kristine Langenbucher, Deputy Head of the LESI Division. Karen Maguire, Head of the LESI Division provided overall guidance and comments. Michela Meghnagi, Economist, LESI and Tijs Creijghton, Policy Analyst, LESI contributed to Chapter 5. Alvertos Konstantinis (intern) provided research assistance. Soo-Jin Kim, Oscar Huerta Melchor, and Camille Viros, all from the OECD Cities, Urban Policies and Sustainable Development Division, provided valuable comments throughout the project. Pilar Philip (OECD) prepared the report for publication.

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# Acronyms and abbreviations

<b>ADG</b>	Public employment service of the German-speaking community ( <i>Arbeitsamt der Deutschsprachigen Gemeinschaft</i> )
<b>AFT</b>	Employment training centre ( <i>Ateliers de Formation par le travail</i> )
<b>ALE</b>	Local Employment Agencies ( <i>Agences Locales pour l'Emploi</i> )
<b>ALMPs</b>	Active Labour Market Policies
<b>AMU</b>	Vocational training centres in Denmark ( <i>Arbejdsmarkedsuddannelser</i> )
<b>ASBL</b>	Not-for-profit organisations or associations ( <i>Associations sans but lucratif</i> )
<b>BA</b>	German public employment service ( <i>Bundesagentur für Arbeit</i> )
<b>BCR</b>	Brussels-Capital Region
<b>BEE</b>	<i>Bruxelles Economie et Emploi</i>
<b>CAPAC</b>	Auxiliary fund for the payment of unemployment insurance benefits ( <i>Caisse auxiliaire de paiement des allocations de chômage</i> )
<b>CDO</b>	Vocational school dispensing teaching in Dutch ( <i>Centrum voor Deeltijds Onderwijs</i> )
<b>CE2D</b>	Certificate of upper secondary education ( <i>Certificat d'enseignement secondaire du deuxième degré</i> )
<b>CEB</b>	Basic education certificate ( <i>Certificat d'études de base</i> )
<b>CEFA</b>	Education and dual learning centres ( <i>Centres d'Éducation et de Formation en Alternance</i> )
<b>CESS</b>	Secondary school diplomas ( <i>Certificat d'enseignement secondaire supérieur</i> )
<b>CESS</b>	Certificate of upper secondary education ( <i>Certificat d'enseignement secondaire supérieur</i> )
<b>CGSLB</b>	General Confederation of Liberal Trade Unions of Belgium ( <i>Centrale générale des syndicats libéraux de Belgique</i> )
<b>COCOF</b>	French Community Commission ( <i>Commission Communautaire Française</i> )
<b>COCOM</b>	Common Community Commission ( <i>Commission Communautaire Commune</i> )
<b>CPAS</b>	Social assistance centre ( <i>Centres publiques d'action sociale</i> )
<b>CQ</b>	Qualification certificate ( <i>Certificats de qualification</i> )
<b>CSC</b>	Confederation of Christian Trade Unions ( <i>Confédération des Syndicats chrétiens</i> )
<b>CV</b>	Curriculum vitae
<b>CVO</b>	Adult education centres dispensing teaching in Dutch ( <i>Centrum voor Volwassenenonderwijs</i> )
<b>EPS</b>	Vocational adult education dispensing teaching in French ( <i>Enseignement de promotion sociale</i> )
<b>ETA</b>	Adapted work enterprise ( <i>Entreprises de Travail Adapté</i> )
<b>EU</b>	European Union
<b>EUR</b>	Euros
<b>FGTB</b>	General Labour Federation of Belgium ( <i>Fédération générale du travail de Belgique</i> )

<b>HOVO</b>	Higher Education for The Elderly ( <i>Hoger Onderwijs Voor Ouderen</i> )
<b>IAP</b>	Individual Action Plan
<b>IBSA</b>	Brussels Institute for Statistics and Analysis ( <i>Institut Bruxellois de Statistique et d'Analyse</i> )
<b>ICT</b>	Information and communication technology
<b>IRE</b>	Regional labour inspectorate ( <i>Inspection Régionale de l'Emploi</i> )
<b>ISCED</b>	International Standard Classification of Education
<b>ISCO</b>	International Standard Classification of Occupations
<b>JVS</b>	Job Vacancy Survey
<b>LFS</b>	Labour Force Survey
<b>LPM</b>	Linear probability model
<b>NACE</b>	Statistical Classification of Economic Activities in the European Community
<b>NAICS</b>	North American Industry Classification System
<b>NEET</b>	Youth neither in employment nor in education and training
<b>NUTS</b>	Nomenclature of Territorial Units for Statistics
<b>OISP</b>	Not-for-profit associations providing training and labour market services ( <i>Organismes d'insertion socio-professionnelle</i> )
<b>ONEM</b>	National Employment Office ( <i>Office National de l'Emploi</i> )
<b>PES</b>	Public employment service
<b>PFE</b>	Sector-focused training centres ( <i>Pôles Formation Emploi</i> )
<b>PPP</b>	Public Private Partnership
<b>PTP</b>	Programme for professional transition ( <i>Programme de transition professionnelle</i> )
<b>RCT</b>	Randomised Control Trial
<b>RIS</b>	Minimum income benefits ( <i>Revenu d'intégration sociale</i> )
<b>SFPME/EFPP</b>	Dual learning service for SMEs dispensing teaching in French ( <i>Service Formation des PME/Espace Formation</i> )
<b>SIP</b>	Placement internship ( <i>Stage d'insertion professionnelle</i> )
<b>SME</b>	Small- and Medium-sized enterprise
<b>SPF</b>	Federal public service ( <i>Service Public Fédéral</i> )
<b>SPI</b>	Not-for-profit associations providing training ( <i>Socioprofessionele Inschakeling</i> )
<b>StatBel</b>	Statistics Belgium
<b>TE</b>	Finnish public employment service ( <i>Työ-ja elinkeinotoimisto</i> )
<b>TL</b>	Territorial level
<b>TZCLD</b>	Territories with zero long-term unemployment ( <i>Territoires Zéro Chômeur de Longue Durée</i> )
<b>UI</b>	Unemployment insurance
<b>VCO</b>	Centre providing adult vocational education in Dutch ( <i>Centrum voor Volwassenenonderwijs</i> )
<b>VDAB</b>	Public employment service of the Flemish Region ( <i>Vlaamse Dienst voor Arbeidsbemiddeling en Beroepsopleiding</i> )
<b>VET</b>	Vocational education and training

# Executive summary

**The Brussels-Capital Region attracts talent from across Belgium, Europe and the world.** Between 2001 and 2021, the population of the Brussels-Capital Region grew by 27%, compared to 12% in Belgium as a whole. The region's population is best characterised as young, diverse and urban. In 2022, more than half of the local population aged 15 to 64 was foreign-born, reflecting its attractiveness to EU and non-EU migrants alike. Among the local resident population, 87% were below the age of 65 and thus considered young or of working age, in contrast to the OECD average of 81%.

**More than half of those employed in the Brussels-Capital Region live in the Flemish and the Walloon Regions.** While the surface area of the Brussels-Capital Region covers only 162 square kilometres with a local resident population of approximately 1.2 million, the region's functional urban area – or commuting zone – extends well into parts of the Flemish and the Walloon Region. The commuting zone is home to a population of more than 3.3 million and covers over 4 800 square kilometres. In 2021, among 796 000 employed workers in the Brussels-Capital Region, 393 000 were residents, while 403 000 commuted from the Flemish and the Walloon Region. Reversely, 53 000 Bruxellois commuted to the Flemish Region and 23 000 commuted to the Walloon Region.

**Not all of the region's talent participates in the labour market.** The employment rate among the population aged 15 to 64 years, stood at 60% in 2022 and remained below the OECD average of 69% and significantly below comparable OECD metropolitan areas. For instance, employment rates were 82% in Amsterdam, 78% in Stockholm, and 76% in Berlin. For the Brussels-Capital Region's employment rate to catch up with the OECD average employment rate, nearly 80 000 of the resident working-age population would have to find work. The unemployment rate of 12.5% was also above the OECD average of 6.1%. Youth unemployment at 30.8%, despite the decline in recent years, also remained significantly above the OECD average of 12.8%.

**Employment is particularly low for disadvantaged groups.** People with low levels of education and those born outside the European Union (EU-27) make up a large proportion of individuals who are outside of the labour force (i.e. neither employed nor actively seeking work) or unemployed, with employment rates of 32% and 52% among the population aged 15 to 64 years in 2022 respectively. Worklessness is especially high for women born in non-EU-27 countries, among which only 41% were employed in 2022. Equipping workless individuals with adequate skills and removing the multiple, often compounded, labour market barriers they face will be important to achieve higher employment rates. The region has taken action through policies to foster job creation and increase labour supply, and initiatives from OECD peers provide the potential to go further.

**This report draws on good employment and skills policy practices from across the OECD that could be implemented in the Brussels-Capital Region.** The report first provides an in-depth overview of the labour market situation, before covering three policy areas where the region can act to leverage strengths and overcome challenges: labour market governance, labour market programmes and skills policies.

**The landscape of employment and training institutions is unique and very complex in the region.** *Actiris*, the public employment service (PES) of the region, is responsible for managing jobseekers and

operating labour market programmes. Meanwhile, *Bruxelles Formation* and *VDAB Brussel (Vlaamse Dienst voor Arbeidsbemiddeling en Beroepsopleiding Brussel)* run vocational and labour market training in French and Dutch respectively. The municipal level implements social policies and provides labour market services to claimants. The National Employment Office (ONEM) administers unemployment and labour-related benefits.

**Agreements between *Actiris*, training bodies and local actors help coordinate services, but pathways through job counselling and training are often separated.** In other OECD countries with decentralised responsibilities for ALMPs, subnational employment services usually manage both jobseeker placement and training, while the national government sets policy orientation and administers unemployment benefits.

**Municipal (*communes*) CPAS (*Centres publics d'action sociale*), responsible for the social and labour market integration of those claiming social assistance, face a capacity challenge.** As the number of people claiming minimum income (*Revenu d'intégration sociale* – RIS) has risen quickly – from 2.8% of the region's population in 2015 to 3.6% in 2022 – CPAS are struggling to provide quality services to all. At the local level, social economy-based services, such as *Missions locales*, are another asset for social inclusion. The very high number of different social economy actors involved in social and labour market activation, however, is a challenge calling for greater collaboration and resource pooling.

**A range of vocational training and education options are available in the region, though the system may be able to increase enrolment, completion and placement.** The digital and green transitions have changed the skills required to succeed in the region's labour market. However, the share of adults who participate in continuous education or training remains low compared to other OECD metropolitan areas. A host of education and training opportunities are offered by *Bruxelles Formation*, *VDAB Brussel* and a range of adult education institutions, though barriers exist to take-up of training. Challenges include high levels of dropout from certain tracks, unequal training allowance options for learners in different courses and weak recognition of certain training certificates.

To address these challenges, the government of the Brussels-Capital Region, the language Communities and municipalities (*communes*) could build on the following policy recommendations:

#### **Simplify the paths of jobseekers through labour market services**

- **Create a single process for jobseekers through employment and vocational training services:** Simplify the institutional arrangements between *Actiris*, *Bruxelles Formation* and *VDAB Brussel*. This could result in a unique registration process for all jobseekers and a streamlined referral to all labour market programmes – including training – through *Actiris*.
- **Deliver greater labour market counselling for people receiving minimum income:** Increase the role of *Actiris* to assist those receiving minimum income (*Revenu d'intégration sociale* – RIS – *ou équivalent*) in their search for work. Alternatively, raise the financial and staff capacity of CPAS to deliver labour market counselling.
- **Clarify the roles of social economy organisations delivering labour market services in a move towards integrated local services in *Maisons de l'emploi*:** Clarify how the support offered by ALE (*Agences locales pour l'emploi*), *Missions locales/Lokale Werkwinkels*, *Organismes d'insertion socioprofessionnelle* (OISP)/*Socioprofessionele Inschakeling* (SPI) and social enterprises for labour market integration (*entreprises sociales d'insertion*) connect and complement each other. *Maisons de l'Emploi* may be able to play a stronger role as a “one-stop shop” housing social economy organisations, along with *Actiris* and CPAS.

#### **Increase attention to geographic mobility, migration and job quality in labour market services**

- **Strengthen the activation stance of *Actiris* and encourage jobseekers to take up job offers within commuting distance in other Belgian regions:** The Flemish and Walloon Regions offer

strong prospects for jobseekers and economically inactive people to secure jobs corresponding to their skill level. *Actiris* may adopt an activation stance which more strongly encourages jobseekers to take up quality job opportunities in neighbouring regions within realistic commuting distance. As it has done with the Flemish Region, the region could obtain all vacancies from the PES in the Walloon Region, *Le Forem*. Ideally, jobseekers should have ready access to vacancies for all of Belgium.

- **Tailor local labour market policies to the realities of individuals with a migration background and multiple disadvantages to work:** Initiatives that could be considered to promote the labour market integration of people with a migration background include investment in vocation-specific language training, efforts to diversify the public sector and anti-discrimination programmes that build on the existing *Actiris* offer of *Diversity Plans* for employers and services that target women with a non-EU migration background. For jobseekers with children, existing programmes to provide childcare services, such as *Actiris' Maison d'Enfants* and coordinated childcare structures, may serve as the basis for deeper collaboration with family services.
- **Increase labour market programme evaluation and focus on job quality:** Evaluate the labour market outcomes of employment incentive programmes such as *activa.brussels*, *activa.brussels aptitude réduite*, CPAS contracts (*emplois d'insertion/Article 60*) and *Stage First*. Pair incentives more strongly with training. Encourage the rollout of “territories with zero long-term unemployment” (*Territoires zéro chômeur de longue durée*) to those for whom programmes have not succeeded. Implement the job quality monitor and consider its use for durable job placements.

#### **Raise the attractiveness and impact of vocational education and training**

- **Gather more skills information from employers and increase engagement with sectoral social partners:** A local survey could collect regular comprehensive data and information on skills challenges and priorities faced by employers and unions both in the French and Dutch-speaking job market. This could be used to support vocational tracks.
- **Collaborate with employers to evaluate job vacancy skill requirements more closely:** To increase job market matching efficiency, the region could approach employers and support them in their efforts to evaluate job vacancies for excessive skills requirements, particularly regarding language requirements.
- **Strengthen the attractiveness of vocational tracks:** The region could support the recognition of vocational training certificates provided by *Bruxelles Formation* and *VDAB Brussel* by informing employers more specifically on the skills these certificates convey. Training allowance provided for enrolment in vocational education (*enseignement de promotion sociale – EPS*) may be increased to match that of vocational training (*Bruxelles Formation*). There is also potential for a stronger relationship between employment services and the dual learning (*alternance*) system to foster higher take-up.





# 1

## Assessment and Recommendations

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Rising employment over the past decade in the Brussels-Capital Region has provided ample opportunities to attract and retain highly skilled talent. Meanwhile, many less-educated workers and parts of the large local migrant population continue to struggle in the labour market. This OECD review focuses on how to support labour market services and programmes that respond to the distinct needs of those *Bruxellois* whose talent is not used in the labour market. This first chapter provides a set of policy recommendations for the region and its local authorities. The focus is on four areas: First, the need to simplify and strengthen the governance of employment and related services, which are currently fragmented across different actors and institutions. Second, the necessity to activate the large long-term unemployed and economically inactive population in the region. Third, a stronger focus on supporting the local migrant population in overcoming distinct barriers to employment. Finally, against the background of changing labour markets, the increasingly important task to raise participation in continuous education and training.

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## There is an increasing importance in the Brussels-Capital Region to help people with multiple disadvantages enter and remain in the world of work

**The Brussels-Capital Region is the largest commuting zone in Belgium.** The population of the Brussels-Capital Region was around 1.2 million inhabitants in 2021, compared to around 6.7 million in the Flemish Region and 3.7 million in the Walloon Region, the two other regions of Belgium. There are over 824 000 working-age inhabitants (defined as 15-64 years of age) in the Brussels-Capital Region. This corresponds to 67% of its total population, compared to 63% in the Flemish Region and 64% in the Walloon Region. The surface area of the Brussels-Capital Region covers only 162 square kilometres. However, its functional urban area – or commuting zone – which extends well into parts of the Flemish Region and the Walloon Region, is home to a population of over 3.3 million and covers over 4 800 square kilometres.

**A distinct feature of the Brussels-Capital Region is its highly diverse population.** In 2022, 53% of the Brussels working-age population was foreign-born, reflecting its attractiveness to both EU and non-EU migrants. Both groups made up 24% and 30% of the local population respectively. The profile of working-age migrants from EU-27 countries differs significantly from that of migrants born outside the EU-27. In 2021, 59% of migrants aged 25 to 64 who were born in EU-27 countries were highly educated, many working for the European institutions and the organisations surrounding them. Among non-EU migrants in the same age category, only 31% are highly educated, while 39% have low levels of education.

**Labour force participation in the region is low.** The labour force participation rate in the Brussels-Capital Region, defined as those either employed or unemployed among the population aged 15 to 64, stood at 66% in 2010 and rose only slightly to 68% in 2022, remaining well below that of comparable OECD metropolitan areas. The unemployment and long-term unemployment rate are gradually coming down. Both measures declined from 17.1% to 11.4% and from 9.5% to 6.1% between 2010 and 2022 respectively, but also remain above the OECD average.

**Total labour demand has increased significantly over the past decade.** The total number of job vacancies reported by employers in the Brussels-Capital Region to the Public Employment Service (PES) rose from 18 000 in 2009 to 67 000 in 2022. Similarly, online job vacancies posted by local employers increased from 66 000 to 245 000 between 2018 and 2022. While this upward trend can partly be explained by an increasing propensity of employers to report vacancies, the job vacancy rate has also increased over time, from 2.8% in 2012 to 3.2% in 2019 and 4.0% in 2022. The rise in labour demand has been uneven across economic sectors. Logistics and the industry sector, which include occupations such as machinery mechanics, electromechanics and welders, experienced the highest increase in the number of reported job vacancies through 2022.

**Despite this overall rise in demand for workers, employment rates among people with lower levels of education remains low.** In 2022, the employment rate of individuals with low levels of education in the Brussels-Capital Region was 44%, compared to 60% on average in the OECD and 84% among highly educated individuals in the region. While a relatively lower labour market attachment of those with a lower level of education is a feature of many OECD urban labour markets, the share of such individuals is very high in the Brussels-Capital Region. In 2020, the share of 25- to 64-year-olds with only lower secondary education stood at 27%, well above that in comparable OECD metropolitan areas such as Berlin (13%), Amsterdam (16%) and Vienna (17%), and other Belgian regions (Flemish Region: 18%; Walloon Region: 23%).

## What are policy options to promote high-quality local job creation in the Brussels-Capital Region?

This report offers recommendations for i) labour market governance, ii) labour market programmes iii) the labour market integration of individuals with migration backgrounds and iv) skills and adult learning.

### ***Recommendations for strengthening the governance of labour market services across levels of government***

Successive reforms of the Belgian State have shifted far-reaching responsibilities in employment and skills policies from the federal level to lower levels of government. This shift has created new structures, without always reforming legacy arrangements and organisations.

*The landscape of active labour market services is very complex in the region*

**Subnational governments in Belgium have major responsibilities for policies that support the labour market integration of the unemployed and the economically inactive.** The region's public employment service (PES), *Actiris*, implements regional competence in the field of employment and runs a large portfolio of Active Labour Market Policies (ALMPs). In contrast to regional government responsibilities over employment and economic policy matters, Belgian language Communities have competence over policies such as education and health. Belgium is composed of three Communities based on language, the Flemish (*Vlaamse Gemeenschap*) French (*Communauté française*) and German-speaking (*Deutschsprachige Gemeinschaft*) Communities. Community authority does not fully overlap with the territorial divisions of regions. Due to the Brussels-Capital Region's bilingual status, this division of powers gives the French and Flemish Communities responsibilities for vocational training of jobseekers.

**The Brussels-Capital Region is unique in the OECD for separating ALMPs for employment services from those for labour market training into three institutions.** *Actiris* is the main point of contact for jobseekers and employers. *Actiris* matches jobseekers to vacancies, conducts availability checks and administers active labour market programmes, such as employment incentives. *Bruxelles Formation* and *VDAB Brussel* (*Vlaamse Dienst voor Arbeidsbemiddeling en Beroepsopleiding Brussel*) provide labour market and vocational training in French and Dutch respectively. The split in ALMPs responsibility is unique compared to the other Belgian regions (Table 1.1). This arrangement is also unique considering other OECD countries with decentralised responsibilities for ALMPs. Subnational PES usually manage both jobseeker placement and training (e.g. Denmark, Spain, Canada, Poland), while national government sets policy orientation and administers unemployment insurance benefits.

**In most OECD countries, PES advise individuals on training options, though provide limited training in-house.** In the Brussels-Capital Region, *Actiris* sends jobseekers to *Bruxelles Formation* and *VDAB Brussel* for training, which both contract out part of their services to certified public, private and social economy organisations. Jobseekers can also use training vouchers (*chèques formation et chèques TIC*) to enter other training options. The training bodies in the region also run a large share of their labour market training in-house. In most OECD countries, PES contract out nearly all training to specialised providers such as vocational schools or social economy organisations. Other PES in the OECD contract out training to ensure cost efficiency and labour market relevance of training, as extensive teaching and vocational expertise is not typically available in-house.

**Agreements between *Actiris* and its training counterparts facilitate jobseeker pathways.** A 2012 "Employment Training" agreement (*accord de coopération relatif aux politiques croisées emploi-formation*) between *Actiris* and *Bruxelles Formation* offers financing mechanisms between the bodies and develops joint projects. The *politiques croisées* agreement took major steps to articulate *Actiris* and *Bruxelles Formation* services through financing and joint assessment. Cooperation between *Actiris* and *VDAB*

*Brussel*, meanwhile, is guided by an agreement in which *Actiris* refers jobseekers to *VDAB Brussel* for jobs requiring Dutch. A 2021 agreement furthered collaboration between *Actiris* and *VDAB Brussel* through different measures, including expanded data exchange, to encourage a greater number of jobseekers in the region to take up jobs in the Flemish Region.

**Despite progress made through agreements, institutional barriers remain to streamline labour market services and jobseeker orientation.** A potential disconnect continues to exist between case handling and training referral, calling for an integrated and unified registration process and orientation of jobseekers. Jobseekers can shift between organisations and counsellors throughout their journey. *VDAB Brussel* policies are also less interlocked with those of *Actiris* and *Bruxelles Formation*, leaving room for closer integration of programmes, such as joint assessment of jobseekers. Outside the agreements, cooperation has yielded projects of interest, such as the Employment Training Hubs (*Pôles Formation Emploi - PFE*) or the *Cité des métiers*. Due to the separation of powers between governments, these have not aimed to integrate jobseeker journeys between institutions.

**Table 1.1. Active labour market policies in the Brussels-Capital Region are organised in a complex way compared to other Belgian regions**

Main institutions responsible for labour market programmes across Belgian Regions and Communities

Type of labour market programme	Active labour market policies (ALMPs)						Income-replacement benefits		
OECD classification of targeted labour market programme	Public employment services and administration	Training	Employment incentives	Sheltered and supported employment and rehabilitation	Direct job creation	Start-up incentives	Out-of-work income maintenance and support	Early retirement	
<b>Brussels-Capital Region (French Community)</b>	<i>Actiris</i>	<i>Bruxelles Formation</i>	<i>Actiris</i>						National Employment Office ( <i>Office National de l'Emploi - ONEM</i> )
<b>Brussels-Capital Region (Flemish Community)</b>		<i>VDAB Brussel</i>	<i>Actiris</i>						
Flemish Community/ Flemish Region	VDAB								
French Community/ Walloon Region	<i>Le Forem</i>								
German-speaking community	ADG								

Note: Although PES provide services to persons with disabilities, the provision of sheltered and supported employment and rehabilitation is mainly the remit of Communities in the Brussels-Capital Region through the *Entreprises de Travail Adapté* (ETA) scheme.

Source: Author's elaboration based on *Actiris* and (OECD, 2022<sup>[1]</sup>). Coverage and classification of OECD data for public expenditure and participants in labour market programmes, <https://www.oecd.org/els/emp/Coverage-and-classification-of-OECD-data.pdf>.

*Adequate financial and staff capacity is needed to deliver labour market services to the most vulnerable people*

**Municipalities (*communes*) and specialised social economy bodies are the main point of contact for vulnerable individuals who receive social benefits.** Municipal CPAS (*Centres publics d'action sociale* – CPAS) administer social benefits, including the Belgian minimum income benefit, “Social Integration Revenue” (*Revenu d'intégration sociale* - RIS). In addition to benefit administration, CPAS provide minimum income recipients with social and labour market activation measures. CPAS remit over ALMPs partly originates in their power to deliver “CPAS contracts” (Article 60/*Emplois d'insertion*) to incentivise hiring of RIS recipients in the local community. CPAS also have a partnership with *Actiris* that outlines their role in helping social assistance recipients into jobs. *Actiris* finances CPAS activities for this group.

**CPAS (*Centre public d'action sociale*) face capacity gaps that weigh on their ability to provide employment services to the most vulnerable.** Data suggest social needs are growing in the region. The number of RIS recipients as a share of the total regional population increased from 2.8% in 2015, to 3.3% in 2019 and to 3.6% in 2022. Rising numbers of minimum income recipients and a stronger policy emphasis on the labour market integration of individuals registered with CPAS has raised the importance of helping minimum income recipients find jobs.

**Faced with similar challenges, OECD countries have explored different ways of delivering ALMPs to the most vulnerable who do not benefit from unemployment insurance benefits.** Some countries have increased the role of PES for this group, while others have strengthened the structural capacity of municipalities to deliver labour market services. In the region, *Actiris* already delivers its services to a share of people receiving social assistance benefits from CPAS. In June 2023, over 15 500 CPAS clients were enrolled in *Actiris*, or 21.7% of all registered unemployed in *Actiris*. CPAS counsellors, however, continue to face difficulties to provide services to all claimants as the number of applicants rises and social needs become more complex.

***Actiris* and CPAS contract out a range of programmes to different groups of social economy organisations that perform social and labour market integration.** They include work integration social enterprises (*entreprises d'économie sociale d'insertion*), led by the Brussels-Capital Region through *Bruxelles Economie Emploi* (BEE) in collaboration with *Actiris*. *Agences Locales pour l'Emploi* (ALE) provide part-time work while jobseekers are unemployed. *Entreprises de Travail Adapté* (ETA) provide sheltered and supported employment. They also include a group of organisations operating at the municipal level focused on basic training, labour market services and social activation programmes for vulnerable groups. These include the *Lokale Werkwinkels*, *Missions locales*, *Organismes d'insertion socioprofessionnelle* (OISP) and *Socioprofessionele Inschakeling* (SPI).

**While the different social economy schemes are an asset for social inclusion in the region, complex governance and project-based financing can pose challenges to social economy organisations delivering ALMP programmes.** Social economy schemes such as ALE and *entreprises d'économie sociale d'insertion* are not always linked. As shown in Table 1.2, social economy schemes provide labour market services along with CPAS. Small organisational size and reliance on project-based financing also poses challenges to provide long-term services. Complex accountability structures may further affect programme responsiveness. *Mission locales* boards, for example, are composed of representatives from municipal government, private actors and social partners.

***Maisons de l'emploi* offer strong prospects to develop into wrap-around service delivery points.** Local *Actiris* offices are located within *Maisons de l'emploi*. *Maisons de l'emploi* group together local employment actors within a single structure, including social economy schemes. Providing employment and related services through “one-stop” shop solutions to meet the holistic needs of individuals is a trend also observed in other OECD countries (e.g. Denmark, Finland, and France). In some municipalities in the

region, the different services, however, are not operating in a single location. Furthermore, some actors such as *Bruxelles Formation* and *VDAB Brussel* are not always associated. Based on practice occurring across the OECD, governance questions will need to be resolved through clear and innovative ways of delimiting responsibilities, incentives and mechanisms to deliver services. *Maisons de l'emploi* offer an opportunity to clarify the roles of different actors to maximise the use of resources.

**Table 1.2. CPAS and the social economy support inclusion in the region's labour market, though greater coherence between actors could improve impact**

Main characteristics of CPAS and social economy bodies listed by policy role, legal form and target group

Body	<i>Centres Publics d'Action Sociale (CPAS)</i>	<i>Agences locales pour l'emploi (ALE)</i>	<i>Entreprises de Travail Adapté (ETA)</i>	<i>Lokale Werkwinkel/Missions locales</i>	<i>Organismes d'insertion socioprofessionnelle (OISP)/ Socioprofessionele Inschakeling (SPI)</i>	<i>Work integration social enterprises (entreprises sociales d'insertion)</i>
Main policy role	Social benefits, social and labour market activation	Part-time employment during job search	Supported employment (disability)	Social activation and labour market counselling	Labour market training, specific labour market services	In-work training, hiring incentive
Legal form	Public municipal body	Not-for-profit organisations or associations ( <i>ASBL – Associations sans but lucratif</i> )				Private ( <i>ASBL</i> or business) or public legal entities <sup>1</sup>
Target group	Individuals receiving social benefits	Long-term unemployed jobseekers, minimum income recipients	Jobseekers with disability	Long-term unemployed jobseekers, other jobseekers	Jobseekers and minimum income recipients	Youth, long-term unemployed jobseekers and minimum income recipients

Note: Work integration social enterprises that take the form of public entities are usually CPAS offering tailored labour market integration services.  
Source: Author's elaboration.



## Recommendations for strengthening labour market governance across levels of government

### Create a single process for jobseekers through employment and vocational training services

- *Work towards an integrated approach of employment services and management of labour market programmes.* Potential reforms of the Belgian federal system may offer an opportunity to create an institutional arrangement between *Actiris*, *Bruxelles Formation* and *VDAB Brussel* to simplify jobseeker pathways, integrate processes and streamline referral to training from *Actiris*. A new arrangement may go beyond collaboration around specific projects (e.g. *Cité des métiers*, PFE), to a systemic, integrated and articulated single process of providing employment services and job matching and referrals to labour market training. Specific areas to consider include (partial) institutional integration, common software use, a joint jobseeker file, single intake of jobseekers, joint skills assessment and training orientation, and joint liaison with employers.
- *Evaluate the modes of delivery of labour market training for jobseekers.* In a unique arrangement among OECD countries, *Bruxelles Formation* and *VDAB Brussel* orient job seekers through training, while both also provide training directly and contract out training. The difference in employment service organisation and training delivery relative to other OECD PES does not necessarily call for change to match institutional arrangements elsewhere. Considering the most common practice in OECD countries, however, the region may evaluate costs and benefits of contracting out a larger share of training to not-for-profit, private and public training organisations. In 2022, *Bruxelles Formation* contracted out a smaller share of its training offer than *VDAB Brussel*.

### Better align social economy schemes that deliver labour market services to maximise impact

- *Define the complementary roles of social economy schemes delivering labour market services* (ALE, *entreprises d'économie sociale d'insertion*, *Lokale Werkwinkels*, *Missions locales* and OISP/SPI). The policy role of the different social economy schemes may be defined jointly in an institutional agreement between municipalities, the region, social economy leadership and social partners. Structuring their policy role may consider the target group each organisation is serving, their specific role in jobseeker pathways and how each structure complements or articulates with the actions of others. For example, the region may consider creating a pathway for individuals between part-time work in ALE to eventually transition to full-time jobs in *entreprises d'économie sociale d'insertion*.
- *Encourage social economy schemes to pool resources and define a regional funding strategy for delivery of labour market services by the social economy.* For example, the region could encourage collaboration among and between *Lokale Werkwinkel/Missions Locales* and other OISP/SPI to help organisations pool resources around joint projects. A more structural method of collaboration may include creating a single governance board for schemes that currently have individual boards in each municipality in which they operate. For example, one option to explore involves creating a single governance structure for *Missions locales* across municipalities, favouring greater scale for project-based funding. In France, youth-focused *Missions locales* created a national organisation, the *Union Nationale des Missions Locales* (UNML). Reforms may also define a regional funding strategy for ALE, *Lokale Werkwinkels*, *Missions locales* and OISP/SPI that considers a balance between structural and project-based financing.

### **Strengthen labour market services for vulnerable individuals and reinforce *Maisons de l'emploi***

- *Strengthen labour market services for individuals receiving social assistance.* Municipal social assistance centres, CPAS (*Centres Publics d'Action Sociale* – CPAS), face capacity challenges to fulfil their mission to help minimum income (*Revenu d'intégration sociale* – RIS) recipients search for work due to a rising number of clients. Experience from other OECD countries offers options for the region to strengthen the labour market activation of this group. Based on arrangements in certain OECD countries (e.g. Slovenia), one option includes further increasing the already existing counselling role of *Actiris* for RIS recipients to access a larger set of labour market services. Alternatively, more structural capacity could be granted to CPAS to deliver employment services in-house, as done in OECD countries where municipalities deliver employment services (e.g. the Netherlands). New jobseeker and financial arrangements may be established in a renewed partnership agreement between *Actiris* and CPAS.
- *Further strengthen *Maisons de l'emploi* as a “one-stop” shop for social and employment services.* *Maisons de l'emploi* may be able to play a stronger central role in the 19 communes of the region as the point of convergence of employment and related services, echoing moves towards “one-stop shop” wrap-around services in other OECD countries. Different “one-stop” shop models exist. A “light” form includes joint reception centres where basic services are provided under one roof, as done through Finnish one-stop-shops for youth (*Ohjaamo*), but clients are referred to other services for more specialised support. More comprehensive models provide all services in the same place and within the same case management process. Enabled by the strong decentralisation of services, certain Danish municipalities have developed a higher degree of administrative integration of services. Increasing the remit of the *Maisons de l'emploi* can be achieved by raising the number of organisations that are administratively included (e.g. training organisations). Training actors, for example, already play a greater role in the Saint-Josse-ten-Noode *Maison de l'emploi et de la formation*. *Maisons de l'emploi* offer a location where service streamlining can occur. They are a space where staff from different administrations can integrate approaches and knowledge.

### ***Recommendations for strengthening pathways through active labour market programmes to prevent long-term unemployment and economic inactivity***

**The Brussels-Capital Region’s unemployment and long-term unemployment rates declined steadily over the past decade but nevertheless remain high.** In 2022, the unemployment and long-term unemployment rate among individuals aged 15 to 64 in the region stood at 11.4% and 6.1% respectively in 2022. While these headline indicators remain high compared to other OECD metropolitan areas, the Brussels-Capital Region’s labour market showed resilience during the COVID-19 pandemic, partly supported by the federal government’s income and liquidity support measures that mitigated the pandemic’s effect on labour markets across Belgium. As employment rates among medium and high-skilled Bruxellois rise, the region brings policy focus to those with lower levels of education and more complex needs.

*Individuals with low levels of education or complex needs require greater policy attention*

**The very low labour force participation in the Brussels-Capital Region is to a large extent driven by people with a lower level of education.** Among less educated working-age men and women, the labour force participation rate stood at 51.2% and 31.6% in 2021 respectively. The participation rate is significantly below the EU-27 average for those with lower level of education, for both men (59.9%) and women (41.7%). In addition, the share of less-educated is also relatively high in the Brussels-Capital Region. The

share of 25- to 64-year-olds in the Brussels-Capital Region's population who obtained only lower secondary education or below stood at 26.9% in 2020, above the level of Belgium as a whole (20.2%) and the EU-27 (21.0%), and well above that of OECD metropolitan areas such as Vienna (16.7%), Berlin (12.9%) and Stockholm (11.4%). The low participation rate among the less-educated is partly caused by a lack of demand for low-skilled labour. While the demand for high and medium-level educated workers in the Brussels-Capital Region's rose significantly even before the COVID-19 pandemic, labour demand for less-educated workers was low. Between 2010 and 2019, the ratio of vacancies over jobseekers reported to *Actiris* that required medium and high levels of education rose from 0.2 to 0.5 and from 0.6 to 0.8 respectively. For less educated workers, the ratio remained constant at 0.1 over the same period.

**The tightening of the labour market presents policymakers in the Brussels-Capital Region with an opportunity to also boost participation of the less educated and the economically inactive.** Between 2019 and 2022, labour demand rose most sharply in logistics and administrative professions but also increased in professions that tend to require relatively lower levels of education, such as security and cleaning. The recent rise in demand for workers in professions that require low and medium levels of education presents an opportunity for the Brussels-Capital Region to facilitate the integration of those with a higher labour market distance into the labour market. Additional efforts to increase the size of the labour force will also help alleviate the pressure faced by local employers that increasingly struggle to fill vacancies with adequately skilled workers.

**The relatively high demand for less educated workers in those parts of the Flemish Region that surround the Brussels-Capital Region may present additional opportunities for jobseekers with lower skill levels and the economically inactive.** The Brussels-Capital Region's functional urban area, or commuting zone, extends well into parts of the Flemish and Walloon Regions and is home to a population of 3.3 million. An analysis of job vacancy data from Flemish Brabant, the Flemish province surrounding the Brussels-Capital Region, shows that a significant share of job vacancies in Flemish Brabant matches the profile of jobseekers in the region. For instance, in 2022, 17 700 job vacancies in Flemish Brabant only required a low level of education, corresponding to approximately 2 in 5 of all vacancies posted. The potential of the Flemish labour market for jobseekers based in the Brussels-Capital Region has also been acknowledged in an agreement to facilitate interregional mobility between the Brussels-Capital Region and the Flemish Region signed in 2021. It was followed up by a cooperation agreement between *Actiris* and *VDAB* in 2022.

**Some sectors offer opportunities for those with lower levels of fluency in Dutch.** While Dutch language requirements in some sectors such as trade and sales may pose an obstacle to cross-regional mobility, other sectors such as transport and logistics offer employment opportunities without significant investment into language skills. To encourage mobility, *Actiris* covers transportation costs for those attending *Actiris* partnered job fairs or interviews in the Flemish and Walloon Regions. The federal government – through its unemployment insurance fund – also offers a mobility allowance for people in long-term unemployment for a maximum of three months. *Actiris*' principal tool for mobility to the Flemish Region lies in commissioning with *VDAB Brussel* to place jobseekers interested in Dutch language workplaces. Jobseeker mobility has been significantly strengthened by the 2021-2022 agreements between the Brussels-Capital Region and the Flemish Region and regional PES, including a much broader exchange of vacancies.

**Labour force participation among older workers in the Brussels-Capital Region is also significantly below that of comparable OECD metropolitan areas.** Demographic change brings about new labour market challenges. Across the OECD, the ratio of people aged 65 and over to people of working age is projected to rise from 1 in 4 in 2018 to 2 in 5 in 2050. Working closely with employers to ensure that older workers remain part of the labour force has therefore become a priority across the OECD. In the Brussels-Capital Region, the labour force participation rate among workers aged 55 to 64 years and those older than 65 stood at 60.1% and 4.7% respectively in 2020. In both age groups, the participation rate is well

below the OECD average of 64.4% for 55-to 65-year-olds and 15.5% for workers aged over 65. By comparison, Stockholm manages to retain 24.5% of workers above the age of 65 in its labour force.

*The region could adopt a stronger activation stance to increase employment, while job demand in neighbouring regions presents opportunities for new matches*

**Actiris offers a wide range of job matching services and labour market programmes comparable to national public employment services in the OECD.** Federal and regional government in Belgium devote a greater share of expenditure on active labour market policy (ALMP) relative to the OECD average. Prior to the COVID-19 pandemic, in 2019, federal and subnational employment services in Belgium jointly spent 0.92% of GDP on active labour market programmes, compared to an average of 0.63% across OECD countries. There may not be a need for the region to increase spending on ALMP, but rather to refocus spending on high impact services.

**Actiris job matching is based on a counsellor-led approach with support from digital tools.** Jobseekers can register for *Actiris* online and self-manage their job search through the *MyActiris* job matching platform. Specialised counsellors, meanwhile, work directly with employers. A single full-time *Actiris* counsellor managed an estimated 120 jobseekers in 2022. The *Actiris* “Link” programme, in which jobseekers who complete training are given the option to follow intensive counselling, may serve as an intensive counselling approach for those most in need of help. In *Link*, counsellors have a caseload of around 30 jobseekers. Short-term unemployed jobseekers with the capacity to manage their job search independently may also not make sufficient use of online self-service tools. Between January and September 2022, less than half of jobseekers registered with *Actiris* online (46%). In countries such as Sweden and the United States, for example, nearly 91% and 77% of jobseekers registered respectively online in 2021.

**Automatic vacancy transmission with the Walloon Region may not be fully developed as it is with the Flemish Region.** *Actiris* receives vacancies in other Belgian regions both from the other regional PES and directly from employers. The number of job offers received from VDAB has increased from nearly 376 000 in 2021 to almost 760 500 in 2022 since the automated data-exchange between VDAB and *Actiris* started. However, only 11 000 job offers from *Le Forem* in the Walloon Region were available in *Actiris* in 2022, despite mounting labour shortages in southern Belgium. Job offers in the Walloon Region present specific opportunities for Bruxellois given lower language barriers.

**Belgium has relatively less strict criteria around the job search process to continue receiving unemployment insurance benefits in comparison to other countries.** The federal government defines criteria around suitable employment to be sought and accepted by jobseekers, geographic mobility criteria, job-search requirements and sanctions. As Belgian regions define the ways in which evaluations are carried out, they have considerable leeway in the implementation and operationalisation of federal rules.

**Availability and job search requirements are relatively less strict in Belgium, while sanctions are steeper relative to neighbouring countries.** Unemployment Insurance (UI) benefits in Belgium are unique in the OECD for their unlimited duration, calling attention to the expectations placed on jobseekers to search for work. Geographic mobility criteria are of comparable strictness to the OECD average. A firmer application of geographic mobility criteria (maximum 60 km or two-hour one-way commute), while also taking personal circumstances into account, could encourage jobseekers to accept jobs in the region’s periphery. This approach would build on progress made since 2022, which instituted new collaboration between *Actiris* and VDAB. Rules around job search intensity are lower than in most neighbouring countries. For example, *Actiris* carries out initial availability check at the earliest after nine months of unemployment, while the German PES already carries out such checks within six months of unemployment. Finally, sanctions for failure to comply with rules are steeper in Belgium compared to most neighbouring countries.

*Recruitment incentives are not sufficiently paired with training, while low quality jobs can reduce the durability of matching outcomes*

**A major focus of Actiris ALMPs include employment incentives, aimed at encouraging employers to employ jobseekers.** Employment incentives absorb the largest share of spending on active labour market programmes in Belgium aside from PES administration. Federal and subnational PES in Belgium devote 25% of spending on ALMPs to employment incentives, compared to 3% in France and Germany, 4% in the Netherlands and 49% in Luxembourg. Programmes in the region include the *activa.brussels* hiring subsidy available to all jobseekers, or *Stage First* to encourage employers to hire young people. Reductions in employer payroll contributions are also used.

**Employment incentive schemes are not paired closely with labour market training and are not sufficiently targeted.** Prior to the pandemic, in 2019, the Brussels-Capital Region spent a little under 20% of its labour market expenditure on training, a smaller share compared to the Flemish Region (25%) and the Walloon Region (31%). According to a survey of Actiris' active labour market programme participants, 60% of *activa.brussels* and *Stage First* participants did not receive in-work training. Training paired with incentive programmes can help participants meet the potential skill requirements to transition into unsubsidised labour when the wage subsidies are phased out.

**Currently, some but not all labour market policy programmes are evaluated.** Institutions such as *View.brussels* and the *Institut Bruxellois de Statistique et d'Analyse* (IBSA) are growing their programme evaluation role. As the region considers changes to programmes, including greater evaluation of labour market programmes can help assess what works given the region's specific population. Indeed, its highly distinct population makeup may limit transferability of labour market policies trialled and evaluated elsewhere. *View.brussels* may prioritise evaluation of the host of employment incentives in the region.

**The quality of jobs is a challenge requiring greater consideration in active labour market programmes while not excluding temporary employment as an opportunity.** Contractual quality and earnings at the low end of the income distribution are a greater challenge in the region compared to other parts of the country. Prior to the pandemic, in 2019, temporary employment reached 15.5% in the Brussels-Capital Region, 5.6 percentage points higher than the Flemish Region (9.9%) and 3.7 points greater than the Walloon Region (11.8%). Involuntary part-time work as a share of total employment stood at 9.4% in 2018 in the Brussels-Capital Region, a share that is also significantly higher than in the Flemish (3.9%) and the Walloon (5.9%) Regions. It is important to note temporary employment can be a first step into a job for many of the most excluded. Falling working conditions in sectors with high labour demand in the region and its periphery may also be contributing to labour shortages, further raising the need for policy attention. Counsellors have an important role to play to consider individual situations while being cognisant of the low durability of matches to low quality jobs.

## Recommendations for preventing long-term unemployment and increasing labour force participation in the Brussels-Capital Region

### Support activation and geographic mobility

- *Consider the introduction of additional labour market measures to support geographical mobility of jobseekers, building on the 2022 cooperation agreement between Actiris and VDAB.* While the unemployment benefit legislation in Belgium gives considerable leeway, facilitating the mobility of workers who live in the Brussels-Capital Region requires an assessment of available infrastructure on a case-by-case basis by *Actiris* staff. Such assessments could include the estimated commuting time to potential places of work and an assessment of caregiving responsibilities among jobseekers. Based on the large number of vacancies received by *Actiris* from the VDAB, vacancies could be screened for those that are in commuting distance and meet the language skills of jobseekers from the Brussels-Capital Region, notably with regards to Dutch language requirements. For jobseekers able to work in the Flemish Region, the Brussels-Capital Region could introduce transport subsidies that cover the additional commuting cost. Belgium has a mobility allowance, but it is restricted to the long-term unemployed. Some OECD countries go further and support the relocation of jobseekers for employment.
- *Increase the activation stance of Actiris.* Using its leverage over the method by which jobseekers are evaluated, an initial availability check can occur earlier than the nine months currently in place, while renewed checks for those assessed negatively in a first interview may occur more frequently than the minimum five-month interval. *Actiris* may also consider firmer application of geographic mobility requirements. Where possible given its competence, the region may seek to adapt the application of sanctions to the different circumstances faced by jobseekers.
- *Widen automated vacancy transmission with the PES in the Walloon Region, Le Forem, to Actiris.* As done with VDAB, the PES in the Flemish Region, an agreement with the Walloon Region is an opportunity to receive all vacancies from *Le Forem*, widening francophone job offers available. Ideally, jobseekers should have vacancies for all of Belgium at the fingertips, as for example the Austrian PES achieves with the data base *Alle Jobs* (“all jobs”).

### Secure greater face-to-face time with jobseekers and review the design of employment incentives

- *Strengthen the intensity of counselling in Actiris for those most in need.* The region should consider maximising counsellor time for those with higher distance to the labour market. After an initial meeting, internal processes may invest more time in those evaluated to require greater help. In tandem, more jobseekers may be encouraged to register using self-service options from the first day of registration. Jobseekers that demonstrate at least basic digital skills through registering online via *MyActiris* should be compelled to job-search independently until the first personal meeting.
- *Strongly recommend labour market training for jobseekers entering jobs under employment incentives and increase targeting.* Counsellors may be encouraged to liaise with employers and jobseekers about the specific skills needs of employers and capacity of jobseekers to enter training. In-work portions of training for those entering jobs benefiting from employment incentives should be clarified between employers and jobseekers (i.e. workplace expectations and goals, hours devoted to training, mentorship). The payment system for *activa.brussels* and

other employment incentives should be reviewed to ensure employers and workers receive payments on-time with minimal paperwork, for example through direct payments from *Actiris*.

- *Labour market policy evaluations in the Brussels-Capital Region could be extended to cover all active labour market policy programmes and include medium-term labour market outcomes.* Evaluation efforts could be extended to cover all active labour market policy programmes using quasi-experimental methods to guide the application of different labour market programmes. Recent evaluations such as the evaluation of “integration contracts” by IBSA only focus on short-term employment outcomes. Evaluations by *view.brussels* and IBSA could be extended in their time horizon and cover medium-term employment outcomes of programme participants in addition.

### **Increase programme focus on job quality and older workers**

- *Support local companies in retaining older workers by creating age-appropriate continuous education and training opportunities.* The Brussels-Capital Region could invest in re-skilling and up-skilling services specifically geared towards older workers. Successful local and regional initiatives from other OECD countries can serve as inputs into such services. For instance, the region could cooperate with regional universities and education providers to design modular training courses, similar to the *Hoger Onderwijs Voor Ouderen* (“Higher Education for The Elderly”; HOVO) in the Netherlands. Such modular offers could take into account the learning preferences of workers aged 50 years and above and use teaching methods, such as traditional lectures with interactive elements, that suit these preferences. The content of modular course offers could further consider the demand for knowledge and skills specific to the region’s labour market.
- *Accelerate implementation of a permanent job quality observatory and consider its use for active labour market programmes.* To best assess sectors in which job quality is a challenge, the region may follow through on plans in the “Go4Brussels 2030 Strategy” for *view.brussels* to introduce a permanent observatory of job quality. Creating a local survey of job quality is strategic to ensure adequate regional data is available. The impact of observatory findings may be best supported by an agreed set of definitions and indicators among social partners. It will also be important for sectoral partners to support *view.brussels* with data and information. Information for the observatory may be supported by findings from an employer survey (discussed in section four below). Front-line counsellors can be encouraged to use observatory findings to support durable job matches.

### **Recommendations to support jobseekers with a migrant background to become economically active**

**The diverse population is one of the greatest assets of the Brussels-Capital Region, but some segments of the population with a migration background require additional support to become economically active.** Not all groups of migrants are equally well integrated into the labour market. Only 61% of migrants aged between 15 and 64 years born outside the European Union were part of the region’s active labour force in 2019. A large gender gap in labour force participation among non-EU born migrants persists. In 2019, only 49% of women aged between 15 and 64 years old who were born outside the EU-27 were economically active in the Brussels-Capital Region. The labour force participation rate of working-age women born outside the EU-27 is higher in other large OECD cities such as Berlin (59%), Vienna (60%) and London (65%). One of the reasons for the low labour market attachment of non-EU-27-born migrants is the large share of family migrants. In the Brussels-Capital Region, more than half of the working-age non-EU-27-born migrant population came for family reasons rather than for employment. Among family migrants, 63% are female and 43% have a low level of education. The labour force



participation rate of non-EU-27-born migrants who came for family reasons is 35 percentage points lower than for those who came for employment.

**The government of the Brussels-Capital Region has reacted to the challenges faced by its migrant population by drawing up a plan to combat labour market discrimination and promote diversity.** Amongst others, the “15 pledges” by the government of the Brussels-Capital Region include documenting acts of labour market discrimination more accurately, engaging with the private sector to combat hiring and on-the-job discrimination, improving public sector diversity, simplifying the reporting and sanctioning of discriminatory acts in the labour market, supporting victims of discrimination in the labour market and improving the recognition of prior skills of jobseekers who obtained their education abroad.

**Discrimination in the labour market poses a barrier to employment for people with a migration background.** For instance, several experiments that send fictitious CVs to employers in the Flemish Region establish strong patterns of hiring discrimination. While experiments at the same level of detail are not yet available for the Brussels-Capital Region, self-reported discrimination data indicate that some migrants experience discrimination in the labour market. Some progress has been made to promote diversity plans in companies of the Brussels-Capital Region through *Actiris*' employer Diversity Plans. Diversity Plans involve a differentiated offer to employers to help them mainstream good practices to support diversity in the workplace – including with respect to migration background – through human resource practices. Since 2010, 273 employers have developed *Actiris*-supported Diversity Plans.

**People with a non-EU-27 migration background are also underrepresented in the public sector of the Brussels-Capital Region.** The public sector employment rate among migrants with a non-EU-27 background is at a similar level as private sector employment. The public sector therefore does not yet fully reflect the diversity of the city. In 2019, 35 208 workers of Belgian origin aged 18 to 64 years worked in the public sector, corresponding to 21.5% of the Belgian-born population in the same age group. By comparison, only 11.4% of migrants originating from Sub-Saharan Africa and the Maghreb region, the largest groups of immigrants from outside the European Union in the Brussels-Capital Region, were employed in the public sector.

**A challenge faced by migrants who originate from non-EU-27 countries is the lack of recognition of their formal education obtained abroad.** People with a migration history who are employed are more likely to be overeducated than the native-born. 44% of registered job seekers with *Actiris* are foreign-born people whose degrees have not been recognised. In the Brussels-Capital Region, an administrative process run by Belgium's language Communities is required for regulated professions such as accountants and teachers. Across the EU, it is estimated that around 20% of workers are employed in regulated occupations. Although this process can be lengthy, it is needed for this group of occupations. Those seeking work in unregulated occupations do not require a specific degree. Employers can decide whether a candidate is suitable for the job, offering greater policy leeway for the region to encourage informal recognition.

**Language skills in French and Dutch are strong predictors of labour force participation among migrants from non-EU-27 countries but a large share is lacking these skills.** In 2021, non-EU-27 born migrants aged between 25 and 64 years who spoke French or Dutch as their mother tongue were 7.2 percentage points, 10.1 percentage points, 30.0 percentage points more likely to be economically active than advanced, intermediate and beginner-level speakers respectively. Non-EU-27 born migrants with hardly any or no language skills in French or Dutch were 38.9 percentage points less likely to be part of the labour force. Among non-EU-27 born migrants, a share of 23% report only intermediate proficiency in at least one of the local languages, while 17% report beginner-level or no language proficiency. Among migrants registered with *Actiris* who obtained their highest qualification abroad, one in three have at most basic skills in either Dutch or French, signifying the importance of language training.

**Language and a broader civic integration training benefit newly arrived migrants with a low attachment to the labour market.** In the Brussels-Capital Region, newly arrived migrants from non-EU

countries who register with a municipality are required to take a mandatory integration course. These integration courses are offered by the Dutch-speaking and the francophone communities. They consist of an assessment of education and qualifications, a civic integration course, a language course (either Dutch or French) and basic labour market counselling. Beyond these mandatory integration courses, a plethora of language and vocational training courses exist for Brussels' migrant population but these are no longer mandatory.

**Services combining language training and childcare offers are important to facilitate access to employment for women with a migration background.** Women of all origins across Belgian regions are more likely to be involuntarily economically inactive to look after children and other dependents than men, but the number of children in households of foreign origin is higher on average. *Actiris* has taken specific steps to support jobseekers with childcare responsibilities through partnerships with childcare centres in the Brussels-Capital Region. The initiative includes the *Actiris Maison d'Enfants* temporary day-care centre for parents and guardians for emergency needs during their job search and for the first three months of employment.

## Recommendations to support the labour market integration of migrants and implement the Brussels-Capital Region’s “15 pledges to combat labour market discrimination and promote diversity”

### Tailor local labour market integration policies to different segments of the diverse migrant population

- *Increase the investment into vocation-specific language training to improve the opportunities of migrants in the labour market.* Experience from across the OECD shows that vocation-specific language training has a stronger effect on the labour market integration of migrants than general language training. Such vocation-specific language training can take the form of vocational language courses tailored to specific high-need occupations, language courses focused on general workplace scenarios or job interviews, on-the-job language sessions in partnership with specific employers and language training in connection with ALMPs. The region could draw inspiration for such courses from the Värmland region of Sweden, where long-term unemployed foreign-born adults without secondary level education are targeted with a combination of vocational and language training.
- *Ensure that mandatory integration courses for newly arrived non-EU migrants account for the specific needs of women.* A large share of female migrants arriving in the region from non-EU countries come as family migrants and have weak ties to the local labour market. The region could ensure that mandatory integration courses include training on gender equality and employment opportunities for women. Parts of the integration course could be taught by women for women and include voluntary discussions on women’s rights and health care, following good practices from OECD countries such as Germany’s “Migrant Women Simply Strong in Daily Life”. Designated labour market counsellors could be trained in cultural sensitivity to support the labour market integration of women with a lack of employment history in their country of origin.
- *Consider combining labour market training with access to childcare, especially for low-income and migrant households, who face barriers to attending training because of childcare responsibilities.* Existing programmes, such as *Actiris’ Maison d’Enfants* and coordinated childcare structures, can be built upon to achieve this. Currently, working parents have priority access to subsidised childcare, but do not take up all available spots. Unused space that could be utilised by children from vulnerable households while their parents participate in labour market training. Public employment services, the CPAS and childcare organisers can work together to accurately predict childcare facility usage and allocate spots accordingly.

### Accelerate or fast-track the process to recognise qualifications earned abroad

- *Deploy a set of tools to encourage and accelerate the recognition of qualifications earned abroad.* Through social dialogue, the region may encourage employers to recognise foreign qualifications in which an official recognition is not needed, under the condition the country of origin of the qualification offers comparable qualification as the region. To accelerate recognition processes, the recognition could work with language Communities to create a “fast-track” process for in-demand jobs. For example, in Sweden, tripartite negotiation yielded a process in which around 40 different professions that experience labour shortage in the country can benefit from fast-track recognition. The region may also consider signing agreements where possible with targeted countries which comparable occupational standards that would automate the recognition of foreign qualifications. For example, Québec, Canada, and France have an agreement providing automatic mutual recognition over 80 occupations.

### **Build a more inclusive community for people with a migration background to facilitate access to employment**

- *Commit to diversity goals in the public sector to make employment-related services more accessible to migrants.* To break down barriers for its citizens to access important public services, the Brussels-Capital Region could consider increasing the diversity in its public employment services. Such an initiative could draw inspiration from Berlin's recently passed "Participation and Integration Act" (*Partizipations- und Integrationsgesetz*). To address the underrepresentation of people with a migration background in Berlin's public administration, the German federal state committed to increasing the share of first- and second-generation migrants in its public sector. This includes collecting information on the migration background of staff members who can provide that information on a voluntary basis. It further includes setting quantifiable, albeit not legally binding, objectives in hiring further staff with a migration background. To eliminate employment barriers for foreign-born jobseekers who face challenges in having their foreign-acquired formal education recognized in Belgium, skills assessments could be used as an alternative to formal education requirements.

*Consider better promoting the regional strategy to the fight against discrimination and promotion of diversity towards migrants in the labour market.* The Brussels-Capital Region could consider designing a more comprehensive strategy that tackles local discrimination against migrants in the labour market. Such an initiative could first expand Actiris' employer Diversity plans that supports local employers in drawing up diversity strategies. To further support inclusive hiring practices, the Brussels-Capital Region could use information on the origin composition of staff available at the Crossroads Bank for Social Security to identify economic sectors in which people with a migration background are underrepresented and seek the dialogue with employers in these sectors proactively.

### ***Recommendations to strengthen pathways into training and adult learning***

**Workers and jobseekers in the Brussels-Capital Region need to upgrade their skills to respond to the changing job requirements on the labour market.** Despite the large number of training options, however, participation in adult learning is currently low in the Brussels-Capital Region in international comparisons. The share of adults aged 25 to 64 years old who state they participated in education or training over the past four weeks reached 14% in 2022, compared to 28% in Amsterdam, 21% in both Vienna and Oslo, and 16% in London. A breadth of options exists for workers, jobseekers and economically inactive people to participate in training and adult learning in the region. Although a breadth of labour market training and adult learning options exist in the region, the system faces challenges. Workers and jobseekers in the Brussels-Capital Region need to upgrade their skills to respond to the changing job requirements on the labour market.

*Skills needs related to languages as well as the green and digital transitions are rising*

**The rising demand for digital skills and the green transition are transforming the labour market at a rapid pace.** For instance, the number of online job postings listing advancing digital skills as a requirement rose from 25% in 2018 to 31% in 2022. The Brussels-Capital Region has also emerged as a leader in the green transition. The share of jobs that can be classified as green-task jobs rose from 19% in 2011 to 26% in 2021, compared to a much slower rise from 16% to 18% in the OECD as a whole.

**Language requirements pose a major obstacle to employment in the Brussels-Capital Region's labour market.** In 2019, approximately 40% of all job vacancies submitted to Actiris listed Dutch language skills in addition to French language skills as a requirement to perform the advertised job. Another 20% of job vacancies listed English language skills as a requirement, in part reflecting the size of the labour market

surrounding the European institutions. Online job postings, which tend to be more representative of the medium to high skilled segment of the service sector, paint a similar picture. Seventeen percent of online job postings by employers in the Brussels-Capital Region list Dutch language skills as a requirement, a share well above those in all other parts of Belgium, including Belgian arrondissements that lie on the border of language zones. The significantly higher Dutch language requirements in the Brussels-Capital Region are still visible when differences in the type of vacancies by occupation, sector and educational requirements are accounted for.

**While the higher Dutch language requirements may reflect the presence of clients with a strong affinity for Dutch and local employers with operational links to the Flemish Region, these high language skill requirements are not matched by the base of jobseekers in the Brussels-Capital Region.** Only 28% of registered French-speaking jobseekers state they also have at least an intermediate knowledge of Dutch. Moreover, among jobseekers who obtained their education abroad, a category which includes mostly migrants born outside of Belgium, 1 in 3 do not possess a sufficient knowledge of French to enter the labour market. Strong evidence suggests that improving language skills among jobseekers leads to better employment opportunities, in particular if combined with vocational training. However, less is known about whether the relatively demanding language skill requirements listed by employers in the Brussels-Capital Region and its commuting zone correspond to the skills necessary to perform tasks on the job.

**Expanding modular courses that offer digital skills and language training is one policy option that has proven successful for migrants in other OECD metropolitan areas.** In 2022, 59% of all jobs advertised online by employers in the Brussels-Capital Region listed at least basic digital skills as a requirement. Giving migrants the option to attain digital skills has several key advantages, in particular when combined with language training. First, digital skills are in high demand across the OECD and jobs that require information and communication technology (ICT) skills usually fall into the medium to high-income range. Second, basic as well as specialised ICT skills can be taught in short modular courses. Third, the language barrier in the ICT sector tends to be lower than in other professions.

#### *Links with sectoral social partners are developing*

**Dialogue with employer representatives and unions occurring across organisations could grow to include a yearly detailed survey of skills needs.** Multiple platforms exist for dialogues with employers and trade unions, such as the regional social and economic council, *BruPartners*, or employer relations undertaken by *Actiris*, *Bruxelles Formation* and *VDAB Brussel*. The *Instance Bassin – Enseignement qualifiant, Formation, Emploi*, an organisation that brings together francophone VET actors to discuss skilling priorities, surveys employers to help produce a yearly priority list of occupations. An employer skills review which includes jobs on the Dutch-speaking market and a broad set of skill priorities, however, does not yet exist. Although organisations conduct extensive dialogues with inter-professional social partners and individual employers, dialogue with sectoral social partners is still developing in the region.

**Employment Training Hubs (*Pôles Formation Emploi - PFE*) are public-private partnerships to strengthen the links between the social partners and vocational training on a sectoral basis.** PFE are a joint initiative by *Actiris*, *Bruxelles Formation*, *VDAB Brussel* and sectoral representatives to design and dispense training jointly in four sectors, construction, digital jobs, technical jobs and logistics. The PFE sectoral approach may be systematised to more sectors, including parts of the public sector with recruitment needs (health, education).

#### *The region's multiple vocational training and education options face barriers to greater enrolment and completion*

**Complementary and promising options for adult vocational education exist outside the *Bruxelles Formation* and *VDAB Brussel* offering.** For example, this includes the francophone *enseignement de*

*promotion sociale* (EPS) and organisations dispensing teaching in Dutch, such as the *Centrum voor volwassenenonderwijs*. VDAB Brussel has a strong cooperation in place with the Flemish Education system. *Bruxelles Formation* also cooperates with a number of EPS tracks. Learners who participate in adult vocational education such as EPS can often access diploma-bearing higher skill level options. Multiple tracks in the adult learning system, particularly in health care and social work, are characterised by labour shortages. With the region facing a need to upskill its population to harness the benefits of its dynamic labour market for higher skill jobs, these options are important to complement the existing offering.

**For learners, enrolment in the different systems generates different qualifications and benefits.**

Participation in adult vocational education such as EPS does not qualify learners for a EUR 2 per hour allowance, unlike *Bruxelles Formation* training, unless tracks are certified by *Bruxelles Formation*. Qualifications or completion certificates produced by *Bruxelles Formation*, on the other hand, face recognition challenges among employers. *Syntra* apprenticeships also faces challenges with qualification recognition within the public sector. The qualifications dispensed by EPS, meanwhile, include secondary school diplomas (CESS – *Certificat d’enseignement secondaire supérieur*) or others recognised with strong labour market recognition.

**Despite growing policy attention, barriers face the dual learning (*alternance*) system for both young people and adults.**

Dual learning offers alternating class and work-based learning. In the francophone community, dual learning is administered by COCOF SME dual learning system (*Service Formation des PME/ Espace Formation PME – SFPME/EFP*) and the French Community dual apprenticeship system (CEFA – *Centre d’Éducation et de Formation en Alternance*). Despite the job prospects they offer young people, the SFPME/EFP and CEFA systems may not be effectively linked up with *Actiris* and *Bruxelles Formation*. For those that graduate from the SFPME/EFP system, the qualifications they earn may not be adequately recognised by the education system, blocking upskilling pathways.

**High dropout rates are another barrier for the capacity of vocational education and training to upskill and place people into jobs.**

A 2022 study by the Wallonia-Brussels Federation, the Walloon Region, the Brussels-Capital Region and the COCOF estimates over 50% drop out rates in dual learning tracks across francophone Belgium. Learner social vulnerability is a challenge across vocational tracks in Brussels and a potential driver of high dropout rates. Based on benefit statistics, *Bruxelles Formation* estimates half of its learners live in precarious conditions or near poverty.

***Actiris* provides training vouchers (*chèques formation*), though their use is limited due to conditionality.**

Training vouchers can be used for a large range of training offers outside *Bruxelles Formation* and *VDAB Brussel*. *Actiris* provides half the funding for individuals through training vouchers, with a ceiling of EUR 2 250, while the remainder has to be covered by the employer or the learner. The *Actiris* training voucher is only applicable to job seekers who have secured a job and require training during the initial six months of work. Limiting training vouchers to individuals who have found work limits their use. It also appears as an administratively burdensome way to provide jobseekers with remedial labour market training.

## Recommendations for increasing participation in adult learning and training in the Brussels-Capital Region

### Gather more labour market information from employers and work with employers to adjust skill requirements

- *Set up regular in-depth skills-needs surveys of employers in Brussels through sectoral engagement.* A local survey could collect comprehensive data and information on skills challenges that employers report both within their existing workforces and when recruiting. A starting point for the survey may include employer surveys already conducted by *Instance Bassin* in the francophone space. A publicly administered employer survey could be established to collect information on skills challenges that employers report both within their existing workforces and when recruiting, the levels and nature of investment in training and development, and the relationship between skills challenges, training activity and business strategy. As an example, the United Kingdom runs an employer skills survey which gathers information on skills needs, training and work practices. Given the high level of public employment opportunities in Brussels, it will be important for a survey to include needs from the public sector. Sectoral partners must be tightly and structurally invested in regional efforts for skills mapping to bear results.
- *Work closely with local employers to ensure language skill requirements listed in job vacancies correspond to the skills essential for performing tasks on the job.* Actiris could start the process of reviewing job vacancies it receives from local employers and flag language requirements that may not be necessary to perform tasks on the job. To create meaningful comparisons, Actiris could identify vacancies that list similar skills otherwise and are posted by employers operating in the same sector. To reduce time investment and staff needs, this process can be automated. Actiris could then propose to employers to review their vacancies and lower language skills requirements if evidence suggests that these may not be necessary.

### Increase training options specifically for those with migrant backgrounds and better mobilise existing training vouchers

- *Start initiatives that target migrants with modular learning to build digital skills.* The Brussels-Capital Region could build on and promote the *Digitalcity* PFE for a migrant background audience. For example, the region could include elements of the ReDI School of Digital Integration, a non-governmental organisation founded in Berlin that offers refugees a wide range of modular courses to develop ICT skills. Offers could target female migrants specifically and help to overcome potential cultural barriers to female economic activity, for instance by offering childcare during the duration of courses. ReDI works closely with ICT industry professionals who function both as volunteer teachers and mentors to refugees who participate in the courses. The role as teachers allows mentors to identify strengths in students and then recommend them to potential employers. Such modular courses could be offered in the language of the target population where possible and interpreters could be hired if required. Language courses could be offered in parallel.
- *Reduce conditions to access for and strengthen guidance around training vouchers (chèques formation).* The condition to have secured employment before use of the voucher may be reconsidered given the upskilling needs in the region. *Actiris* vouchers may also gain from strong guidance to appropriate training connected to skills assessment. Increasing *Actiris* counsellor knowledge of the region's skills system will be key to further deploy vouchers.



Ensuring voucher expansion is made in tandem with *Bruxelles Formation* and *VDAB Brussel* is also key to minimise duplication and coordinate the training offer.

### Strengthen the attractiveness of vocational training and adult learning for jobseekers

- *Strengthen the recognition of vocational training and dual learning certificates among employers and educational institutions.* One way for the region to incentivise employers to increase their recognition of vocation training certificates, provided by *Bruxelles Formation* and *VDAB Brussel*, is through PES exchanges with employers. Employer-facing counsellors within *Actiris* may encourage greater recognition of vocational training certificates by providing precise information about the content and skills tied to training. Within the public sector, the Brussels-Capital Region may be able to play major role to ensure recruitment of employees recognises and does not exclude certification provided by *Bruxelles Formation* and *VDAB Brussel*. Another lever to strengthen the attractiveness of vocational tracks includes creating a learner pathway between dual learning completion and entrance into formal education (e.g. EPS, university).
- *Bring benefits for participation in adult learning programmes of equivalent length up to levels offered by occupational vocational training.* The Community-operated adult learning system (*enseignement de promotion sociale* – EPS) may benefit from a harmonised stipend with vocational training to attract jobseekers and workers (currently EUR 2 per hour). An initial stipend harmonisation between vocational training incentives proposed by *Bruxelles Formation* and EPS may target those adult learning programmes aimed at occupations facing shortages. Levelling stipends may also require considering the different lengths of trainings, and potentially setting a maximum duration.

### Increase the role and visibility of the dual learning system

- *Develop a stronger institutional relationship between Actiris and dual learning institutions.* On the francophone side, the region could consider developing a single institutional agreement between *Actiris* and *SFPME/EFPM*, echoing the *accord de coopération relatif aux politiques croisées emploi-formation* between *Actiris* and *Bruxelles Formation*. An agreement could help develop common strategies to draw learners and define target groups. Knowledge of dual learning options may also be able to be developed among *Actiris* front-line and operational staff interacting with jobseekers. In particular, the adult dual learning tracks offered by the *SFPME/EFPM* system should be mainstreamed as opportunities to train for those in *Actiris* and *Bruxelles Formation*. For adults, integrating dual learning into public employment services may be an option to fully streamline access.
- *Consider developing a dual vocational learning guarantee for pre-apprenticeship preparation and special support for apprenticeships.* Providing basic skills preparation and orientation for compulsory school graduates or those older entering one of the region's dual vocational systems (*SFPME*, *CEFA* or *Syntra*) may help reduce learner dropout rates. The region may turn to Vienna, Austria, which has developed a Vocational Training Guarantee for those aged 14 to 21 years old to reduce dropout rates by tight coordination among subnational and national programmes. For example, at the national level in Austria, the pre-VET “education-fit” programme (*AusbildungsFit*) provides training for those young people facing difficulties before they enter dual learning to acquire the foundational skills and workplace habits for success in dual learning.



## **2 The Brussels-Capital Region's labour market in national and international comparison**

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This chapter provides an overview of the Brussels-Capital Region's labour market in comparison with labour markets of the other Belgian regions, and with those of selected OECD metropolitan areas. Labour market trends are highlighted through an analysis of unemployment, long-term unemployment, and labour force participation, split by different socio-economic groups. The chapter then turns to the demand for labour by local employers and identifies sectors that drove the recent tightening of the regional labour market. The chapter then analyses the labour market participation of different migrant groups in more detail and identifies migrant-specific employment obstacles. Finally, the chapter analyses the wider urban functional area of the Brussels-Capital Region, with a focus on employment opportunities for the region's less-educated jobseekers in the surrounding Flemish region.

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# In Brief

## A high degree of polarisation characterises the labour market of the Brussels-Capital Region

- **The labour market of the Brussels-Capital Region has shown strong improvement over the past decade, but joblessness remains above that of most other OECD metropolitan areas.** Between 2010 and 2021, the unemployment and long-term unemployment rate dropped by 4.6 percentage points and 2.9 percentage points respectively. As of 2021, both the unemployment rate (12.5%) and the long-term unemployment rate (6.9%) remained well above that of most comparable OECD metropolitan areas. Supported by government liquidity and income support measures, the labour market remained resilient to the COVID-19 health crisis.
- **A range of statistical indicators support the notion that the Brussels-Capital Region's labour market is in a high-skill equilibrium.** A highly educated, highly productive workforce constitutes a major part of the population in the Brussels-Capital Region. In 2020, 58% worked in high-skill occupations, a sharp increase from 49% in 2011. On the other hand, the labour force participation among low-skilled persons remains low. The large share of workers formally undereducated for their job further points to skills imbalances in the labour market.
- **A large number of less-educated persons faces a lack of employment opportunities, resulting in low employment rates.** The share of 25- to 64-year-olds in the Brussels-Capital Region's population with a maximum of lower secondary education stood at 27% in 2020, a share of persons with low educational attainment well above most comparable OECD metropolitan areas. The low employment rate of 41% among the less educated can partly be explained by a lack of demand for unskilled labour in the local labour market. Centrally negotiated sector-specific minimum wages, the high coverage of workers by collective bargaining and inflation-indexed wages may contribute to a decoupling of wages from productivity in some instances, deterring employers from hiring less-skilled workers.
- **Labour demand in the Brussels-Capital Region has risen significantly over recent years, but opportunities for less-educated workers nevertheless remain limited.** The job vacancy rate, the share of total jobs in the local labour market that is vacant, increased significantly over the past decade, from 2.8% in 2012 to 3.2% in 2019 and 4.0% in 2022. However, the increase in labour demand is mostly driven by middle-skill and high-skill professions, with the logistics sector and administrative professions experiencing the largest rise in vacancies. Between 2009 and 2019, there were on average ten less educated jobseekers for each job vacancy that required only a low level of education. By comparison, the ratio of vacancies to jobseekers for highly educated individuals almost reached parity before the start of the COVID-19 pandemic.
- **A very low labour force participation rate is a structural feature of the Brussels-Capital Region's labour market.** The labour force participation rate, defined as the share of the population aged 15 to 64 years that is either employed or unemployed, remained low in the region over the past decade. In 2021, the labour force participation rate, stood at 65.5% in 2021, compared to 66.3% in 2010. Most recent data points to an upwards tick in labour force participation in the Brussels-Capital Region. Labour force survey data from the second quarter of 2022 shows that the activity rate in the working-age population rose to 67.2%, an increase of

3.3 percentage point points compared to the second quarter of 2021. This positive trend may be a result of the exceptionally tight labour market in the Brussels-Capital Region.

- **Women with a non-EU migration background constitute the group with the highest economic inactivity rate in the Brussels-Capital Region.** The labour force participation rate of women born outside non-EU countries was 11 percentage points lower than that of Belgium-born women in 2019. The participation gap is even larger in the Flemish Region (14 percentage points) and the Walloon Region (19 percentage points) but has larger macroeconomic implications in the Brussels-Capital Region where the share of non-EU-born migrants constitutes 31% of the local working-age population (Flemish Region: 9%; Walloon Region: 10%).
- **Obstacles to employment participation persist for individuals with a migration background.** Obstacles for migrants include the need to learn the local languages (French and Dutch) difficulties to get foreign diplomas acknowledged and hiring discrimination. In Belgium, hiring discrimination has been shown to be a particularly persistent barrier to employment for non-EU-27 migrants. The high concentration of non-EU-27 migrants in municipalities of the Brussels Capital-Region that are characterised by low employment rates is likely to reflect the importance of co-ethnic networks as a pull factor of migration. For instance, among non-EU-27 migrants residing in the region, 56% migrated for family reasons, among which 63% are female and 43% are low educated. Non-EU-27 migrants who came for family reasons show a significantly lower labour market attachment than other migrants who primarily came for work. Facilitating access to education and high-quality jobs for this group is likely to require strong policy support.
- **Significant inbound and outbound commuting flows characterise the Brussels-Capital Region's labour market but less educated Bruxellois commute in low numbers.** The region's functional urban area – or commuting zone – extends well into parts of the Flemish and the Walloon Region. It is home to a population of over 3.3 million and covers over 4 800 square kilometres. In 2021, among 796 000 employed workers in the Brussels-Capital Region, 393 000 resided in the region, while 403 000 commuted from the Flemish and the Walloon Region. Reversely, 53 000 Bruxellois commuted to the Flemish Region and 23 000 commuted to the Walloon Region. Commuting among less educated segments of the Brussels-Capital Region's population remained low despite relatively higher demand for less educated workers in the Flemish Region. Incentivising mobility among jobseekers while carefully considering language barriers, transport and childcare infrastructure could be part of a long-term strategy to increase employment rates of less educated workers.

## Introduction

**The Brussels-Capital Region is one of Belgium's three regions and the largest metropolitan area in Belgium.** The population of the Brussels-Capital Region stood at 1 226 000 inhabitants in 2021, compared to 6 665 000 and 3 665 000 in the Flemish Region and the Walloon Region, the two other regions of Belgium. 824 100 inhabitants of the Brussels-Capital Region are aged between 15 and 64 years and therefore classified as being of working age. This corresponds to 67% of its total population, compared to 63% in the Flemish Region and 64% in the Walloon Region, reflecting the relatively younger urban population of the Brussels-Capital Region. The surface area of the Brussels-Capital Region only covers 162 square kilometres (Figure 2.1, panel B). However, its functional urban area, or commuting zone, extends well into parts of the Flemish Region and the Walloon Region and is home to a population of 3 322 000.<sup>1</sup>

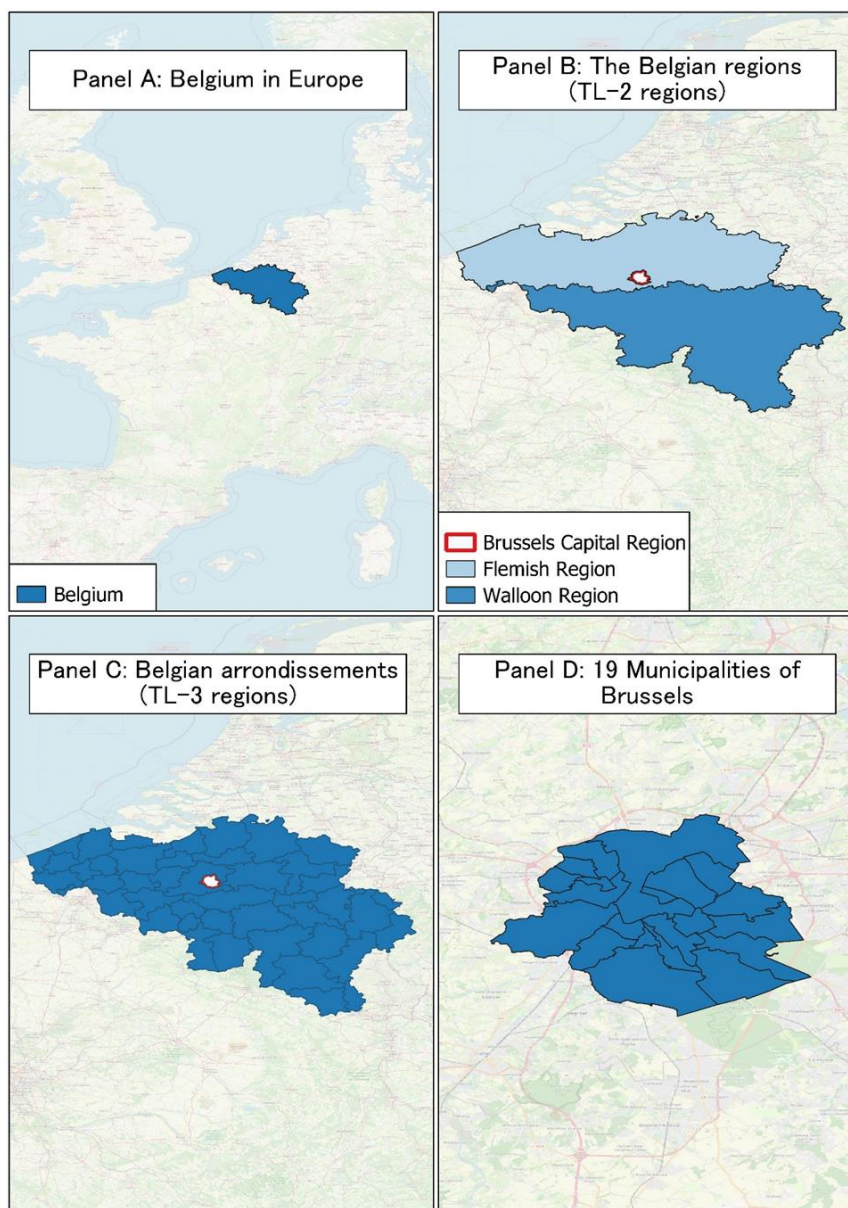
**The economy and labour market of the Brussels-Capital Region reflect its highly diverse and dynamic population.** Between 2001 and 2021, the population of the region grew by 27%, compared to a 12% population growth in the whole of Belgium over the same period. In 2019, 54% of the Brussels population was foreign-born, reflecting its attractiveness to both EU and non-EU migrants. The labour market of the region reflects this dynamism, posing distinct opportunities and challenges to the provision of labour market policies.<sup>2</sup>

**The government of the Brussels-Capital Region has extensive responsibilities in the domain of employment policies.** Belgium assigns extensive governance responsibilities to the three Belgian regions as well as to the language communities. The Brussels-Capital Region, the Flemish Region and the Walloon Region are responsible for territorial matters such as employment policies, infrastructure, and industrial policy, as well as and tax matters. The language communities, composed of the Flemish, French, and German speaking communities are responsible for people-related matters. These cover domains such as culture, education, welfare, health and care of the elderly (see Chapter 3 for details on the governance of labour market policies). In addition to the three regions and the language communities, a total of ten provinces in the Flemish Region and the Walloon Region have responsibilities in the fields of education, social and cultural infrastructure, environment, roads and waterways, preventive health, transport, public works and housing. These responsibilities overlap with those of the 589 municipalities. For administrative purposes, provinces are further divided into 43 arrondissements (Figure 2.1, panel C). The Brussels-Capital Region is not part of any province and does not constitute its own province. It combines regional and provincial function under the “Capital Region” administration (OECD, 2016<sup>[1]</sup>) and forms a single arrondissement. This arrondissement comprises 19 municipalities (Figure 2.1, panel D). One of its municipalities, the City of Brussels, is the capital of Belgium.

**This chapter characterises the labour market of the Brussels-Capital Region in detail.** The remainder of the chapter provides a high-level overview of recent trends in the labour market and describes the socio-economic profile of the population in more detail. For the purposes of statistical analysis, this report combines labour market data at various levels of regional analysis. Selected OECD metropolitan areas are chosen to put labour market trends in the Brussels-Capital Region into international perspective. A technical explanation of the OECD regional terminology applied in this report is provided in Annex Box 2.A.1.



**Figure 2.1. The geography of Belgium and the Brussels-Capital Region**



Note: Brussels refers to the Brussels-Capital Region, which is both a TL2 and TL3 region.

Source: OECD illustration based on OECD (2022<sup>[2]</sup>).

## Comparative labour market overview of the Brussels-Capital Region

**A steady decline in the Brussels-Capital Region's unemployment rate has slowed down only slightly during the COVID-19 pandemic.** Between 2010 and 2019, unemployment in the region decreased from 17.1% to 12.8% among those of working age who are part of the labour force (Panel A, Figure 2.2). Between 2019 and 2021, the unemployment rate levelled out at 12.5%, on a par with cities such as Madrid (11.7%) and Vienna (12.2%). The resilience of the Brussels-Capital Region's labour market during the COVID-19 pandemic was partly supported by the federal government's income and liquidity support measures which mitigated the pandemic's effect on labour markets across Belgium (OECD, 2022<sup>[3]</sup>). However, unemployment in the Brussels-Capital Region nevertheless remains well above that of



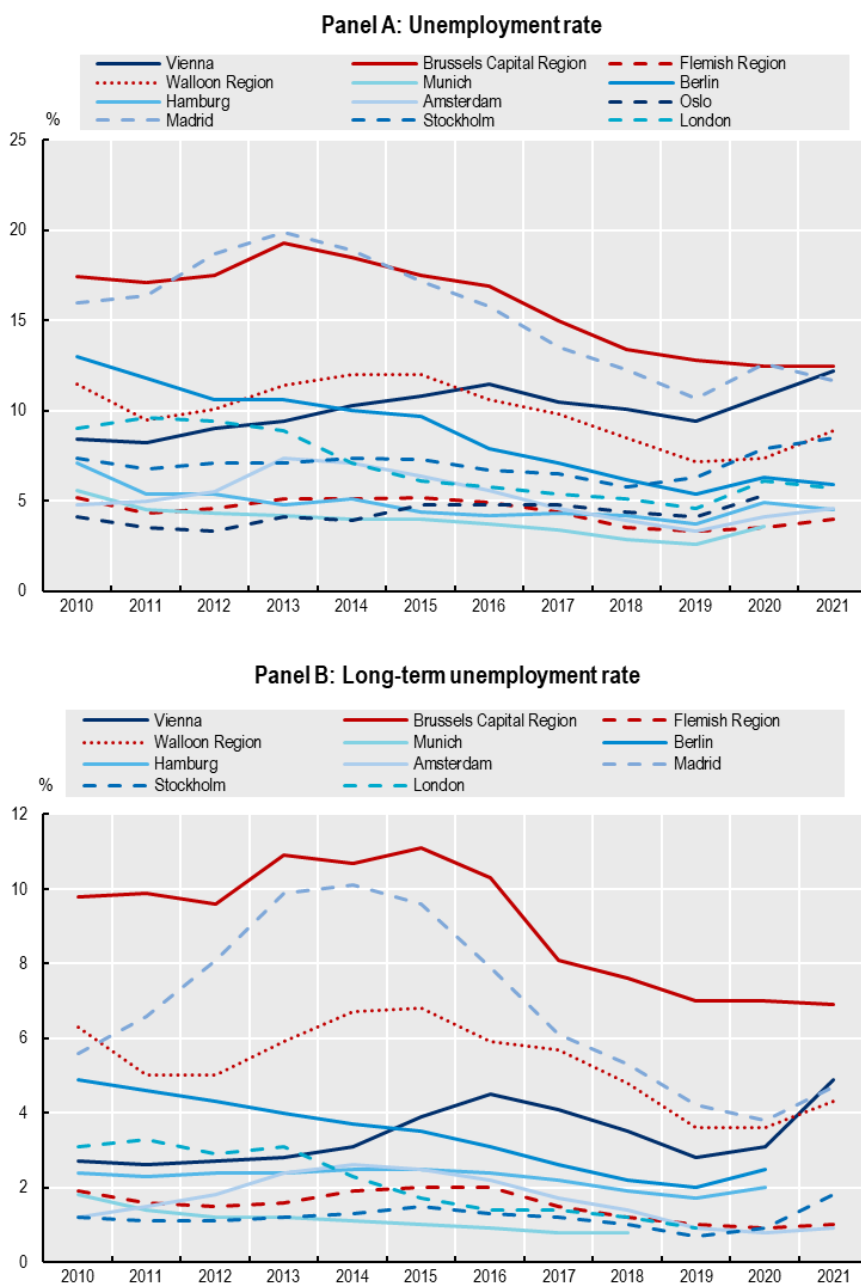
most other OECD metropolitan regions. Both the Flemish Region (4.0% in 2021) and the Walloon Region (8.9% in 2021) also show significantly lower unemployment rates than the region.

**Similarly, the long-term unemployment rate in the Brussels-Capital Region dropped significantly before the COVID-19 pandemic and has since bottomed out at a high level.** The long-term unemployment rate, defined as those unemployed aged 15 to 64 years who are out of work for more than 12 months as a share of the local labour force, stood at 6.9% in 2021. This is significantly above the level of Wallonia (4.3%) and the Flemish Region (1.0%), as well as that of comparable OECD metropolitan areas. Among those, even cities with comparable levels of unemployment such as Vienna and Madrid had significantly lower levels of long-term unemployment. While the share of jobseekers who have been without work for more than a year thus remains high, the long-term unemployment rate has trended downwards since 2015, when it peaked at 11.1% (Panel B, Figure 2.2).

**A high long-term unemployment rate is often a sign of skills mismatch, which is indeed high in the region.** Research has shown that of all possible factors, a mismatch between skills demanded by employers and those of jobseekers is one of the main predictors of the long-term unemployment rate (Suphaphiphat and Miyamoto, 2020<sup>[4]</sup>). In the Brussels-Capital Region, there is indeed a gap between the relatively high share of less-educated in the local population and little demand by employers for low-skill labour.

**Figure 2.2. Unemployment and long-term unemployment in the Brussels-Capital Region have dropped over the past decade but remain high in national and international comparison**

Unemployment rate and long-term unemployment, percentage of labour force aged 15 to 64 years



Note: The data correspond to the TL2 regions that compose the respective metropolitan area, except Munich, which corresponds to its TL3 region. No data available for long-term unemployment in Oslo, Norway. Long-term unemployment data for Munich, Berlin and Hamburg only available until 2019 and for London until 2020. Unemployment data for Oslo not available for 2021.

Source: OECD Regional Database.

**A very low labour force participation rate is a structural feature of the Brussels-Capital Region's labour market.** In many OECD countries, declining unemployment and long-term unemployment rates eventually also lead to a drop in the economic inactivity rate (OECD, 2021<sup>[5]</sup>). The reason is that all three

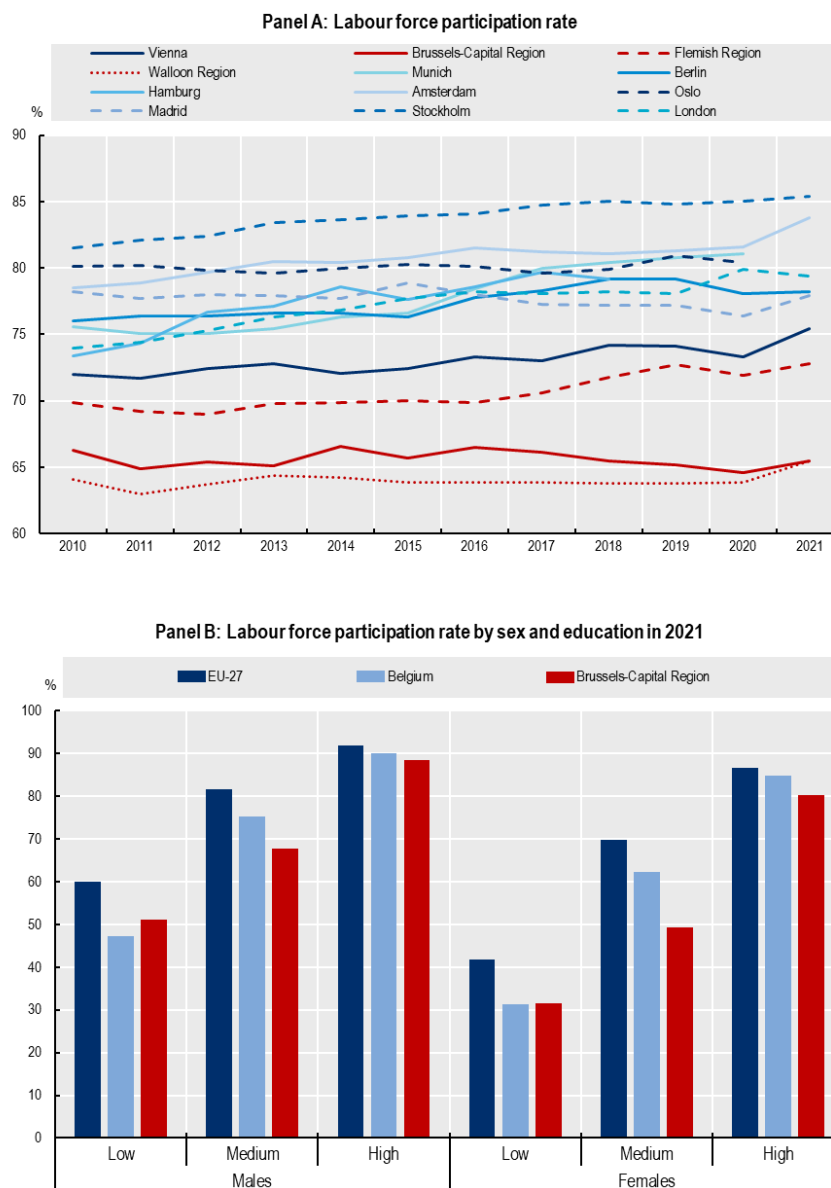
labour market metrics co-move to some degree. For instance, a booming economy characterised by high labour demand not only allows jobseekers to find employment but also lowers barriers to entry into the labour market for those who have not previously been part of the labour force. However, the economic inactivity rate did not decline in the Brussels-Capital Region over the past decade, a period during which both unemployment and long-term unemployment dropped significantly. Figure 2.3 (Panel A) shows that the labour force participation rate, defined as those either employed or unemployed among the population aged 15 to 64 years. It stood at 66.3% in 2010 and remained at that level until 2021 (65.5%).

**Most recent data point to an upwards tick in labour force participation in the Brussels-Capital Region.** Labour force survey data from the second quarter of 2022 shows that the activity rate in the working-age population rose to 67.2%, an increase of 3.3 percentage points compared to the second quarter of 2021. This positive trend may be a result of the exceptionally tight labour market in the Brussels-Capital Region (Figure 2.9).

**Both gender and the level of education are strong predictors of labour force participation.** Figure 2.3 (Panel B) shows the labour force participation rate in the population aged 15 to 64 years in 2021, disaggregated by sex and education. Three observations are striking. First, the labour force participation rate in the region is lowest among the less educated. For less educated men, it was 51.2%, while it stood at 31.2% for less educated females. It then increases sharply for medium-educated and high-educated men and women. Second, the labour force participation rate is lower in the Brussels-Capital Region than the EU-27 average across all levels of education, for both males and females. The participation gaps are largest among medium-educated men (-13.9 percentage points) and women (-20.3 percentage points) but are also large for less educated men (-8.7 percentage points) and women (-10.1 percentage points). Finally, the participation gap between the Brussels-Capital Region and the EU-27 is larger for women than men across all levels of education.

## Figure 2.3. Labour force participation continues to remain low in the Brussels-Capital Region

Labour force participation rate (Panel A) and labour force participation split by sex and education (Panel B), percentage of total population aged 15 to 64 years



Note: The data correspond to the TL2 regions that compose the respective metropolitan area, except Munich, which corresponds to its TL3 region. Data for Hamburg available until 2018. Data for Oslo available until 2020.

Source: OECD Regional Database and Eurostat, Activity rates by sex, age, educational attainment level, citizenship and NUTS 2 regions [LFST\_R\_LFP2ACTRTN].

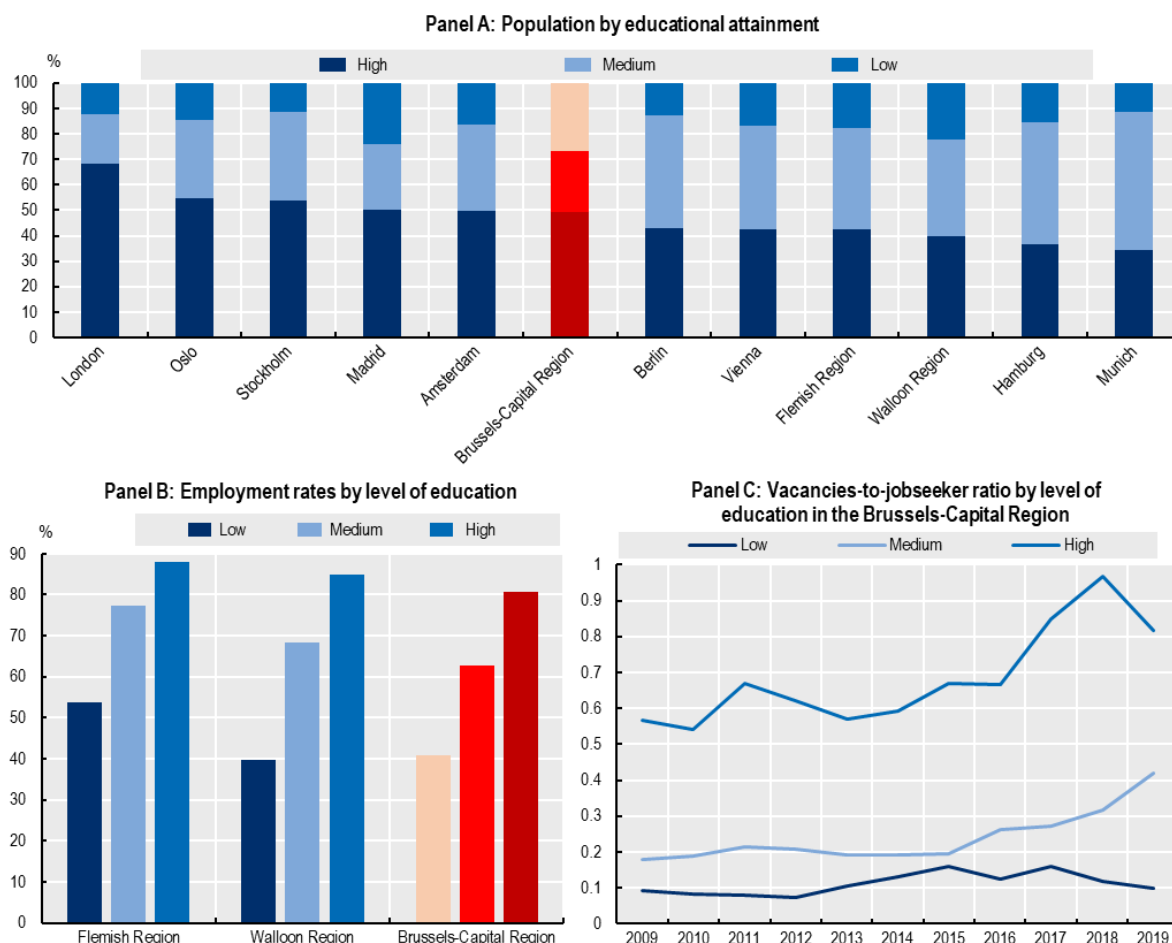
**The relatively large share of people with a low level of education in the Brussels-Capital Region provides a partial explanation for the low labour force participation rate.** Figure 2.4 (Panel A) shows that the share of 25- to 64-year-olds in the region with a maximum educational attainment of lower secondary education stood at 26.9%, well above comparable OECD metropolitan areas and the other Belgian regions. In Stockholm, Sweden and Munich, Germany, the share of less educated individuals was as low as 11.4% and 11.3% respectively in the same age group. Panel B of Figure 2.4 shows that

employment rates for the population aged 25-64 years increase with educational attainment. In 2021, a highly educated-inhabitant of the Brussels-Capital Region was almost 40 percentage points more likely to be employed than a less educated individual. Panel C of Figure 2.4 shows that the relatively low labour force participation rate among less educated individuals is also caused by a lack of demand for workers with a low level of education. Between 2009 and 2019, there were on average ten less educated jobseekers for each job vacancy that required only a low level of education. By comparison, the ratio of vacancies to jobseekers for highly educated individuals almost reached parity in 2018, even before the significant tightening of labour markets began in the aftermath of the COVID-19 pandemic. Such a lack of demand is likely to discourage labour force participation among those less educated who are economically inactive.

**The lack of labour demand for less educated workers is partly driven by their high labour costs.** In simple terms, the maximum an employer can afford to pay a worker in salary is the worker's marginal productivity, minus taxes and social security contribution. If total wage cost exceed productivity, employers will decide against hiring new workers. Labour cost for less educated workers in Belgium is among the highest in the OECD. For a single worker without children earning 67% of the average wage, employer social security contributions in Belgium represented 26% of gross earnings in 2019, compared to 20% in Germany (OECD, 2020<sup>[6]</sup>). In addition, collective bargaining in Belgium is centralised and sector-specific and does not consider the large regional differences in productivity. As a result, the nationally set minimum wage is superseded by the sector-specific minimum wage for almost all less educated workers by an average of 20% (OECD, 2020<sup>[6]</sup>). Wages in Belgium are also automatically indexed to inflation, which may add to an additional decoupling of productivity from wages.

**Figure 2.4. The level of education is a strong predictor of success in the Brussels labour market**

Population aged 25 to 64 years by educational attainment in 2020 (Panel A), employment rates of 25- to 64-year-olds by educational attainment in 2020 (Panel B) and vacancies-to-jobseeker ratio by educational requirement (Panel C)



Note: The data in Panel A correspond to the TL2 regions that compose the respective metropolitan area, except Munich, which corresponds to its TL3 region. Low education corresponds to ISCED-08 categories 1 and 2. Medium education corresponds to ISCED-08 categories 3 and 4. High education corresponds to ISCED-08 categories 5 and above. The number of vacancies in Panel C correspond to the total number of vacancies reported to *Actiris* each calendar year by employers in the Brussels-Capital Region. The number of unemployed used for calculations in Panel C correspond to the average monthly number of unemployed registered with *Actiris* in each calendar year. The figure in Panel C is based only on job vacancies and jobseekers that could be classified by educational requirement. Thus, it excludes vacancies that did not provide information on education requirements (28% of the total in 2019) and foreigners without acknowledged degrees (42% of the total in 2019).

Source: OECD Regional Database (Panel A and B) and OECD calculations based on *Actiris/View* (Panel C) statistics “DEI, Région de Bruxelles-Capitale, Série chronologique par colonne Toutes les moy. annuelles depuis 2009”) and “OE reçues, Tous les secteurs, Région de Bruxelles-Capitale, Série chronologique par colonne Toutes les années (cumul 12 mois)”.

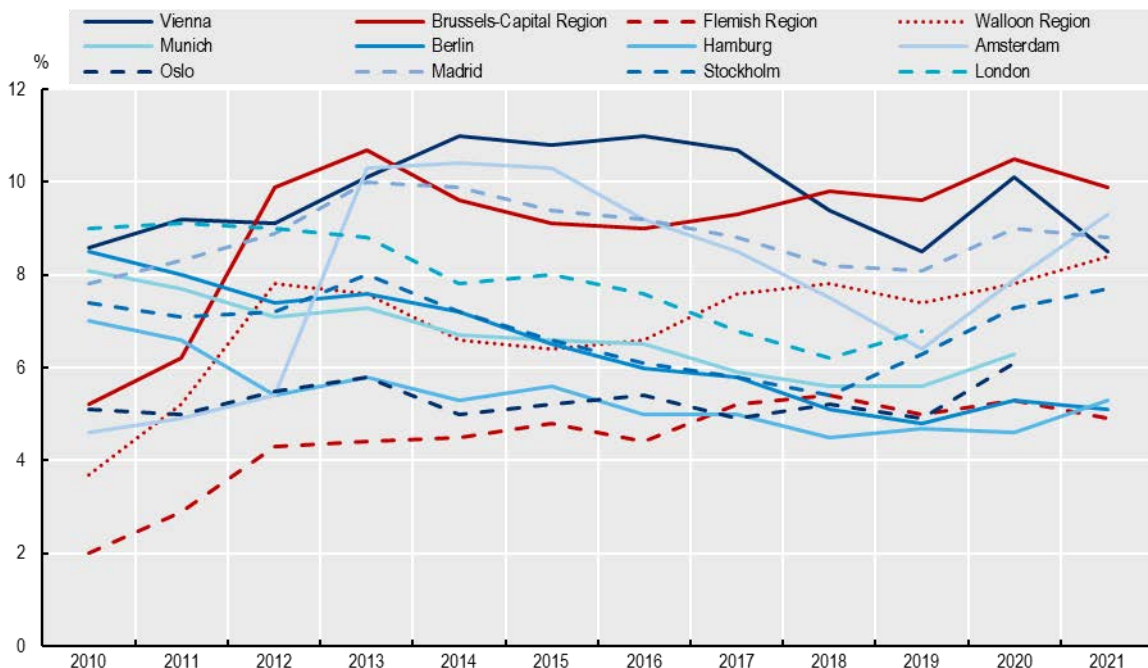
**The lack of demand for some workers is also reflected in the high additional slack in the labour market of the Brussels-Capital Region.** Additional labour market slack is defined as 15- to 64-year-olds available but not seeking for work, persons seeking for work but not available and underemployed part-time workers as percentage of the extended labour force. Thus, it does not include unemployment but focusses on those economically inactive and underemployed that could be activated or integrated more tightly into the labour market if the right conditions were put in place. Figure 2.5 shows the additional labour market slack as a percentage of the extended work force. Additional labour market slack in the Brussels-

Capital Region increased from 5.2% in 2010 to 10.7% in 2013 and has since remained broadly at this level. As of 2021, when the measure stood at 9.9%, additional labour market slack was still among the highest across OECD metropolitan areas. A mix of active and passive labour market policies discussed in Chapters 4 and 5 of this report can facilitate and strengthen the attachment of the economically inactive and the underemployed to the labour market.

**The high incidence of involuntary part-time work in the Capital Region is likely due to the limited job opportunities for less educated workers.** Involuntary part-time work as a share of total employment stood at 9.4% in 2018 in the Brussels-Capital Region, a share significantly higher than in the Flemish (3.9%) and the Walloon (5.9%) Region (OECD, 2020<sup>[6]</sup>). Valletta, Bengali and Van der List (2020<sup>[7]</sup>) show that in general, the incidence of involuntary part-time work is determined by a business cycle and a structural component. The business cycle component refers to employers that reduce staff hours during a recession. The structural component refers to the size of sectors such as hospitality and retail in which employers are likely to adjust staff time to peak-load demand, as well as labour cost. Across the three Belgian Regions, business cycles are largely synchronised (see Figure 2.2) and the hospitality and retail sector are approximately equal in size.<sup>3</sup> However, the relatively high number of less educated workers in the region face more limited employment opportunities, which may lead them to accept part-time positions out of necessity rather than choice.

### Figure 2.5. Additional labour market slack in the Brussels-Capital Region is high in national and international comparison

15- to 64-year-olds available but not seeking for work, persons seeking for work but not available and underemployed part-time workers as percentage of the extended labour force



Note: The data correspond to the TL2 regions that compose the respective metropolitan area, except Munich, which corresponds to its TL3 region. For the purposes of this illustration, “additional labour market slack” is defined as part-time workers who want to work more, people who are available to work but do not look for work, and people who are looking for work but are not immediately available. In addition to employed and unemployed people, the “extended labour force” consists of people available to work but not seeking employment, and people seeking employment but not available to work. Data for London available until 2019. Data for Oslo and Munich available until 2020.

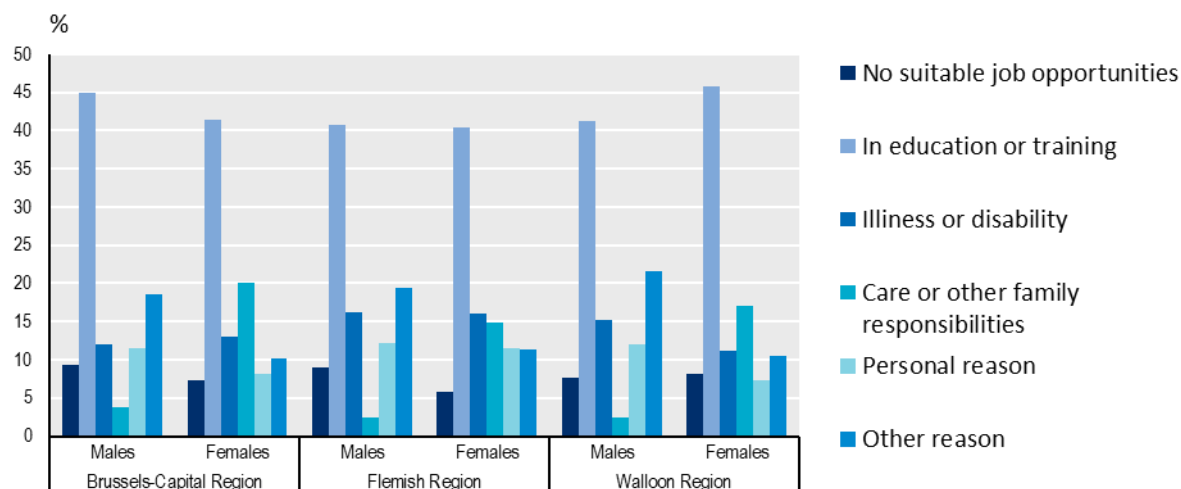
Source: OECD Regional Database and Eurostat table LFST\_R\_SLA\_GA (Labour market slack by sex, age and NUTS 2 regions).



**Pursuing education or training is the most common reason for economic inactivity among those economically inactive who are willing to work, while caregiving and other family responsibilities present an obstacle for women.** Figure 2.6 shows the reason for not searching for work among the economically inactive population aged 15 to 89 years who are not currently searching for employment but want to work. In the Brussels-Capital Region, this group consisted of 24 000 men and 32 000 women in 2021. Across Belgian regions, more than 40% of men and women who state that they are economically inactive, wanting to work but not seeking for work are enrolled in education or training. Among economically inactive women in the region who would want to work, 20% state that they are unable to look for work due to caregiving responsibilities towards children or other dependents or have other family-related reasons not to work, compared to 15% of women in the Flemish Region and 17% in the Walloon Region. Lower shares of inactive women who are willing to work state illness or disability (13%), personal reasons (8%) and other reasons (10%) as their primary reason not to work. Among inactive men in the region who are willing to work, most state the less clearly defined other reasons (19%) as the reason for their inactivity. Twelve percent state that their illness or disability does not allow them to work, compared to 16% in the Flemish Region and the 15% in the Walloon Region, likely reflecting differences in average age across the regions' populations. Compared to women, the share of inactive men who are willing to work and who state caregiving responsibilities as the primary reason for their inactivity is low in the Brussels-Capital Region (4%). No suitable job opportunities are mentioned by 9% of inactive men who are willing to work and 7% of inactive women who are willing to work as their main reason for economic inactivity.

**Figure 2.6. Women are more likely to be involuntarily economically inactive to look after children and other dependents in all Belgian regions**

Economically inactive population aged 15 to 89 years who are not currently searching for employment but want to work, main reason for not searching, 2021



Note: The figure shows only the primary reason for not searching for employment among those who are not currently searching for employment but want to work.

Source: OECD calculations based on StatBel, Table (LFS) T4.004Q. StatBel statistics are based on the 2021 LFS.

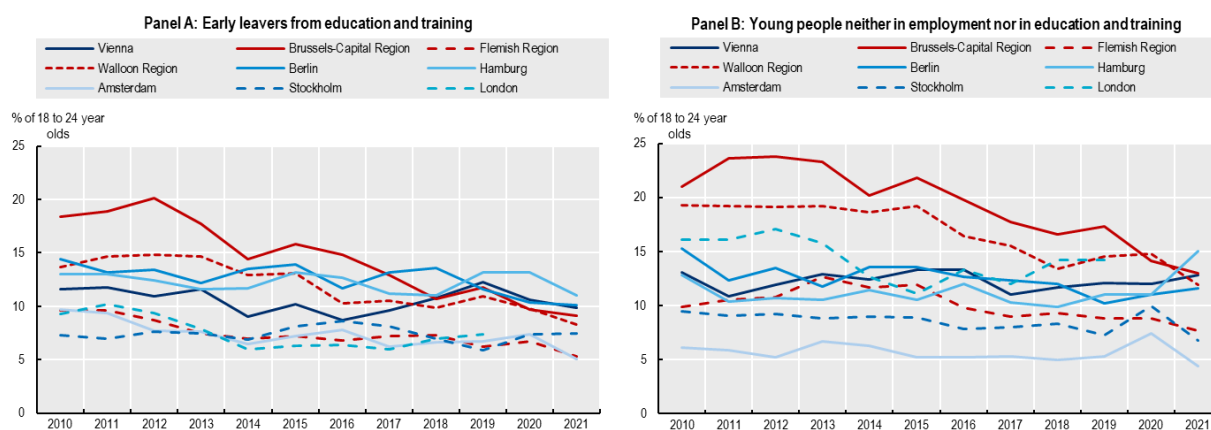
**Youth are particularly vulnerable to experiencing adverse long-term consequences from being excluded from the labour market.** Academic research has long established that being without work for an extended period can have a so-called “scarring effect” on youth. For instance, Mroz and Savage (2006<sup>[8]</sup>) show that unemployment can affect earnings of workers ten years after having experienced unemployment if the unemployment spell was experienced at a young age. Burgess et al. (2003<sup>[9]</sup>) further

show that such scarring is particularly strong among low-skilled young workers. For these reasons, ensuring that youth do not leave school before the completion of their education and ensuring a smooth transition from school to work is likely to decrease unemployment and increase earnings in the long term. Two indicators that capture the labour market potential of current youth cohorts are the share of early leavers from education and training among young people aged 18 to 24 years, and the rate of youth neither in employment nor in education and training (NEET) within the same age group.

**International comparisons highlight that while the Brussels-Capital Region has seen improvements in the labour market situation of youth, there is still progress to be made.** In 2021, the region had a 9.1% rate of early school leavers, a significant decline from 20.1% in 2012. This positive development continued throughout the COVID-19 pandemic, a period during which the risk of labour market scarring among youth rose in many OECD countries (OECD, 2021<sup>[10]</sup>). However, the Brussels-Capital Region still had higher rates of early school leavers compared to other OECD metropolitan areas such as Amsterdam (5.1%), Oslo (8%), and Stockholm (7.5%). Similarly, the NEET rate stood at 13% in 2021, showing a significant decline from previous years but remaining high compared to OECD metropolitan areas such as Amsterdam (4.4%), Oslo (7.2%), and Stockholm (6.8%).

### Figure 2.7. The share of early school leavers and the NEET rate have dropped significantly in the Brussels-Capital Regions over the past decade

Share of early leavers from education and training among 18- to 24-year-olds (Panel A) and young people aged 18 to 24 years neither in employment nor in education and training (Panel B)



Note: The data correspond to the NUTS 2 regions that compose the respective metropolitan area, except the Belgian regions and London that correspond to NUTS 1 regions. Data for London available until 2019. Data for Oslo available until 2020. Missing data for Hamburg and Munich in 2020 replaced by their respective values for 2019.

Source: OECD calculation based on Eurostat table EDAT\_LFSE\_16 (Early leavers from education and training by sex and NUTS 2 regions) and Eurostat table EDAT\_LFSE\_22 (Young people neither in employment nor in education and training by sex and NUTS 2 regions).

**Total employment increased in the Brussels-Capital Region over the past decade, driven mostly by job creation in education, health, and technical and administrative activities.** Looking at sectoral employment growth and decline is not only informative of the main type of local economic activity but also gives an indication of where labour demand may be highest in the future. The annual average rate in employment growth between 2010 and 2020 was approximately 0.5% in the Brussels-Capital Region, compared to 0.9% in Belgium as a whole (Panel A, Figure 2.8). In the Brussels-Capital Region, the total number of jobs increased by 33 286 between 2010 and 2020 (Panel B). The fastest growing sector in absolute terms was the education sector (+15 375 jobs), followed by specialised professional, scientific, and technical activities (+14 736), human health and social work activities (+11 912), and administrative

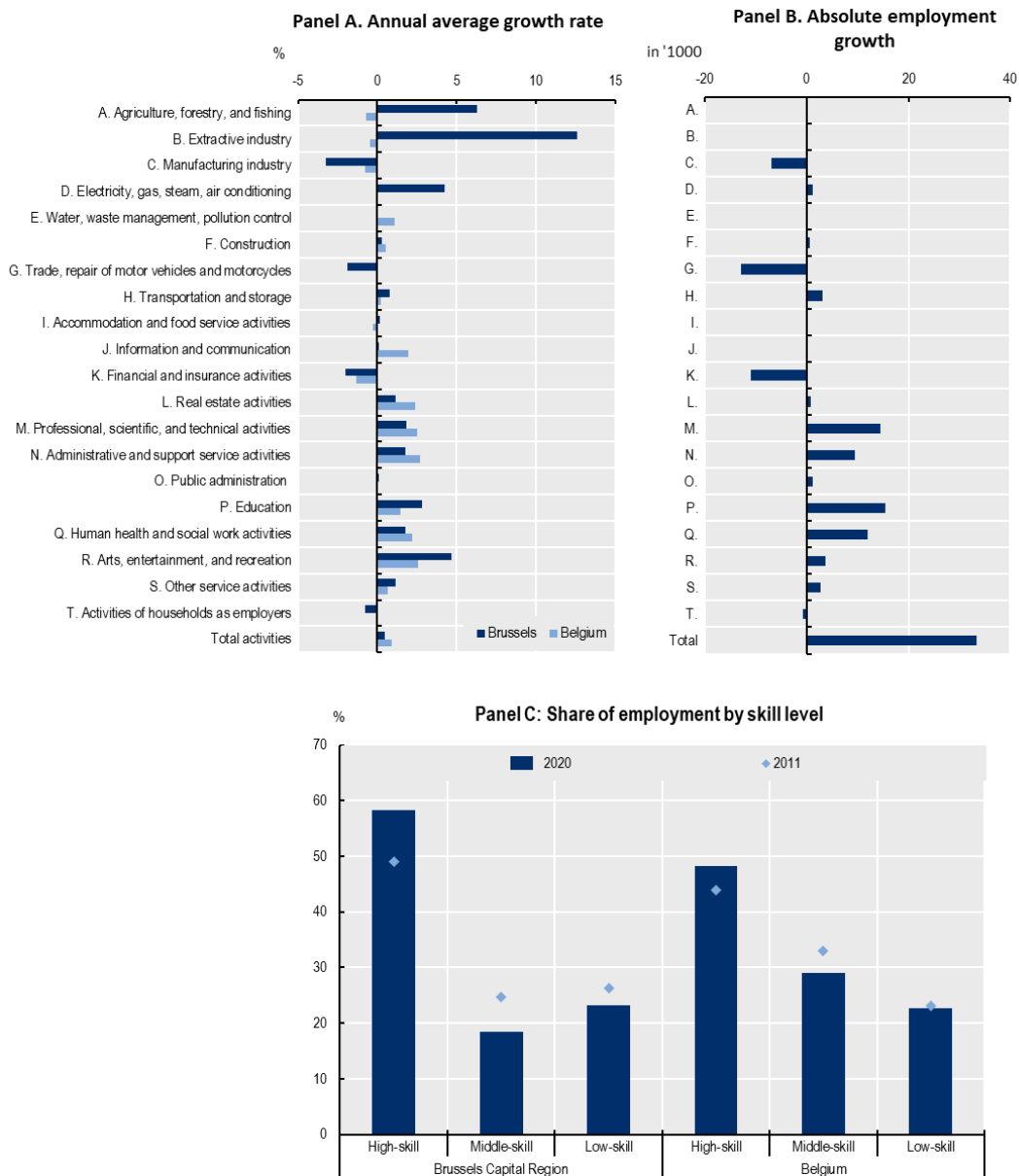
and support services (+9 497). The absolute employment growth was partly offset by employment decline in the trade and repair of motor vehicles and motorcycles (-12 948 jobs), financial and insurance activities (-10 965) and the manufacturing industry (-7 002).<sup>4</sup>

**Job creation in the Brussels-Capital Region was largely driven by high-skill jobs.** To gain an understanding of changes in educational requirements in the local labour market, the OECD divides ISCO-08 occupation groups by their different average skill level requirements. High-skill jobs include managers, professionals and technicians; middle-skill jobs include clerks, craft and related trades workers, machine operators and assemblers; and low-skill jobs include elementary occupations, service workers, and shop and market sales workers. In 2020, 58% of employed residents in the region worked in high-skill occupations, a sharp increase from 49% in 2011 (Panel C, Figure 2.8). Over the same period, the share of middle-skill jobs declined from 25% in 2011 to 18% in 2020. Similarly, the share of low-skill jobs decreased from 26% to 23% between 2011 and 2020. Belgium as a whole experienced a similar, albeit less extreme shift towards high-skill employment. In 2020, 48%, 29% and 23% of employment fell into the high-skill, middle-skill and low-skill categories respectively, compared to 44%, 33% and 23% in 2011.

**Such job polarisation is widespread across the OECD and a rapid erosion of middle-skill and, to some extent low-skill occupations, poses a social challenge.** It raises public concern about growing inequality in OECD countries. Middle-skill jobs were historically associated with a middle-class lifestyle and socio-economic mobility for future generations. However, middle-skill workers are now more likely to be in lower-income classes than middle-income classes (OECD, 2019<sup>[11]</sup>). The wage structure in many OECD countries is now also showing a growing divide between top earners and others, with income growth mostly observed at the top end of the income distribution. Skills-biased technological change is one important factor behind the labour market polarisation across the OECD. This is particularly noticeable in large cities, which tend to be at the forefront of labour market transformations. In cities like the Brussels-Capital Region, where a strong labour market polarisation already exists, there is a large risk that a further hollowing out of middle-skill jobs may pose a threat to social cohesion.

## Figure 2.8. Employment growth in the Brussels-Capital Region was driven by high-skill jobs over the past decade

Annual average employment growth rate in percent (Panel A), absolute change in employment between 2010 and 2020 (Panel B) and share of employment by skill level (Panel C).



Note: Panel A and B: Economic sectors D and E refer to both the production and distribution of the listed items. Economic sector E also includes sewage. Sector T refers to undifferentiated goods- and services-producing activities of households for own use. Panel C: High-skill jobs include managers, professionals and technicians; middle-skill jobs compose clerks, craft and related trades workers, machine operators and assemblers; and low-skill jobs include elementary occupations, service workers, and shop and market sales workers.

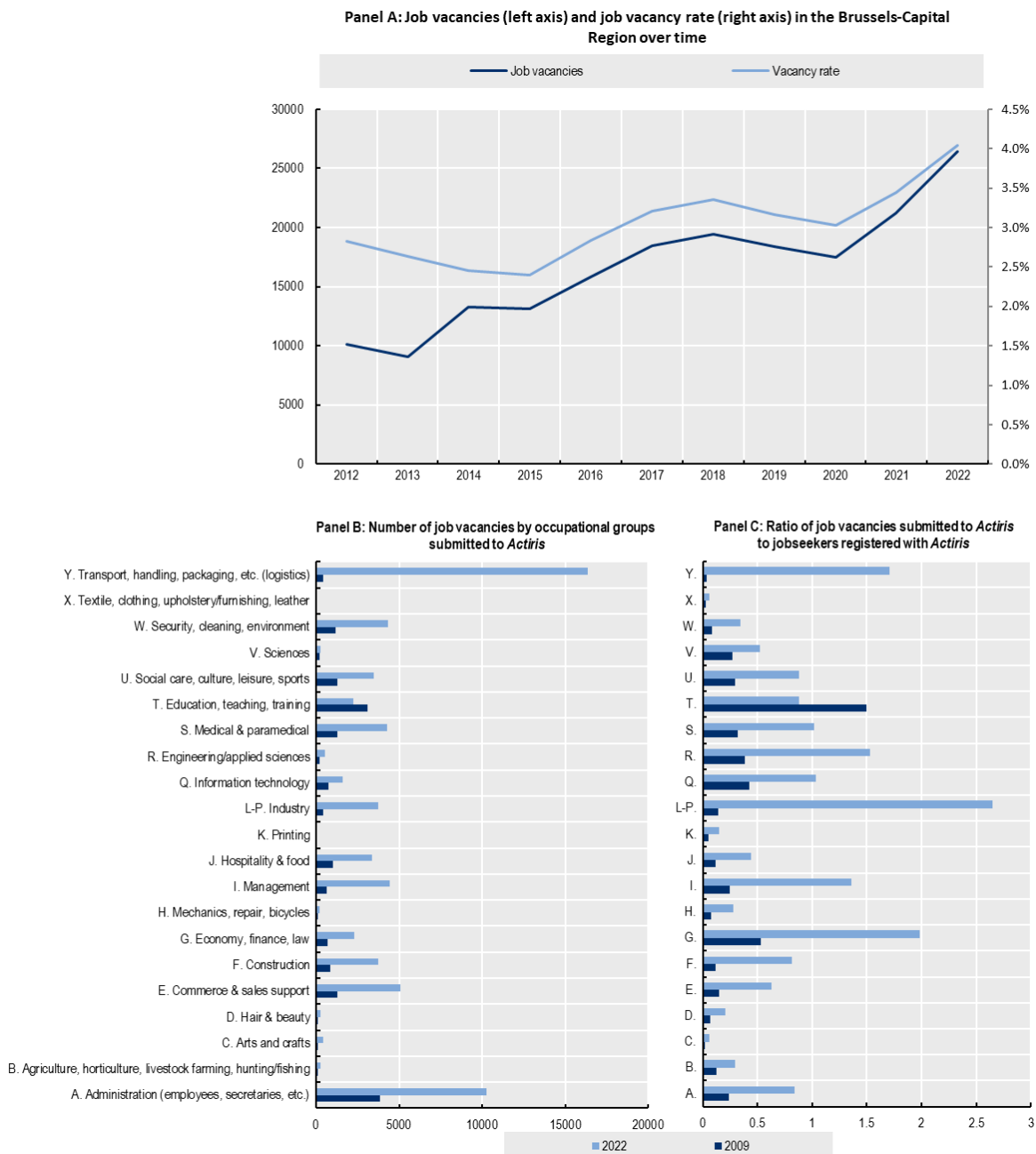
Source: StatBel (Emploi total par lieu de travail et section et division NACE-BEL (2008): 2003-2021) and OECD calculations based on EU-LFS data.

**All labour demand measures point to a labour market tightening in the Brussels-Capital Region.**

The number of vacancies in the region as assessed by the Belgian Job Vacancy Survey (JVS) increased steadily from 10 100 in 2012 to 26 500 in 2022 (Figure 2.9, Panel A, left axis).<sup>5</sup> Similarly, the job vacancy rate defined as the share of total jobs in the local labour market that are vacant, increased over time, from 2.8% in 2012 to 3.2% in 2019 and 4.0% in 2022 (Panel A, right axis). The total number of job vacancies reported by employers in the Brussels-Capital Region to *Actiris* rose even faster, from 18 000 in 2009 to 67 000 in 2022. OECD calculations show that a higher propensity among local employers to share their job vacancies with *Actiris* may explain the slightly larger rise in vacancies reported to *Actiris* compared to vacancies captured by the JVS during the COVID-19 pandemic.<sup>6</sup> In 2022, the ratio of the total number of vacancies received by *Actiris* to the quarterly average in the JVS reached its decade high. Finally, OECD calculations further show that online job vacancies posted by employers in the Brussels-Capital Region increased from 66 000 to 245 000 between 2018 and 2022.

**The rise in labour demand has been uneven across occupational groups.** In absolute term, jobs in general administration and logistics experienced the highest increase in job vacancies reported to *Actiris* through 2022 (Figure 2.9, Panel B). Other occupational groups that recorded large increases in vacancies submitted to *Actiris* include security and cleaning, medical and paramedical professions, management and commerce and sales support. Figure 2.9, Panel C, shows the ratio of vacancies reported to *Actiris* to jobseekers registered with *Actiris* by occupational groups. Industrial occupations, which includes occupations such as machinery mechanics, electromechanics and welders, show the highest level of tightness, followed by economy, law and finance professionals and occupations in the logistics sector.

**Figure 2.9. The tightening of the Brussels-Capital Region’s labour market is uneven across occupations**



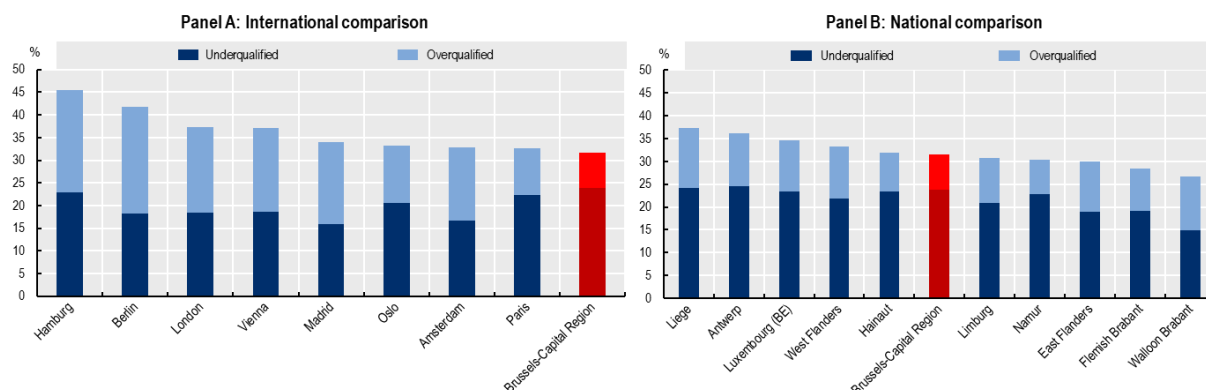
Note: The occupational groups/professions correspond to *Actiris*' "Domaine Professionnel" classification and were translated to English by the OECD. The number of vacancies correspond to the total number of vacancies reported to *Actiris* each calendar year by employers in the Brussels-Capital Region. The number of unemployed used for calculations in Panel C correspond to the average monthly number of unemployed registered with *Actiris* in each calendar year.

Source: Panel A shows data from the Belgian Job Vacancy Survey. Annual data corresponds to quarterly averages. Panel B and C are OECD calculations based on *Actiris/View* statistics OE reçues, "Tous les secteurs, Région de Bruxelles-Capitale, Série chronologique par ligne Toutes les années (cumul 12 mois)" and "DEI, Région de Bruxelles-Capitale, Série chronologique par colonne Toutes les moy annuelles depuis 2009".

**The tightening of the labour market and the high demand for highly educated workers may have contributed to the relatively high incidence of formal undereducation among employees.** Education mismatch captures the overeducation and undereducation of workers within a given occupation. It can occur for a number of reasons. For instance, overeducation often occurs when migrants do not get their foreign degrees acknowledged and work in occupations they are overqualified for based on the education they obtained in their country of origin (Ludolph, 2023<sup>[12]</sup>). Formal undereducation, on the other hand, may occur naturally in labour markets where informal and non-formal education is acknowledged by employers as substitutes for formal degrees. However, it may also occur in tight labour markets when employers struggle to find the right workers. In the Brussels-Capital Region, 32% of workers were mismatched by their education in 2020, a low share in international comparison and similar to other Belgian provinces (Figure 2.10). Disaggregating the mismatch measure into the share of formally undereducated and formally overeducated reveals a high incidence of workers who are formally undereducated for their job. Twenty-four percent of workers in the region do not hold a degree that corresponds to at least the modal educational attainment in their occupation, a share well above all other OECD metropolitan areas (Panel A of Figure 2.10) and other Belgian provinces (Panel B).

**Figure 2.10. Education mismatch in the Brussels-Capital Region is mostly driven by a large share of workers formally undereducated for their job**

Percentage of workers across OECD metropolitan areas that do not match their educational attainment in 2020, international (Panel A) and national (Panel B) comparison



Note: ISCED groups 0-2, 3, 4, 5-8. Data for London corresponds to Greater London and is for 2018. All cities in Panel A refer to their corresponding TL2 region. A person is considered underqualified if their educational attainment is below the modal education level of their respective 3-digit ISCO-08 occupation in the survey year. A person is considered overqualified if their educational attainment is above the modal education level of their respective 3-digit ISCO-08 occupation in the survey year.

Source: OECD calculations based on European Labour Force Survey.

## Migrants in the Brussels labour market

**More than half of the Brussels-Capital Region's working-age population was born abroad.**

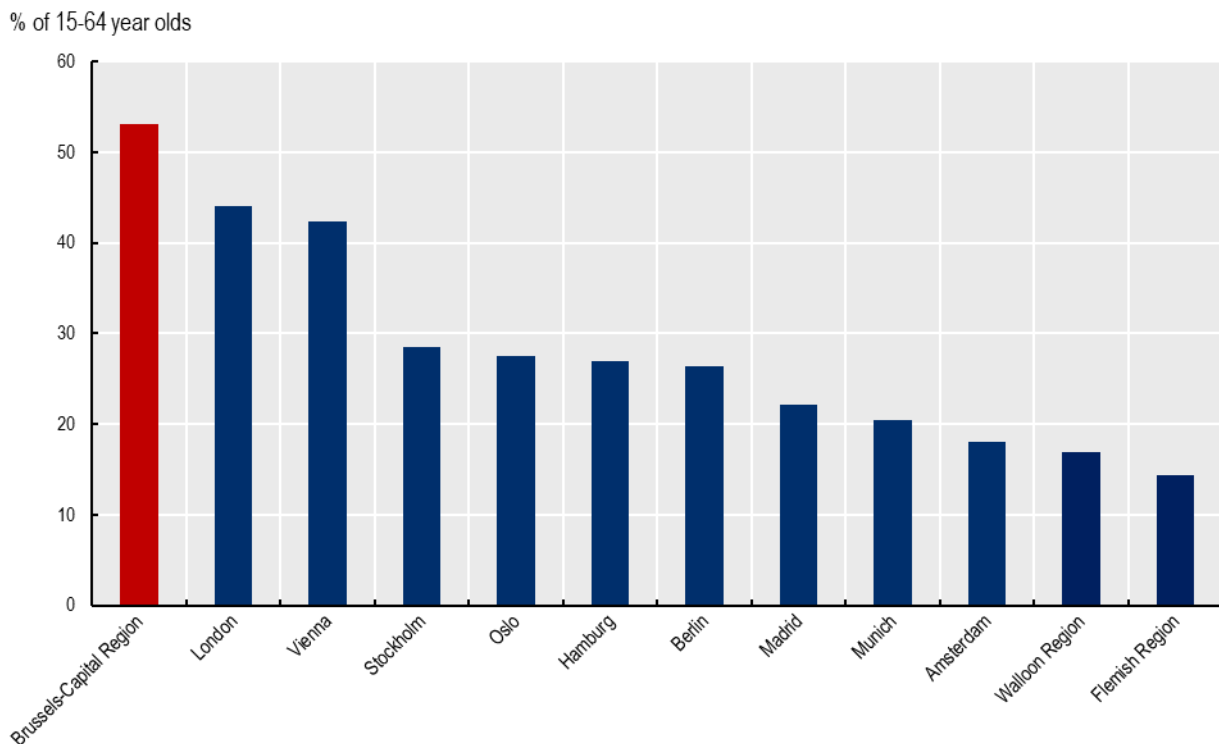
Figure 2.11 shows the share of the foreign-born population aged between 15 and 64 years old in the total population. In 2018, 54% of the region's working-age population was foreign-born, reflecting its attractiveness to both EU and non-EU migrants. Both of these groups made up 23% and 31% of the local population respectively. No other comparable European metropolitan area is home to such a diverse population. Even populations of global cities such as London, Vienna or Berlin have lower shares of migrants. In these cities, the share of the foreign born stood at 44%, 41%, and 26% respectively in 2018.



**The profile of working-age migrants from EU-27 countries differs significantly from that of migrants born outside the EU-27.** In 2021, 60% of migrants aged 25 to 64 years who were born in EU-27 countries were highly educated, many working for the European institutions and the organisations surrounding them. Among non-EU-27 migrants in the same age category, only 35% were highly educated, while 39% were low educated. EU-27 migrants are also significantly more likely to migrate to the Brussels-Capital Region for work than non-EU-27 migrants (59% versus 22%). Most non-EU-27 migrants (56%) came to reunify with their families, an effect of co-ethnic networks discussed further below.<sup>7</sup> Both groups, EU-27 and non-EU-27 migrants share the characteristic of being relatively young compared to the Belgian-born population in the region. In 2019, 73.1% of migrants born in EU-27 countries and 74.9% of migrants born outside EU-27 countries were of prime working age, defined as age 25 to 54.

### Figure 2.11. More than half of the working-age population in the Brussels-Capital Region was born abroad

Share of foreign-born population aged 15 to 64 years in 2018



Note: The data correspond to the TL2 regions that compose the respective metropolitan area, except Munich, which corresponds to its TL3 region.

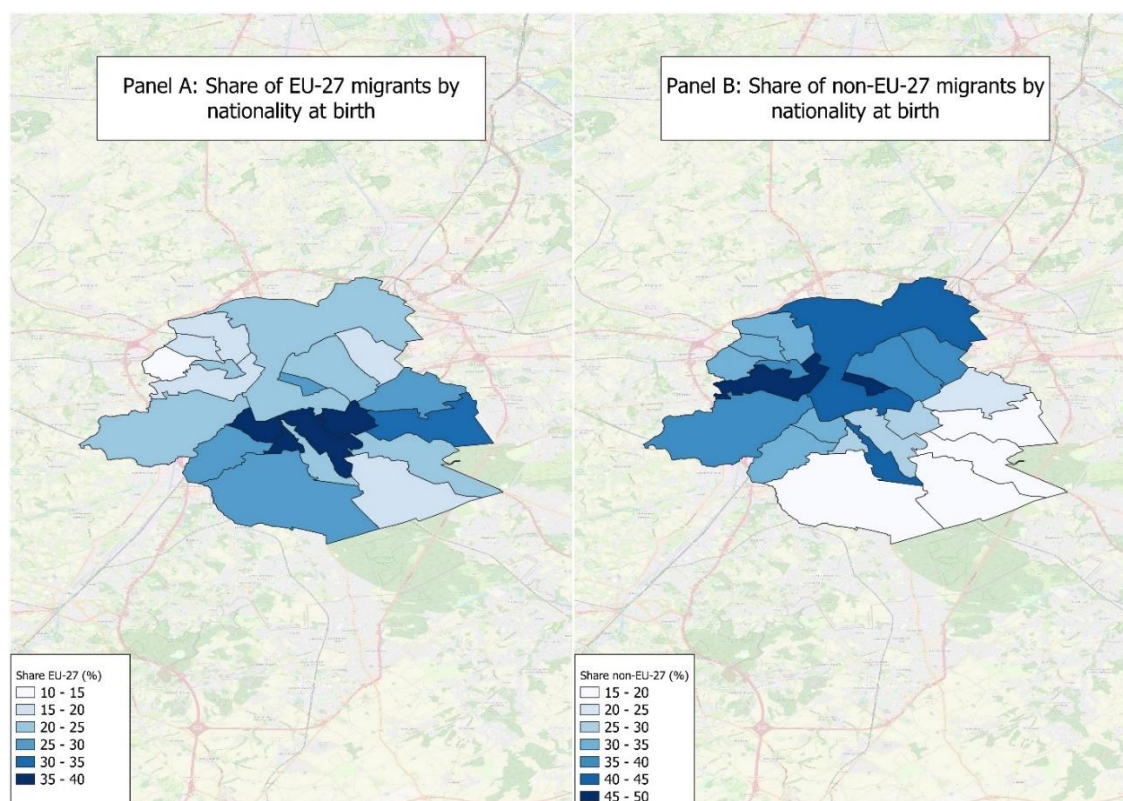
Source: OECD Regional Database.

**The density of migrants differs across municipalities in the Brussels-Capital Region.** Panel A of Figure 2.12 shows that migrants born in EU-27 tend to live in the municipalities near the European institutions, namely Saint-Gilles/Sint-Gillis, Ixelles/Elsene and Etterbeek. On the other hand, Panel B shows that migrants born outside the EU-27 mostly live in the Northern municipalities of the Brussels-Capital Region, namely Molenbeek-Saint-Jean/Sint-Jans-Molenbeek, Saint Josse-ten-Node/Sint-Joost-ten-Node and the Northern parts of the Bruxelles-Ville/Brussel-stad. Such geographical concentration of migrants who often share the same country of origin is a phenomenon observed across the globe.

**It is common for migrants from the same country of origin to settle in the same place, but co-ethnic networks also lead to new policy challenges.** Co-ethnic networks constitute one of the main pull factors of migration and provide a partial explanation for migrants' destination choices within OECD countries. (Pedersen, Pytlíkova and Smith, 2008<sup>[13]</sup>). One of the policy challenges that arises through co-ethnic network induced migration is the labour market integration of those who arrive as a result of their network of family and friends, since these migrants tend to be less educated than those who first migrated (Beine, Docquier and Özden, 2011<sup>[14]</sup>). Indeed, in the Brussels-Capital Region, non-EU-27 migrants who came for family reasons are often low educated (43%), and mostly female (63%).<sup>8</sup> Recent evidence by Battisti, Peri and Romiti (2022<sup>[15]</sup>) further shows that for less-educated migrants, co-ethnic networks facilitate faster access to low-income employment but may have adverse effects on human capital investment in the destination country. Growing up in ethnic enclaves has also been causally linked to lower language skills in the destination country among young migrants (Danzer et al., 2022<sup>[16]</sup>). Taken together and considering the limited opportunities for less-educated workers in the region's labour market, there is an elevated risk of an exclusion from the labour market for non-EU-27 migrants.

### Figure 2.12. The distribution of the migrant population is highly uneven across municipalities in the Brussels-Capital Region

Share of migrants holding nationality of an EU-27 country at birth (Panel A, left hand side) and share of migrants holding nationality from a non-EU-27 country at birth (Panel B, right hand side)



Note: OECD illustration.

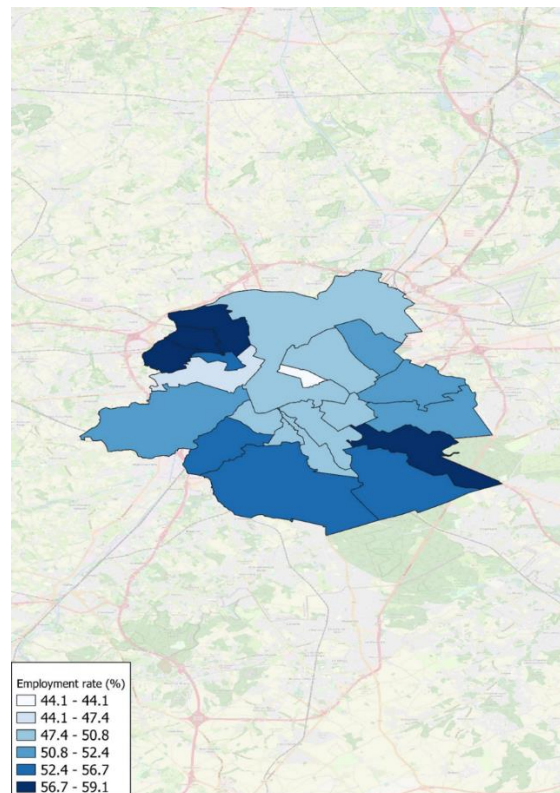
Source: IBSA "Nationalité à la naissance: Belgique, UE-27 (sans Belgique), Autres: 2000-2022 (au 1er janvier), Total".

**The municipalities with the highest density of non-EU-27 migrants are indeed those where employment rates are lowest.** Figure 2.13 shows that the large spatial differences in employment rates across municipalities of the Brussels-Capital Region indeed correlate closely with the presence of non-EU-

27 migrants. The municipalities with the highest shares of non-EU-27 migrants, are also those with the lowest employment rates. In 2021, the employment rate among residents of Molenbeek-Saint-Jean/Sint-Jans-Molenbeek, Saint Josse-ten-Node/Sint-Joost-ten-Node and Bruxelles-Ville/Brussel-stad was 44%, 47% and 49% respectively, compared to 58% in Auderghem/Oudergem and Ganshoren and 59% in Jette.

### Figure 2.13. Employment rates differ by 15 percentage points across municipalities in the Brussels-Capital Region

Employment rate of 15- to 64-year-olds in 2020, in percent



Note: OECD illustration.

Source: IBSA "Taux d'emploi (%) 2020" (<https://monitoringdesquartiers.brussels/Indicator/IndicatorPage/2232?tab=Sheet>).

**Non-EU-27-born migrants who came for family reasons are the group with the lowest labour market participation.** Table 2.1 shows that in 2021, non-EU-27 born migrants aged between 25 and 64 years who came for family reasons were 34.8 percentage points less likely to be economically active than non-EU-27-born migrants who came for employment and had found a job before migrating. Even when differences in education, sex and age are accounted for, the gap remains large at 18.0 percentage points. Non-EU-27 Migrants who came for employment without a job offer before migration, who came for education reasons or who came to apply for asylum also show lower labour force participation rates than non-EU-27 migrants with a job offer before migrating. However, both the unconditional and the conditional participation gaps are smaller compared to family migrants. The analysis thus confirms that family migrants in the Brussels-Capital Region have the lowest labour market attachment.

**Table 2.1. The reason for migration shows a strong association with labour force participation among migrants born outside the EU-27**

Estimated probability of labour force participation among non-EU-27 born migrants by reason for migration, compared to a non-EU-27 born migrant who came for employment and had found a job before migrating, age 25 to 64, 2021

	(1) Employment (no job before migrating)	(2) Family reasons	(3) Education	(4) Asylum	(5) Other
Unconditional difference: Probability of labour force participation	-11.3 percentage points	-34.8*** percentage points	-11.4 percentage points	-25.4*** percentage points	-18.1* percentage points
Conditional difference: Probability of labour force participation	-0.0 percentage points	-18.0*** percentage points	-12.8* percentage points	-10.2 percentage points	-10.6 percentage points

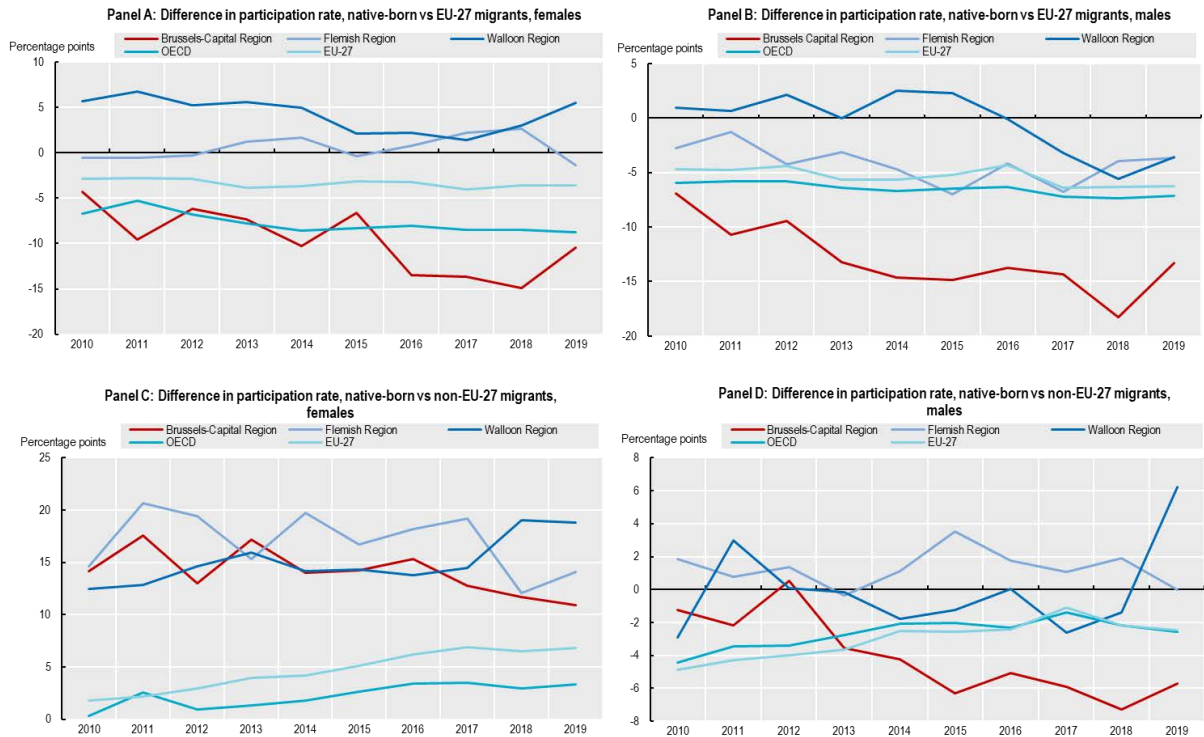
Note: The sample consists of 1008 non-EU-27 born migrants who live in the Brussels-Capital Region. All coefficients estimated by a linear probability model. Language skills are self-assessed. The base category is "mother tongue", which constitutes 17.5% of the unweighted sample. Conditional difference refers to estimates conditional on sex, education (low/medium/high) and age. The asterisks next to the reported estimates indicate whether estimates are significantly different from zero at conventional confidence levels, where \* $p < 0.1$ ; \*\* $p < 0.05$ ; \*\*\* $p < 0.01$ .

Source: OECD estimations based on the 2021 EU-LFS ad-hoc module "Labour market situation of migrants and their immediate descendants".

**Female migrants born outside the European Union show the lowest labour market attachment.** In 2019, only 49.4% of women aged between 15 and 64 years who were born outside the EU-27 were economically active, a very low share compared to other population groups in the Brussels-Capital Region. In the same year, 60.3% of Belgian-born women and 72.2% of men born outside the EU-27 who are in the same age group were part of the labour force. On average, 61.1% of women born outside the EU-27 were economically active in the OECD in 2019. The participation rate of non-EU-27 born females in other OECD metropolitan areas is significantly higher. In other cities with a diverse population like Berlin (59.2%), Vienna (59.6%) or London (65.1%), the labour force participation rate of working-age women born outside the EU-27 was more than 10 percentage points above that of the Brussels-Capital Region in 2019 (Figure 2.14).

## Figure 2.14. Female migrants born outside the EU-27 show the lowest labour market attachment in the Brussels-Capital Region

Gap in the labour force participation rate between native-born and foreign-born from an EU-27 member state (Panel A and B) and native-born and foreign-born from non-EU-27 countries (Panel C and D), 2010 - 2019, 15-64 year olds, by sex



Note: Migrants defined by their place of birth.

Source: OECD calculations based on OECD Regional Database.

**Migrant-specific structural barriers to employment provide another partial explanation for the relatively lower labour market attachment of non-EU-27 migrants.** While the relatively lower level of education among non-EU-27 migrants provides a partial explanation for their lower labour market attachment, migrants face other distinct barriers to employment. In general, these include the non-recognition of foreign degrees, lacking language skills, not holding the citizenship of the destination country and discrimination in the labour market. Box 2.1 discusses these barriers in more detail.



### Box 2.1. Why are employment rates among foreign-born migrants often lower compared to those of native-borns?

Foreign-born migrants show a lower labour market attachment across many OECD countries, measured by their labour force participation and employment rates. A number of structural reasons exist that explain this phenomenon. For each of these, policy measures can help the integration of migrants into the labour market.

**A first reason for the relatively low employment among foreign-born migrants is that formal education may not be transferable across country borders.** Due to country-specific job skills requirements and differences in the quality of education, degrees obtained abroad are sometimes not acknowledged in the destination country. As a result, income disparities can persist even for immigrants with the same level of education who do not receive support in getting their foreign degrees recognized (Ludolph, 2023<sup>[12]</sup>). Employers may also undervalue foreign degrees if they are less familiar with them. Acknowledging foreign degrees and offering retraining programs can improve migrants' chances of finding employment in their host country.

**A second reason is that foreign-born migrants may lack language skills needed in the destination country.** Studies have shown that migrants who speak the host country's official language have higher labour force participation rates, employment rates, and wages. Language courses can be helpful in improving migrants' ability to interact in the host country's language and can increase their chances of finding work. Recent research conducted in the United States found that language training programmes generated a 6% annual return on investment and increased tax revenues over time (Heller and Slungaard Mumma, 2022<sup>[17]</sup>).

**A third reason is that not having citizenship can negatively impact migrants' employment opportunities.** Due to limited public sector job options, weaker signalling value of foreign nationality, discrimination, and uncertainty regarding the duration of stay, not holding the citizenship of the destination country may affect employment rates negatively. Naturalisation can therefore benefit migrants' employment prospects. A quasi-experimental study conducted in France found that naturalisation had a positive effect on immigrants' income and hours worked (Govind, 2021<sup>[18]</sup>).

**Finally, even if migrants fulfil all formal job requirements, discrimination in the labour market may occur during the hiring process.** A recent meta-analysis of discrimination during the hiring process by Lippens, Vermeiren and Baert (2023<sup>[19]</sup>) reveals that ethnic minority candidates on average receive nearly one-third fewer positive responses to their applications than their majority counterparts in Europe and the United States. Candidates of Arab, Maghrebi, or Middle Eastern origin face the most severe discrimination. Targeted outreach to support discriminated groups and engaging employers in awareness campaigns and diversity plans can help overcoming hiring discrimination.

Sources: Govind (2021<sup>[18]</sup>), *Is naturalization a passport for better labor market integration? Evidence from a quasi-experimental setting*; Heller and Slungaard Mumma (2022<sup>[17]</sup>), *Immigrant Integration in the United States: The Role of Adult English Language Training*; Lippens, Vermeiren and Baert (2023<sup>[19]</sup>), *The state of hiring discrimination: A meta-analysis of (almost) all recent correspondence experiment*; Ludolph (2023<sup>[12]</sup>), *The Value of Formal Host-Country Education for the Labour Market Position of Refugees: Evidence from Austria*.

### Non-EU-27 born migrants are underrepresented in the public sector of the Brussels-Capital Region.

In 2019, 35 208 workers of Belgian origin aged 18 to 64 years worked in the public sector, corresponding to 21.5% of the underlying Belgian-born population. By comparison, only 11.4% of both migrants originating from Sub-Saharan Africa and the Maghreb region, the largest groups of immigrants from outside the European Union in the Brussels-Capital Region, were employed in the public sector in the same year. For migrants originating from Sub-Saharan Africa and the Maghreb region, these numbers are likely to

overestimate the share of statutory civil servants since workers of foreign origin are mainly manual or clerical workers when employed in the public sector (Federal Public Service Employment, 2022<sup>[20]</sup>). Importantly, these statistics have two limitations: First, they do not consider that non-EU-27 born migrants also have a lower employment rate outside the public sector. Second, they do not consider the time since migration and do not include second-generation migrants.

**Employed migrants with a non-EU-27 migration background are equally likely to work in the public sector as other groups once their lower likelihood to be employed in general is accounted for.**

OECD analysis, explained in more detail in Annexe 2.B, estimates the likelihood of public sector employment among migrants with non-EU-27 migration background in the region. For the purposes of the analysis, having a non-EU-27 migration background is defined as (i) a person being born in a non-EU-27 country or (ii) at least one parent being born in a non-EU-27 country. The results show that the reason for the underrepresentation of migrants with a non-EU-27 background in the Brussels-Capital Region's public sector is the lower employment rate of migrants with a non-EU-27 background in general. In other words, migrants with a non-EU-27 background are likely to face the same challenges to work in the public sector as they do in the private sector.

**City administrations can take steps to ensure proportionate representation of migrants and other minority groups.**

Across the OECD, cities have expanded their diversity strategies. Generally, women and people with disabilities represent the target groups of these strategies, while the focus on people with a migration background or on sexual orientation remain less widespread (OECD, 2021<sup>[21]</sup>). More diversity in the public sector cannot only provide new employment opportunities for minority groups. Increasing diversity and inclusion in the public sector increases trust in the government by minorities and decreases discrimination at the workplace against minority groups (Nolan-Flecha, 2019<sup>[22]</sup>).

**The Brussels-Capital Region's commitment to diversity could draw inspiration from city administrations that have made their recruitment processes more inclusive towards migrants.**

As part of its strategy to combat labour market discrimination and promote diversity, the government of the Brussels-Capital Region committed to make its public sector a positive example of a diverse workforce (Gouvernement de la Région bruxelloise, 2023<sup>[23]</sup>). The strategy rests on three pillars: (i) monitoring and evaluating the diversity of its work force along a wide range of dimensions, (ii) focussing on competences rather than formal degree requirements in hiring and (iii) increasing binding quotas for people with a disability. In its planning to implement its diversity strategy and tailor it to its migrant population, the region could draw on good practices from other OECD cities. For instance, to counter labour market discrimination, the Municipality of Amsterdam has adopted an inclusive hiring strategy. This strategy includes setting non-binding targets and quotas for the number people with a migration background. In London, United Kingdom, the Camden City Council has launched the "Race Equality Action Plan" in which it commits to making recruitment processes fair and unbiased and to increase the representation of people with a migration background at all hierarchical levels. The Council introduced a series of changes in its recruitment, including: i) anonymised recruitment, ii) inclusive recruitment training and best practice sharing for hiring managers, iii) the use of inclusive and gender-neutral language in job descriptions; iv) the advertisement of jobs in organisations that provide services for people from ethnic minorities; and v) the revision of all-white shortlists for roles at high grades. In Berlin, Germany, the city administration went even further and implemented a public sector diversity plan. Box 2.2 describes the city of Berlin's approach to increasing diversity in its public sector in more detail.



### Box 2.2. A diversity plan for the public sector in Berlin, Germany

In 2021, the government of Berlin, one of Germany's 16 federal states, passed the "Participation and Integration Act" (*Partizipations- und Integrationsgesetz*).

The main objective of the new act is to give people with a migration background special consideration when filling vacancies in the public sector. For its purposes, the administration defines migration background as a person who was born outside of Germany (and did not hold German citizenship at birth) or who has at least one parent who was born outside of Germany (and did not hold German citizenship at birth).

While quotas are not binding and declaring migration background relies on self-reporting, the Act introduces a set of new rules that will help to move the city administration towards a more diverse workforce. Importantly:

- It aims to ensure that, at all occupational levels, people with a migration background are represented at least in accordance with their share of the population of Berlin;
- Plans to increase diversity and non-binding targets for people with a migration background are being introduced at all public offices in the federal state of Berlin;
- The city targets workers with a migration history through binding regulations for job advertisements;
- Public sector employees receive additional sensitivity training on working for a diverse employer;
- An advisory board for participation and integration is formed in each of Berlin's boroughs.

Source: Beauftragte des Berliner Senats für Integration und Migration (2021<sup>[24]</sup>), *Gesetz der offenen Tür - Das Partizipationsgesetz und die wichtigsten Fragen und Antworten*, available online at: [https://www.berlin.de/lb/intmig/assets/themen/partintg/211207\\_broschuere\\_partmig\\_web\\_barrierefrei.pdf](https://www.berlin.de/lb/intmig/assets/themen/partintg/211207_broschuere_partmig_web_barrierefrei.pdf) (accessed on 14.06.2023).

**Evidence further suggests that obtaining Belgian citizenship significantly increases employment rates among non-EU-27 migrants in Belgium.** Bignandi and Piton (2022<sup>[25]</sup>) show that naturalised migrants from non-EU-27 countries are 7 percentage points more likely to be employed than those without Belgian citizenship. Migrants originating from the Maghreb (+8 percentage points), as well as less educated migrants (+8 percentage points) benefit the most from obtaining Belgian citizenship. Their analysis also suggests that obtaining citizenship has a positive effect on migrants' entrepreneurship and public sector employment in the long term.

**A large share of non-EU-27 born migrants residing in the Brussels-Capital Region only have intermediate, basic or no French or Dutch language skills.** A share of 59% of non-EU-27 born migrants state that they speak at least one of the two languages proficiently, defined as either native or advanced knowledge of the language. A share of 23% report intermediate proficiency in at least one of the local languages, while 17% only report beginner-level or no language proficiency.<sup>9</sup> A lack of knowledge of the two official languages is particularly problematic against the background of high language requirements by employers in the Brussels-Capital Region. In 2019, approximately 40% of job vacancies reported to *Actiris* required the knowledge of both French and Dutch (*Actiris/View*, 2020<sup>[26]</sup>). The issue of high language skills requirements is further analysed in Chapter 5 of this report.

**Language skills are indeed a very strong predictor of labour force participation among non-EU-27 born migrants in the Brussels-Capital Region.** Speaking either French or Dutch at least at an intermediate level is strongly associated with labour force participation among non-EU-27 migrants. Table 2.2 shows that in 2021, non-EU-27 born migrants aged between 25 and 64 years who spoke French

or Dutch as their mother tongue were 7.2 percentage points, 10.1 percentage points, 30.0 percentage points more likely to be economically active than advanced, intermediate and beginner-level speakers respectively. Non-EU-27 born migrants with hardly any or no language skills in French or Dutch were 38.9 percentage points less likely to be part of the labour force. Differences in education, sex and age between migrant groups with different knowledge of at least one of the local languages can only explain a small part of the labour force participation gap. Non-EU-27 born migrants who only speak beginner-level or no Dutch or French remain 22.1 percentage points and 28.8 percentage points less likely to be part of the labour force, even when differences in education, sex and age are accounted for.

**Table 2.2. Language skills in French or Dutch show a strong association with labour force participation among migrants born outside the EU-27**

Estimated probability of labour force participation among non-EU-27 born migrants by language skills in either French or Dutch, compared to native-level speakers among non-EU-27 born migrants, age 25 to 64, 2021

	(1) Advanced (proficient user)	(2) Intermediate (independent user)	(3) Beginner (basic user)	(4) Hardly any or no language skills
Unconditional difference: Probability of labour force participation	-7.2* percentage points	-10.1** percentage points	-30.0*** percentage points	-38.9*** percentage points
Conditional difference: Probability of labour force participation	-4.0 percentage points	-3.1 percentage points	-22.1*** percentage points	-28.8*** percentage points

Note: The sample consists of 1011 non-EU-27 born migrants who live in the Brussels-Capital Region. All coefficients estimated by a linear probability model. Language skills are self-assessed. The base category is “mother tongue”, which constitutes 17.5% of the unweighted sample. Conditional difference refers to estimates conditional on sex, education (low/medium/high) and age. The asterisk next to the reported estimates indicate whether estimates are significantly different from zero at conventional confidence levels, where \* $p < 0.1$ ; \*\* $p < 0.05$ ; \*\*\* $p < 0.01$ .

Source: OECD estimations based on the 2021 EU-LFS ad-hoc module “Labour market situation of migrants and their immediate descendants”.

**The Brussels-Capital Region offers a mandatory language and a broader civic integration training to newly arrived migrants from non-EU-27 countries.** In the Brussels-Capital Region, newly arrived migrants from non-EU-27 countries who register with a municipality are required to take a mandatory integration course. These integration courses are offered by the Dutch-speaking and the francophone communities. They consist of an assessment of education and qualifications, a civic integration course, a language course (either Dutch or French) and basic labour market counselling.

**The Brussels-Capital Region could ensure that these mandatory civic integration courses target women more specifically.** Since a large share of female migrants arriving in the region from non-EU countries come as family migrants, they often have a low attachment to the labour market. The Brussels-Capital Region could ensure that mandatory integration courses include voluntary discussions on gender equality, women’s rights, and health care, following good practices from OECD countries such as Germany’s “Migrant Women Simply Strong in Daily Life” (OECD, 2023<sup>[27]</sup>). In these courses, Germany prepares migrant women for their lives in Germany. Courses are taught by women for women and include exchanges about life in Germany as a foreign woman, additional opportunities to learn the German language and information about education offers, opportunities on the local labour market and childcare services (Bundesamt für Migration und Flüchtlinge, 2022<sup>[28]</sup>).

**Evidence from the Flemish Region shows that hiring discrimination against migrants is a pertinent issue in the labour market of Belgium.** While Actiris/View (2019<sup>[29]</sup>) conducted a detailed analysis of pathways into employment among migrants in the Brussels-Capital Region, experimental studies on hiring discrimination have so far only been carried out in other parts of Belgium. For instance, Baert et al. (2017<sup>[30]</sup>) show that in the city of Ghent, job applicants with a foreign sounding name receive 30% fewer call-backs compared to applicants with Belgian names and otherwise equal CVs. Like in other OECD

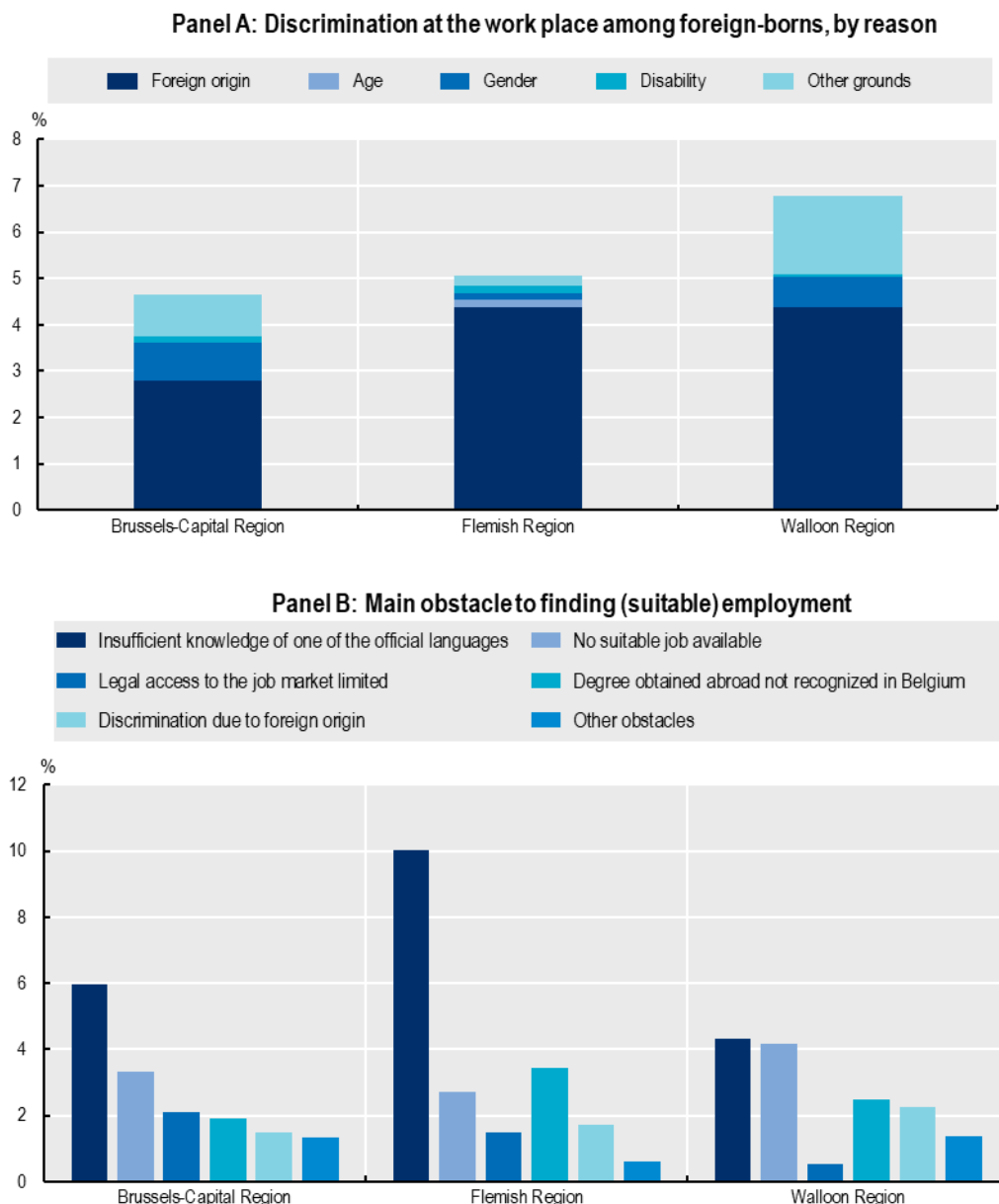
countries, discrimination affects non-EU applicants rather than applicants from EU member states (Lippens, Vermeiren and Baert, 2023<sup>[19]</sup>). Baert et al. (2017<sup>[30]</sup>) further show that hiring discrimination is lower for candidates with extensive work experience in Belgium but the effect only becomes visible for migrants with more than ten years of work experience.

**It is not clear if the tightening of the labour market in the Brussels-Capital Region will lower hiring discrimination.** Baert et al. (2015<sup>[31]</sup>) show that in occupations where recruitment is difficult, employers in Belgium discriminate less against foreign-sounding names when hiring. However, evidence from Sweden shows that this negative cross-sectional relation between occupational tightness and hiring discrimination is reversed when changes in call-back rates between native and foreign applicants are compared at various degrees of labour market tightness (Carlsson, Fumarco and Rooth, 2018<sup>[32]</sup>). In conclusion, while a tight labour market may facilitate the job search of minority groups, hiring discrimination still requires the attention of policymakers.

**Discrimination at the workplace due to foreign origin or religious beliefs may further contribute to shorter employment spells among some groups of migrants.** While most academic studies focus on discrimination during the hiring process, discrimination can also occur at the place of work. For example, this can occur if promotion decisions are biased against employees with a migration background or through acts of micro-aggression such as the use of inappropriate language to refer to co-workers' ethnicity or their religious beliefs. The "Interfederal Center for Equal Opportunities" (*Centre pour l'égalité des chances et la lutte contre le racism, Unia*) an independent public institution in Belgium that supports individuals who experience discrimination, reports that after race, disability, health and age, religious or philosophical beliefs was the fifth most common type of discrimination experienced in the Belgian labour market in 2022 (Unia, 2022<sup>[33]</sup>). Figure 2.15 (Panel A) shows that discrimination at the workplace indeed occurs slightly less often in the Brussels-Capital Region than in the Flemish Region and the Walloon Region. In 2021, 4.6% of all foreign-born employed workers aged between 15 and 74 years stated they experienced any kind of discrimination, compared to 5.1% in the Flemish Region and 6.8% in the Walloon Region. Among all foreign-born employed, 2.8% stated that this was due to their foreign origin, a share significantly below that in the Flemish Region (4.4%) and the Walloon Region (4.4%). Among non-EU-27-born migrants in the Brussels-Capital Region, this share rises to 4.5%, compared to 1.4% among EU-27-born migrants.<sup>10</sup> Panel B shows that only a small fraction of 1.5% among foreign-born migrants report that discrimination due to foreign origin is a major obstacle to finding employment in the Brussels-Capital Region. However, these self-reported statistics should be treated with care as applicants who experience hiring discrimination may not know that they experience discrimination if, for instance, they do not get invited for a job interview.

## Figure 2.15. Discrimination against foreign-born workers in the Brussels-Capital Region provides a partial explanation for the high economic inactivity rate among non-EU migrants

Share of employed foreign-born workers who experienced discrimination, by reason (Panel A) and main obstacles (if any) to employment (Panel B), 15- to 74-year-olds, 2021



Note: Panel A includes all individuals (Belgium-born and foreign-born) aged 15 to 74 years who are employed. Panel B includes all individuals aged 15 to 74 years who were not born in Belgium and who have a job or who had a job in Belgium in the past or have looked for a job at some point. The residual share responded they did not face obstacles when looking for employment.

Source: OECD calculations based on the 2021 EU-LFS ad-hoc module "Labour market situation of migrants and their immediate descendants".

**Low participation in childcare is another reason for the low labour force participation rate among non-EU-27-born migrant women in the Brussels-Capital Region.** Childcare uptake among migrants, and in particular migrants from non-EU-27 countries is currently low (Biegel, Wood and Neels, 2021<sup>[34]</sup>). While close to 70% of 0-2 year-old children from high-income households participate in childcare in

Belgium, this share is only 36.4% of children from low-income households (OECD, 2022<sup>[3]</sup>). Improving access to childcare among low-income households would disproportionately benefit non-EU-born migrant women for two main reasons. First, households with a non-EU-27 migrant background are more likely to fall into the low-income bracket across Belgian regions (OECD, 2022<sup>[3]</sup>). Second, the number of very young children is higher in households with a migrant background. In the Brussels-Capital Region, women holding Belgian citizenship have 1.46 children on average, compared to 1.88 children among women with foreign citizenship.<sup>11</sup>

**The Brussels-Capital Region's *Maison d'Enfants* provide temporary childcare for parents who are registered with *Actiris* as jobseekers or who have recently found employment.** *Actiris* provides financial and practical support to parents with young children during their job search. Its *Maison d'Enfants* are childcare centres for short-term childcare of children below the age of three. These allow parents to leave their children while participating in training, taking exams or during job interviews. Support includes covering travel expenses if the exam centre is outside of the region. For parents who take up new employment, the *Maison d'Enfants* offer temporary childcare for up to three months. The *Maison d'Enfants* are therefore an important tool to facilitate the labour market integration of parents in vulnerable households. Its use could be expanded to cover children of individuals registered with the *Centre Public d'Action Sociale* (CPAS) during the attendance of training courses. To increase the number of available childcare spots, *Actiris*, the CPAS and childcare providers can work together to predict childcare facility usage and allocate temporary spots when, for instance, spots become available due to children on sick leave.

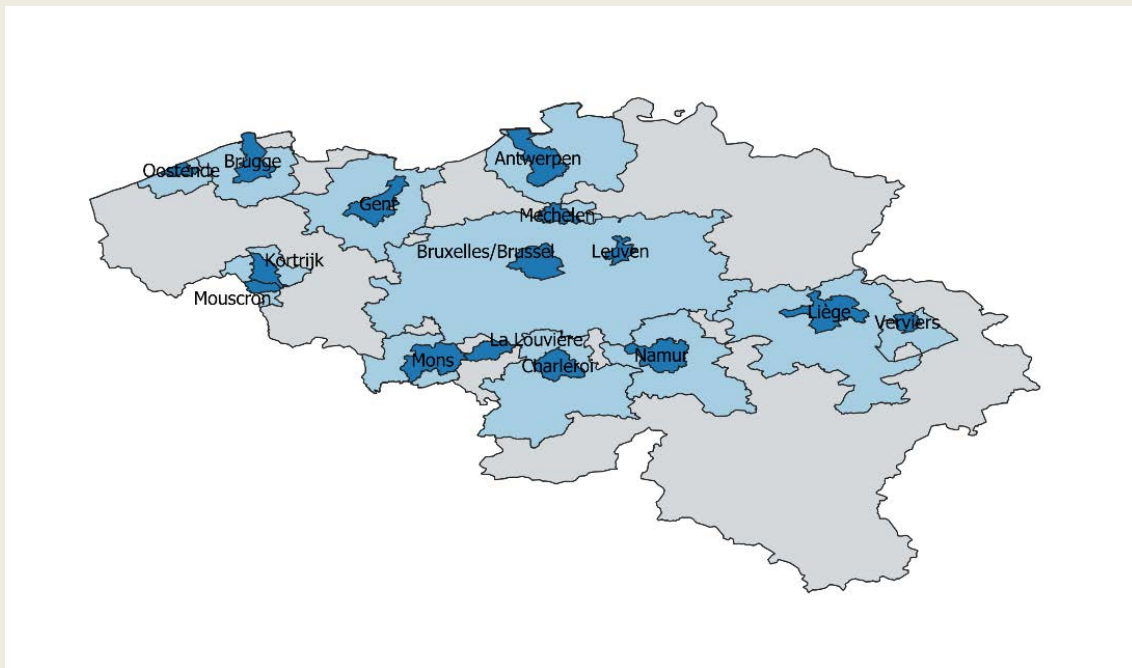
## The geography of work in Brussels and its functional urban area

**The Brussels-Capital Region is the largest commuting zone in Belgium.** The population of the Brussels-Capital Region was around 1.2 million inhabitants in 2021, compared to around 6.7 million in Flanders and 3.7 million in Wallonia, the two other regions of Belgium. There are over 824 000 working-age inhabitants (defined as 15-64 years of age) in the Brussels-Capital Region. This corresponds to 67% of its total population, compared to 63% in the Flemish Region and 64% in the Walloon Region, reflecting its relatively younger urban population. The surface area of the Brussels-Capital Region covers only 162 square kilometres. However, its functional urban area – or commuting zone – extends well into parts of Flanders and Wallonia, is home to a population of over 3.3 million and covers over 4 800 square kilometres. Box 2.3 discusses the concept of functional urban areas in more detail.

### Box 2.3. Functional urban areas – the concept of commuting zones

In addition to its definition of TL2 and TL3 regions, the OECD also uses the concept of functional urban areas. These correspond to commuting zones. The commuting zone is composed of local administrative units for which at least 15% of their workforce commute to the city. Commuting zones of the functional areas are identified based on commuting data (travel from home-to-work). Figure 2.16 shows the commuting zone of Brussels and puts it into perspective to other functional urban areas in Belgium.

Figure 2.16. Commuting zones in Belgium

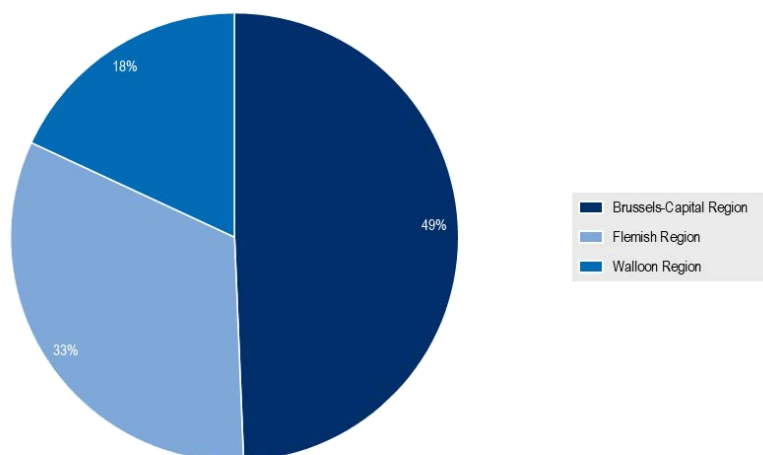


Note: OECD illustration. The dark blue areas show the core of the labour market. The light blue areas show the commuting zones.  
Sources: Dijkstra, L., H. Poelman and P. Veneri (2019<sup>[35]</sup>), "The EU-OECD definition of a functional urban area", OECD Regional Development Working Papers, No. 2019/11, OECD Publishing, Paris, <https://doi.org/10.1787/d58cb34d-en>.

**More than half of those working in the Brussels-Capital Region live in the Flemish Region or the Walloon Region.** In 2021, among 796 000 employed workers in the Brussels-Capital Region, 393 000 resided in the Brussels-Capital Region, while 259 000 and 144 000 commuted into the Brussels-Capital Region from the Flemish Region and the Walloon Region respectively. Figure 2.17 shows that this corresponds to 49% of workers employed in the region who also live within its administrative boundaries, 33% of workers who commute into the region from the Flemish Region, and 18% who commute from the Walloon Region.

### Figure 2.17. Only half of the jobs in the Brussels-Capital are filled by workers living in the Brussels-Capital Region

Share of total employed population in the Brussels-Capital Region by region of residence in 2021



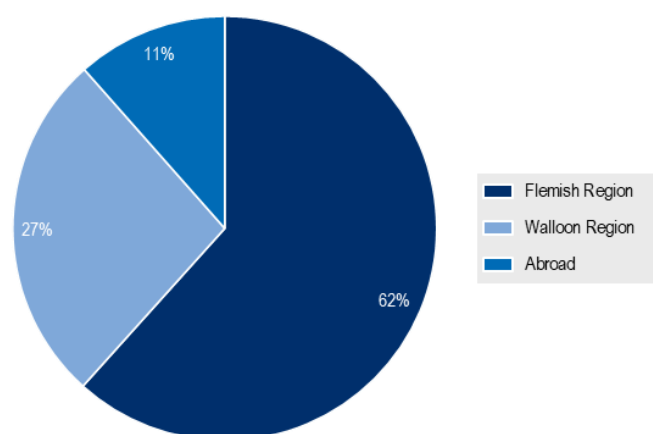
Source: SPF Economie - DGSIE (EFT), [calculs.view.brussels](https://calculs.view.brussels).

### The number of outbound commuters from the Brussels-Capital Region is smaller but still sizeable.

In 2021, 479 000 people of working-age living in the Brussels-Capital Region were employed. Among these, 393 000 (82%) worked within the administrative boundaries of the region and 87 000 (18%) worked outside the region.<sup>12</sup> Figure 2.18 shows the share of outbound commuters by region of work. In absolute terms, these shares correspond to 53 000 commuters to the Flemish Region, 23 000 commuters to the Walloon Region and 10 000 commuters who are registered as residents of the region but who work abroad.

### Figure 2.18. Most commuters from the Brussels-Capital Region work in the Flemish Region

Share of outbound commuters from the Brussels-Capital Region by region of work, 2021



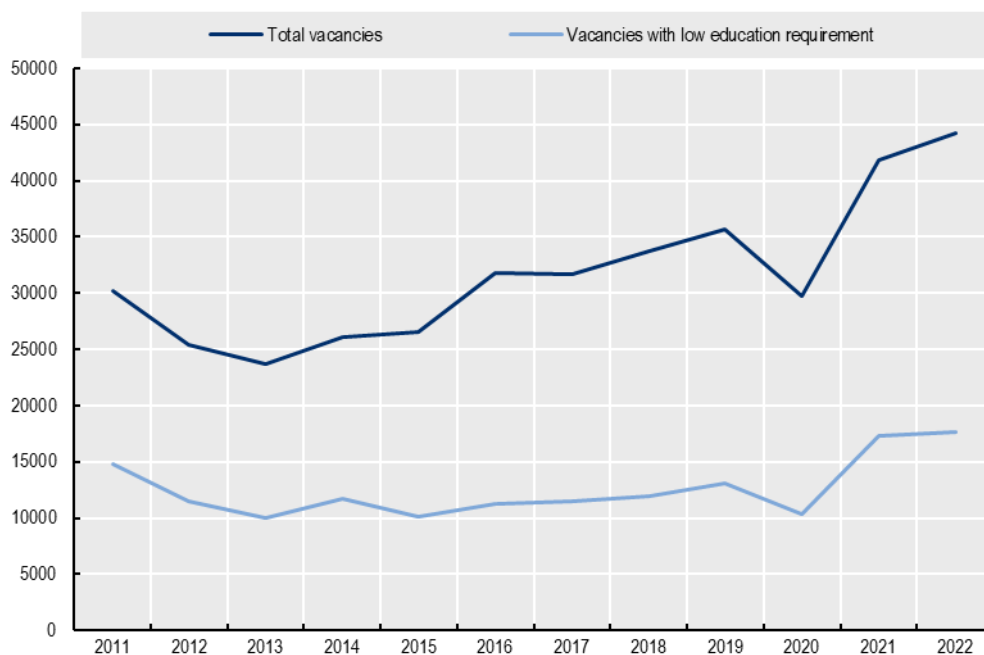
Source: SPF Economie – DGSIE (EFT), [calculs.view.brussels](https://calculs.view.brussels)

**Only a small number of outbound commuters are less educated workers.** In 2020, around 13 900 (3 800) less educated workers, 14 500 (4 800) medium-educated workers and 24 400 (15 100) highly-educated workers who live in the Brussels-Capital Region worked in the Flemish (Walloon) Region. These shares approximately correspond to the respective shares in each education category among the working-age population that lives in the region (see Figure 2.4, Panel A). However, given the few job opportunities less educated jobseekers have in the region, a wider search radius could potentially benefit their employment prospects.

**The Flemish part of the Brussels urban functional area may indeed offer some job opportunities for less educated jobseekers registered with Actiris.** An analysis of job vacancies in the Flemish Brabant Region, the Flemish region that approximately corresponds to the Flemish part of Brussels' urban functional area, shows that the demand for low-skilled workers is relatively high. Figure 2.19 shows that between 2011 and 2022, the annual number of job vacancies received by the Flemish PES, VDAB (*Vlaamse Dienst voor Arbeidsbemiddeling en Beroepsopleiding*), in Flemish Brabant stayed constant at around 30 000 between 2011 and 2020. It then rose to 44 000 by 2022. Among these vacancies, a stable share of around 40% listed only low education requirements. The total number of vacancies listing only low education as a requirement reached a decade-high of 17 700 in 2022.

**Figure 2.19. Around 2 in 5 job vacancies in Flemish Brabant have low education requirements**

Number of vacancies received by VDAB in the Flemish Brabant region, by year



Note: The annual number refers to vacancies received between January and December of a given year.

Source: Arvastat (Vacancies received in a given period, all sectors, province Vlaams-Brabant).

**Labour shortages in some sectors of nearby Flemish districts offer opportunities for less educated jobseekers, including non-EU-27 born migrants with unrecognised foreign qualifications.** An analysis of existing commuter flows, jobseeker profiles from the Brussels-Capital Region and job vacancies in the Flemish Region by Carpentier et al. (2023<sup>[36]</sup>) confirms the potential to promote greater jobseeker mobility in the region. The study explores the potential to match jobseekers from the region with job vacancies posted by employers in Halle-Vilvoorde/Hal-Vilvoorde, one of the two districts that constitute the



region of Flemish Brabant and thus a large part of the Brussels functional urban area. The authors show that service professions, transport and logistics, and industrial occupations are sectors in which labour demand is high in Halle-Vilvoorde/Hal-Vilvoorde. Many vacancies in these sectors have low education requirements. An online survey conducted by Carpentier et al. (2023<sup>[36]</sup>) further shows that these sectors are also often named in the job aspirations of jobseekers who live in the Region, including by migrants born in non-EU-27 countries with unrecognised foreign qualifications. The same survey further reveals that non-EU-27-born migrants have a higher willingness to commute than Belgium-born jobseekers. Other sectors that meet the criteria of high demand in the Flemish Region, low education requirements and a high willingness of jobseekers from the region to work in these sectors also include hospitality, trade and sales, and wider administration professions. However, job vacancies posted by employers in the hospitality sector often require flexibility in working hours, while trade and sales and administrative professions often require advanced Dutch language skills.

**Less educated and individuals may require additional mobility incentives.** Academic studies from across the OECD show that the willingness to commute increases with educational attainment. For instance, Lee and McDonald (2003<sup>[37]</sup>) show that male workers, full-time salaried workers, workers with higher levels of education are willing to travel longer distances in Seoul, Korea. Similarly, Cassel et al. (2013<sup>[38]</sup>) show that next to gender and the presence of children in the household, the level of education is the main predictor of commuting distance in Dalarna, Sweden. Less educated individuals may therefore require additional mobility incentives.

**Legislation in Belgium would permit the matching of jobseekers registered with *Actiris* with vacancies from the surrounding Flemish Region.** In general, the unemployed may refuse a job offer if the total daily commuting time is more than four hours or if the daily absence from home is more than 12 hours within the means of available transport. The job offer cannot be refused if the distance between home and work is less than 60 kilometers. For unemployed over 50 years of age, the total daily commuting time should not exceed two hours and the daily absence from home should not exceed 10 hours. In exceptional circumstances, the unemployed may refuse a job with a shorter commute, if commuting is considered too high given the age and health of the person. In OECD comparison, these geographic mobility requirements for jobseekers fall close to the average. On a scale from 1 to 5, where 5 are the strictest mobility requirements, Belgium scores a 3.0, compared to the OECD average of 2.83 (OECD, 2022<sup>[39]</sup>).

**Determining the mobility of jobseekers requires a detailed assessment of available infrastructure and close cooperation with VDAB.** While the unemployment benefit legislation gives considerable leeway, facilitating the mobility of workers who live in the Brussels-Capital Region requires an assessment of available infrastructure on a case-by-case basis by PES staff. Such assessments could include the commuting time. Commuting time is primarily determined by the availability of public transport from the place of residence to the place of work. Furthermore, childcare responsibilities among jobseekers may not allow these to travel large distance. Finally, job vacancies in Flanders need to be screened for those that meet the language skills of jobseekers from the Brussels-Capital Region, notably with regards to Dutch language requirements.

**Some OECD countries go further and support the relocation of jobseekers for employment.** In Korea, Iceland and Norway unemployment benefit recipients must be willing to move for employment (OECD, 2022<sup>[39]</sup>). A larger group of OECD countries, including the Czech Republic, Finland, France, Germany, Iceland, Japan, Korea, Latvia, Luxembourg, New Zealand, Norway, Poland and the Slovak Republic, support the relocation of unemployment benefit recipients if no job can be found within commuting distance.

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## Notes

<sup>1</sup> Statistics and calculations in the paragraph based on the OECD Regional Database, “Regional Demography: Population by 5-year age groups, large regions TL2”, “Regional Labour: Labour indicators, large regions TL2” and OECD City Statistics, “Demography”.

<sup>2</sup> Statistics in this paragraph based in the OECD Regional Database, “Regional Demography: Demographic Composition and Evolution, large TL2 and small TL3 regions and “Database on Migrants in OECD Regions – Migrants – Demographic Characteristics”.

<sup>3</sup> In 2022, employment shares in “Wholesale and retail trade, transport, accommodation and food service activities” (NACE Rev. 2 categories G and I) corresponded to 20% in the Brussels-Capital Region, 22% in

the Flemish Region and 21% in the Walloon Region. See Eurostat table “Employment by sex, age, economic activity and NUTS 2 regions (NACE Rev. 2) (1 000) (lfst\_r\_lfe2en2)”.

<sup>4</sup> The large average annual growth rates in the agriculture, forestry, and fishing sector, the extractive industry and electricity, gas, steam, air conditioning should be interpreted with care as the high growth rate mostly reflect very low baseline employment, with 74, 47 and 2 650 jobs respectively in 2010.

<sup>5</sup> The Job Vacancy Survey is conducted quarterly. Annual numbers correspond to quarterly averages for a given year. These numbers are therefore not directly comparable to job vacancies reported to public employment services, which capture all vacancies received throughout the year.

<sup>6</sup> To test whether the propensity of local employers to share vacancies with *Actiris* changed over time, time trends in the ratio of the total annual number of vacancies received by *Actiris* to the quarterly average number of vacancies reported by employers in the JVS were compared.

<sup>7</sup> OECD calculations based on the 2021 EU-LFS ad-hoc module “Labour market situation of migrants and their immediate descendants”.

<sup>8</sup> OECD calculations based on the 2021 EU-LFS ad-hoc module “Labour market situation of migrants and their immediate descendants”.

<sup>9</sup> OECD calculations based on the 2021 EU-LFS ad-hoc module “Labour market situation of migrants and their immediate descendants”.

<sup>10</sup> OECD calculations based on the 2021 EU-LFS ad-hoc module “Labour market situation of migrants and their immediate descendants”.

<sup>11</sup> Statbel, “Indicateurs de fécondité, selon la nationalité de la mère (belges ou étrangères), par région, 2020”.

<sup>12</sup> Statistics from *Actiris/View*, “B. Population active occupée et emploi intérieur - B.1. Caractéristiques de la population active occupée”, see <https://www.actiris.brussels/media/ngbjzb0u/population-active-occup%C3%A9e-et-emploi-int%C3%A9rieur-h-37ED3987.pdf> (accessed 23/08/2023).

## Annexe 2.A. Regional terminology

The OECD classifies regions within its 38 member states on two territorial levels (TL). This OECD classification reflects the administrative organisation of the country. Within the OECD, there are 433 large (TL2) regions and 2 414 OECD small (TL3) regions. Annex Box 2.A.1 discusses this regional terminology for the Brussels-Capital Region and Belgium.

### Annex Box 2.A.1. OECD regional terminology applied within this report

#### The TL2 level: The Brussels-Capital Region as one of the three regions in Belgium

In Belgium, the OECD TL2 level corresponds to the Brussels-Capital Region, the Flemish Region and the Walloon Region. Due to its administrative importance for labour market policies, the TL2 level represents the main level of statistical analysis in this report. Not all statistics are available on the TL2 level. Where necessary, the report, therefore, makes use of statistics from the Eurostat Regional database. Unlike the OECD's TL classification, Eurostat makes use of the "Nomenclature of Territorial Units for Statistics" (NUTS) classification. For Belgium, the TL2 level only corresponds to the NUTS-2 level for the Brussels-Capital Region. For the Flemish Region and the Walloon Region, the NUTS-2 level is made up of ten provinces: Liege, Antwerp, Luxembourg (BE), West the Flemish Region, Hainaut, Limburg, Namur, East the Flemish Region, Flemish Brabant, Walloon Brabant.

#### The TL3 level: The Brussels-Capital Region as an arrondissement in Belgium

The TL3 level is a more granular geographical level. In Belgium, it corresponds to the administrative unit of arrondissements. The Brussels-Capital Region is also one of the 43 Belgian arrondissements. Thus, the TL2 and TL3 levels cover the same geographic area for the Brussels-Capital Region. The TL3 level also corresponds to the NUTS-3 level classification used by Eurostat.

#### The 19 municipalities of the Brussels-Capital Region

The 19 municipalities of the Brussels-Capital Region are a separate geographical unit not covered by OECD data. Statistics presented at the municipality level are based on statistics provided by the Brussels Institute for Statistical Analysis (*Institut Bruxellois de Statistique et d'Analyse*; IBSA).

Source: "OECD Territorial Grid", OECD Centre for Entrepreneurship, SMEs, Regions and Cities, <https://www.oecd.org/cfe/regionaldevelopment/territorial-grid.pdf>.

## Annexe 2.B. The likelihood of public sector employment among migrants with a non-EU-27 background in the Brussels-Capital Region

To estimate the likelihood of public sector employment among migrants with a non-EU-27 background in the Brussels-Capital Region, this analysis makes use of data from the 2021 EU-LFS ad-hoc module “Labour market situation of migrants and their immediate descendants”. It estimates the likelihood of public sector employment using the following specification for all employed individuals aged 20 to 64 years who live in the Brussels-Capital Region:

$$Public\_Sector_i = \beta_0 + \beta_1 Non\_EU\_27_i + \beta_2 EU\_27_i + \beta_3 X_i + \delta \hat{\lambda}_i + \mu_i, (1)$$

where  $Public\_Sector_i$  is a binary variable indicating if individual  $i$  works in the public sector. For the analysis, the public sector is defined as Nomenclature of Economic Activities (NACE) category “O”, which refers to “Public Administration and Defence; Compulsory Social Security”.  $Non\_EU\_27_i$  is a binary variable that captures a non-EU-27 background. It indicates if individual  $i$  was born in a non-EU-27 country, or if the individual has at least one parent who was born in a non-EU-27 country.  $EU\_27_i$  captures an EU-27 background (excluding Belgium) in a similar manner.  $X_i$  is a vector that includes control variables for gender (categorical), age (continuous) and education (low/medium/high).  $\hat{\lambda}_i$  is the inverse Mills ratio which corrects for the different probability of individuals in the sample to be employed. It is estimated from the following Heckman selection specification:

$$probit: Pr(Employed = 1|x_i)_i = \phi(\Pi_0 + \Pi_1 Non\_EU\_27_i + \Pi_2 EU\_27_i + \Pi_3 Z_i + \xi_i), (2)$$

Where  $Z_i$  includes the same control variables as  $X_i$  of equation (1) and is identified through an additional binary variable that indicates whether the individual lives in a household with children.

The results are summarised in table Annex Table 2.B.1. All estimated coefficients only show a weak association with the outcome of public sector employment once the general likelihood of employment is accounted for. Having a non-EU-27 migration background increases the likelihood of public sector employment by 2.7 percentage points, compared to Belgian-born individuals with Belgian-born parents.

### Annex Table 2.B.1. Socio-economic characteristics do not predict if an employed person residing in the Brussels-Capital Region works in the public sector

Estimation of the likelihood of public sector employment, employed persons aged 20-64 years

Variable	Public sector employment
Non-EU-27 migration background	+2.7** percentage points
EU-27 migration background	-2.0 percentage points
Female (base category: Male)	+0.1 percentage points
Age	+0.0 percentage points
Education (base category: low)	
- Medium	+0.3 percentage points
- High	+0.0 percentage points

Note: The sample consists of 5 517 individuals who live in the Brussels-Capital Region, of which 2 111 were employed (unweighted). The asterisk next to the reported estimates indicate whether estimates are significantly different from zero at conventional confidence levels, where \* $p < 0.1$ ; \*\* $p < 0.05$ ; \*\*\* $p < 0.01$ .





# 3

## Governing labour market policies in the Brussels-Capital Region

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The purpose of the chapter is to identify actors and assess the challenges of governing labour market programmes in the Brussels-Capital Region. The chapter first analyses the delivery of active labour market policies (ALMPs) at the regional level. The chapter discusses the way in which responsibility for ALMPs is split between the Brussels-Capital Region government and the Flemish and French Communities, while the local level continues to deliver social policies. The ongoing federal administration of Unemployment Insurance (UI) benefits is also discussed. In a second part, the chapter turns to the local level, where strengthening institutions may maximise the potential of municipalities and social economy schemes to support vulnerable individuals.

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# In Brief

## Simplifying labour market governance in the Brussels-Capital Region

- **Active labour market policies (ALMPs) are highly decentralised in Belgium.** In comparison to OECD peers, individuals who enter labour market programmes in the Brussels-Capital Region pass through a host of organisations. Regions are responsible for policies bearing on territory, including employment services, while Communities lead human-centred policies, such as those for training. The federal National Employment Office (ONEM) provides out-of-work income maintenance and support.
- **An integrated information exchange and orientation process in public employment services (PES) comparable to other subnational PES does not yet exist.** The regional government's PES, *Actiris*, is the main point of contact for jobseekers and employers. *Bruxelles Formation* and *VDAB Brussel (Vlaamse Dienst voor Arbeidsbemiddeling en Beroepsopleiding Brussel)* provide jobseeker training in French and Dutch respectively. In other OECD countries with decentralised responsibilities for ALMPs, PES usually manage both employment services and training for jobseekers (e.g. Canada, Denmark, Poland and Spain).
- **In most OECD countries, PES advise individuals on training options though provide limited job seeker training directly.** Most is contracted out to not-for-profit, private or public entities. *Bruxelles Formation* and *VDAB Brussel* orient job seekers through training, while both also provide training directly and contract out training. The region should evaluate the costs and benefits of contracting out more training. *Actiris* and training bodies may also agree on a more integrated counselling process for learners who complete training.
- **Municipal social aid centres (CPAS) face capacity challenges to help minimum income recipients search for work due to growing social needs.** The number of minimum income (*Revenu d'Intégration Sociale – RIS*) recipients as a share of the region's population increased from 2.8% in 2015, to 3.3% in 2019 and to 3.6% in 2022. Based on arrangements in other OECD countries (e.g. Slovenia, the Netherlands), one option may include further increasing the counselling role of *Actiris* for RIS recipients. Alternatively, more structural capacity could be granted to CPAS to deliver employment services. Consultations may also be conducted with CPAS to find ways to reduce the high administrative burden on staff.
- **Complex governance and project-based financing can pose challenges to social economy organisations delivering ALMP programmes.** The social economy is an asset for social inclusion in the region. Schemes provide neighbourhood-level services helping individuals integrate both a job and a community. Social economy schemes such as *Agences Locales pour l'Emploi (ALE)* and *entreprises d'économie sociale d'insertion* are not always linked. Some schemes face the challenge of complex governance structures with many representatives. Project-based financing also poses challenges to provide long-term services.
- **Maisons de l'emploi offer strong prospects to develop into one-stop-shops.** *Maisons de l'emploi* are the only structure systematically bringing together *Actiris*, CPAS and the social economy. Actors, however, are not physically grouped together in all municipalities. *Maisons de l'emploi* are a strategic location to reduce overlap in roles between actors and coordinate approaches. Greater resources for *Maisons de l'emploi* may also help stimulate more joint projects between institutions. In Finland, one-stop-shops for young people (*Ohjaamos*) required agreement at a strategic level between municipalities and PES to progressively deploy centres.

## Introduction

The purpose of this chapter is to present and analyse the role of the actors delivering labour market programmes in the Brussels-Capital Region. Successive reforms of the Belgian State shifted far-reaching responsibilities in employment and skills policies from the federal level to sub-national levels of government. *Actiris*, the regional public employment service (PES), is the main point of contact for jobseekers and employers, while the National Employment Office (ONEM – *Office National de l'Emploi*) administers Unemployment Insurance (UI) benefits. Dedicated public bodies manage jobseeker training. At the local level, municipalities deliver labour market services to those receiving social benefits. For the remainder of the report, municipalities refer to the 19 *communes* in the region. Finally, social economy organisations are a major source of contracted services. Table 3.1 gives an overview of the policy roles of different actors. The table reveals the web of relationships that underpins the delivery of labour market programmes in the region.

**Table 3.1. Responsibility for employment and skills policies in the region is spread across different actors**

Bodies responsible for administering labour market programmes in the Brussels-Capital Region

Body	Social and benefit policies		Active labour market policies		
	ONEM	CPAS <sup>1</sup>	<i>Actiris</i>	<i>Bruxelles Formation</i>	<i>VDAB Brussel<sup>2</sup></i>
<b>Description</b>	Federal PES	Municipal government social aid office	PES of the Brussels-Capital Region	French language vocational training provider	Dutch language vocational training provider
<b>Main public body accountable to</b>	Federal government	<i>Commission Communautaire Commune</i> ("Common Community Commission – COCOM")	Brussels-Capital Region	<i>Commission Communautaire Française</i> ("French Community Commission" – COCOF)	Flemish Government
<b>Labour market and/or social policy role</b>	Out-of-work income maintenance and support, labour protection	Out-of-work means-tested benefits <sup>4</sup> , CPAS contract employment incentive (" <i>emplois d'insertion</i> /Article 60"), social services	Public employment services and administration; employment incentives; sheltered and supported employment; job creation; start-up incentives	Labour market and vocation training for jobseekers and workers in French	Labour market and vocational training for jobseekers and workers in Dutch
<b>Social economy partners for contracted services</b>		<i>Agences Locales pour l'Emploi (ALE), Entreprises sociales d'insertion, Entreprises de Travail Adapté (ETA), Lokale Werkwinkels, Missions locales, Organismes d'insertion socio-professionnelle (OISP)</i> <sup>3</sup>			

Note: (1) CPAS are responsible for the provision of labour market services to those receiving RIS. (2) Through a commissioning agreement with *Actiris*, *VDAB Brussel (Vlaamse Dienst voor Arbeidsbemiddeling en Beroepsopleiding Brussel)* also provides a broader set of labour market programmes for jobseekers searching for jobs requiring Dutch. (3) *Missions locales* have the legal status of an OISP. (4) Minimum Income: *Revenu d'Intégration Sociale (RIS)* and equivalent.

Source: Author.

**Compared to PES across the OECD, jobseekers in the region navigate through a greater number of organisations to receive labour market programmes.** Despite institutional agreements that yield joint projects, a disconnect between employment counselling and training persists. *Actiris* and public training bodies, *Bruxelles Formation* and *VDAB Brussel (Vlaamse Dienst voor Arbeidsbemiddeling en Beroepsopleiding Brussel)*, share responsibility for jobseeker pathways to the labour market in a relatively unique arrangement in the OECD. In comparison to PES in other OECD countries, training bodies in the region centralise a range of jobseeker training typically contracted out to different public, not-for-profit and private training providers. At the municipal level, social aid centres (*Centres publiques d'action sociale - CPAS*) face capacity challenges. *Maisons de l'emploi* are developing as a one-stop-shop to gather actors in a single location to deliver services. *Maisons de l'emploi* also offer prospects for social economy organisations to strategically coordinate target groups and programming.

**The chapter is divided into two sections.** The first section analyses the role of *Actiris*, *Bruxelles Formation* and *VDAB Brussel* and the federal employment office (*Office national de l'emploi – ONEM*). The second section discusses the role of local institutions in local labour market governance, including CPAS, social economy organisations and *Maisons de l'emploi*.

## Governing the employment and skills system in the Brussels-Capital Region

**Labour market institutions in Belgium are highly decentralised.** The responsibility for active labour market policies (ALMPs) is with regional government and language Communities. In the Brussels-Capital Region, responsibility for ALMPs is divided between bodies, granting nearly all active labour market programmes to *Actiris* with the important exception of labour market training, which is the remit of the French and Flemish Communities. The section progresses through the role of *Actiris*, *Bruxelles Formation* and *VDAB Brussel*, the federal employment office (ONEM) and assess existing agreements between regional bodies.

### ***The Brussels-Capital Region and its public employment service, Actiris, are primary employment policy actors***

**Subnational governments have a high degree of autonomy in Belgium compared to most OECD countries.** Belgium is divided into three Regions, the Brussels-Capital Region, the Flemish Region and the Walloon Region, and three language Communities based on language, the Flemish (*Vlaamse Gemeenschap*) French (*Communauté française*) and German-speaking (*Deutschsprachige Gemeinschaft*) Communities<sup>1</sup>. The Communities represent population groups that do not overlap fully with regional divisions<sup>2</sup>. Regional governments are broadly responsible for policies bearing on territory, such as economic development or employment, while Communities lead human-centred policies, such as health care or education and training (Belgian Federal Public Service, 2023<sup>[1]</sup>). As a result of the official status of French and Dutch in the region, both the French and Flemish Communities exercise authority, along with the regional government.

**Successive reforms transferred competences for employment to regional governments and for training to Community governments.** In 1989, reform of the Belgian State transferred a large share of employment policy from the federal PES, the National Employment Office (ONEM), to the Regions (ONEM, 2010<sup>[2]</sup>). The 1989 reform created four regional government PES, today *Actiris* in the Brussels-Capital Region, *Le Forem* in the Walloon Region, the *VDAB* in the Flemish Region as well as the *ADG (Arbeitsamt der Deutschsprachigen Gemeinschaft)* for the German-speaking community in East Belgium. The 1989 reform transferred vocational training and education policy to the three Communities. Subsequent transfers, such as the creation of a legal framework for inter-regional jobseeker mobility in 2005 or the transfer of availability monitoring (*contrôle de disponibilité*) to regional PES in 2016-2017, further grew the role of *Actiris* and its counterparts across Belgium.

***Actiris* is the main point of contact for jobseekers and employers in the Brussels-Capital Region.**

All individuals receiving UI are required to register within *Actiris*. *Actiris* absorbed responsibilities for ALMPs related to job seeker intake, placement and monitoring from ONEM. ALMPs improve access to the labour market and jobs, develop job-related skills and promote more efficient labour markets (OECD, 1994<sup>[3]</sup>). Out-of-work income maintenance and support such as UI and early retirement policies are not included in ALMPs and continue to be administered by ONEM<sup>3</sup>. According to the OECD classification of labour market programmes, *Actiris* is responsible for the majority of ALMPs programme categories, equivalent to national PES in most countries, with the important exception of training, which is the remit of Communities in the region. Table 1.1 visualises this division of competencies among regional, Community and federal actors.

***Actiris* has significant flexibility and autonomy over its approach and programmes.** The Brussels-Capital Region Minister for Employment sets policy orientation over ALMPs. *Actiris* is governed by a 21-member management committee composed of trade unions, employer representatives and two regional government commissioners. The committee sets the five-year management plan and supervises activities. Ten departments lead *Actiris* activities, including teams for jobseekers, employers, job search monitoring, inclusion and partnerships. The *Actiris* regulatory framework and structure offers space for adaptation to changes in the labour market and leeway to adopt programmes, as revealed positively during the COVID-19 crisis (Lauringson and Lüske, 2021<sup>[4]</sup>). Local *Actiris* offices deliver frontline services to jobseekers.

***Bruxelles Economie et Emploi (BEE)* exercises regional government responsibility for those in employment.** BEE is one of the six administrations of the Brussels-Capital Region regional public service. BEE has a set of diverse responsibilities in the field of economic development, labour market regulation and migration (Brussels Capital Region, n.d.<sup>[5]</sup>). BEE is responsible for providing financial support to SMEs and the social economy as well as work authorisations for non-EU citizens. BEE also administers the *titres services* (labour contracts for domestic workers) system.

**Table 3.2. Compared to the rest of Belgium, ALMPs in the Brussels-Capital Region are divided among *Actiris* and Community bodies**

Main institutions responsible for labour market programmes across Belgian Regions and Communities

Type of labour market programme	Active labour market policies (ALMPs)						Income-replacement benefits	
	Public employment services and administration	Training	Employment incentives	Sheltered and supported employment and rehabilitation <sup>1</sup>	Direct job creation	Start-up incentives	Out-of-work income maintenance and support	Early retirement
OECD classification of targeted labour market programme								
Sub-national entity								
<b>Brussels-Capital Region (French Community)</b>	<i>Actiris</i>	<i>Bruxelles Formation</i>	<i>Actiris</i>					
<b>Brussels-Capital Region (Flemish Community)</b>		<i>VDAB Brussel</i>	<i>Actiris</i>					
Flemish Region/Flemish Community	VDAB						National Employment Office (Office National de l'Emploi - ONEM)	
French Community/Walloon Region	Le Forem							
German-speaking community	ADG							

Note: (1) Although PES provide services to persons with disabilities, the provision of sheltered and supported employment and rehabilitation is mainly the remit of Communities in the Brussels-Capital Region through the *Entreprises de Travail Adapté* (ETA) scheme.

Source: Author's elaboration based on *Actiris* and (OECD, 2022<sup>[6]</sup>), Coverage and classification of OECD data for public expenditure and participants in labour market programmes, <https://www.oecd.org/els/emp/Coverage-and-classification-of-OECD-data.pdf>.

***Bodies distinct from public employment services are responsible for jobseeker training, a relatively unique arrangement within the OECD***

**Two Community affiliated bodies, *Bruxelles Formation* and *VDAB Brussel*, provide vocational training in the Brussels-Capital Region.** The bodies reflect the competence of both the French and Flemish Communities in the capital, distinct from the regional government and *Actiris*. In the Flemish Region, in the Walloon Region and in the German-speaking Community, unlike in the Brussels-Capital Region, all ALMPs – including training – have been grouped within subnational PES, the VDAB, *Le Forem* and the ADG. Table 1.1 highlights this unique institutional “split” of ALMPs in the capital.

**Bruxelles Formation provides vocational training (*formation professionnelle*) through a three-part mandate.** *Bruxelles Formation* i) operates as a training provider, dispensing its own training courses, ii) certifies francophone training programmes throughout the region<sup>4</sup> and iii) helps validate skills acquired outside official learning (Brussels Capital Region, Francophones Bruxelles and ESF, 2020<sup>[7]</sup>). A directing committee, headed by a Director General, leads *Bruxelles Formation* strategy and operations. Like *Actiris*, a tripartite management committee governs *Bruxelles Formation*. The management committee includes



equal representation from social partners and representatives of the French Community Commission (COCOF).

**The COCOF exercises legislative authority in most policy areas on behalf of the French Community in the Brussels-Capital Region.** The COCOF and the management committee conclude a management contract every five years which directs the *Bruxelles Formation* strategy (Bruxelles Formation, 2017<sup>[8]</sup>). Francophone legislators, ministers and state secretaries within the Brussels-Capital Region Parliament also sit in COCOF representative bodies. For example, during the 2019-24 legislature, the Brussels-Capital Region Minister for Employment also acts as COCOF Minister for Training.

**Bruxelles Formation trains both workers and jobseekers through its centres and contracted providers.** In 2021, *Bruxelles Formation* and its contracted providers trained 20 012 learners, including 13 821 jobseekers and 6 191 workers and other individuals. Among jobseekers, 5 862 were trained in *Bruxelles Formation's* eleven centres, 42.4% of the total (Bruxelles Formation, 2022a<sup>[9]</sup>). 4 088 were trained by contracted providers, 2 149 received in-work training delivered by employers and 2 020 completed online courses.<sup>5</sup>

**VDAB Brussel provides vocational training in Dutch in the Brussels-Capital Region.** *VDAB Brussel* runs training in the region through three centres while contracting out a share of training (Bassin EFE, 2022<sup>[10]</sup>). Like *Bruxelles Formation*, *VDAB Brussel* also certifies training providers and can facilitate certification of skills learned outside of formal learning. Part of the PES in the Flemish Region, *VDAB Brussel* is accountable to the VDAB Board of Directors, tied to the Flemish Region's Secretary for Work (PES network, 2018<sup>[11]</sup>). Social partners sit on the VDAB board. In the region, the *VDAB Brussel* only has a mandate over training activities, without the broader ALMP authority it has in the Flemish Region. Through partnerships, *VDAB Brussel* also provides secondary, bachelor and higher education training for occupations facing labour shortages. *VDAB Brussel* contracts out over 70% of its training.

**A commissioning agreement, however, allows VDAB Brussel to carry out labour market programmes for jobseekers in the Brussels-Capital Region.** An agreement between the Brussels-Capital Region and Flemish authorities supports the *VDAB Brussel* to carry out activation programmes, such as counselling and matching, of *Actiris* jobseekers into employment requiring Dutch. Jobseekers self-select into VDAB placement support in agreement with their *Actiris* counsellor. For jobseekers entering *VDAB Brussel* through this partnership, *VDAB Brussel* places jobseekers into employment in both the Flemish Region and the Brussels-Capital Region.

**Communities complement Bruxelles Formation and VDAB training with adult vocational education.** Both French and Flemish Community bodies offer longer-term vocational education tracks for adults, aimed at those in and out of work. The French Community supports the vocational adult education system (*Enseignement de promotion sociale – EPS*) in francophone Belgium. EPS offers distinct qualifications than vocational training (*formation professionnelle*) often tied to secondary or tertiary education, such as the basic education certificate (*Certificat d'études de base – CEB*) or secondary school diplomas (*Certificat d'enseignement secondaire supérieur – CESS*). The *Centrum voor Volwassenenonderwijs* (VCO) provide adult vocational education in Dutch. *VDAB Brussel* has a strong cooperation in place with the Flemish Education system, in which learners can receive a reimbursement for tuition and other costs.<sup>6</sup> The skills system is the focus of discussion in Chapter 5.

**Extensive teaching and vocational expertise to deliver labour market training in-house is not typically available within PES.** In most OECD countries, PES contract out training to organisations such as public vocational schools, tertiary education institutions, the social economy and for-profit training providers. The Finnish PES (*Työ-ja elinkeinotoimisto – TE*) supports jobseekers into shorter labour market training or longer tracks in the education system, each delivered by entities outside TE (OECD, 2023<sup>[12]</sup>). Similarly, the German PES (*Bundesagentur für Arbeit – BA*) contracts out most training, with limited provision of short training such as CV writing. The training bodies in the Brussels-Capital Region receive

jobseekers from *Actiris*, assess their skills and guide them to in-house or contracted training, occupying the combined role of both PES and public vocational schools in most countries. In Denmark, for example, PES guide jobseekers to publicly supported AMU centres (*Arbejdsmarkedsuddannelser*) for vocational training.

**Training bodies can assess costs and benefits of contracting out a greater share of training.** *Bruxelles Formation* and *VDAB Brussel* have developed vocational expertise and teaching capacity due to their longstanding role as providers in the region. The difference in PES organisation and training delivery relative to OECD PES does not necessarily call for change to match institutional arrangements elsewhere. Considering the most common practice in OECD countries, however, the region may evaluate potential training quality benefits and cost efficiencies of contracting out a larger share of training.

### ***The federal National Employment Office provides out-of-work income maintenance and support***

**As ALMPs decentralised, Belgium reorganised federal institutions to focus on social protection and labour policies.** In 2003, the Employment and Labour Ministry became the Federal Department for Employment, Work and Social Dialogue (*Service Public Fédéral Emploi, Travail, Dialogue Social – SPF Emploi*). *SPF Emploi* competences include labour market regulation and out-of-work income maintenance and support, as well as those for labour inspection and workplace wellbeing (Moniteur Belge, 2002<sup>[13]</sup>).

**The National Employment Office ONEM operates under the authority of *SPF Emploi*.** Large shares of ONEM staff transitioned to regional PES as labour market programme competences shifted (ONEM, 2010<sup>[2]</sup>). ONEM implements *SPF Emploi* unemployment protection policy, including through institutional oversight, compensation for citizens and administration of specific benefit programmes (ONEM, 2022<sup>[14]</sup>). ONEM continues to operate frontline offices for citizen claims regarding unemployment and workplace issues within its competence.

**ONEM operates the unemployment insurance system with trade unions.** ONEM disburses UI funds from social security to three trade unions (FGTB, CSC, CGSLB) and the auxiliary fund for the payment of UI benefits (*Caisse auxiliaire de paiement des allocations de chômage – CAPAC*).<sup>7</sup> Unions make payments to unionised individuals, while CAPAC disburses UI to those outside the union system. Trade unions and CAPAC are the first point of contact for workers who become unemployed or are at risk of unemployment. Supported by high unionisation, in 2022 unions processed over 86% of unemployment benefit claims in Belgium (ONEM, 2023<sup>[15]</sup>)<sup>8</sup>. Unions also provide legal advice to unionised claimants (Faniel, 2010<sup>[16]</sup>). Since regional PES became responsible for monitoring the job search of jobseekers, ONEM limits enforcement to fraud and regulatory supervision.

**ONEM administers different *SPF Emploi* labour market programmes.** ONEM processes claims and disburses compensation for certain programmes such as early retirement schemes, collective dismal allowance, medical and parental career interruption subsidies and job retention schemes (ONEM, 2022<sup>[14]</sup>). ONEM retains a limited role in ALMPs with regards to financial compensation for jobseekers, learners and employers, such as funds to support business creation or supplemental allowance to participate in approved training.

### ***Despite agreements between institutions, separation creates a disconnect between employment and training services in the region***

**Agreements between the Brussels-Capital Region and Flemish authorities encourage *Actiris-VDAB* cooperation for jobseekers to enter jobs requiring Dutch.** A 2011 cooperation agreement between the Brussels-Capital Region, the Flemish Region and the Flemish Community enables the transfer of *Actiris* jobseekers to the *VDAB* (Moniteur Belge, 2013<sup>[17]</sup>)<sup>9</sup>. Since 2015, a collaboration agreement allows *Actiris* to commission *VDAB Brussel* to provide a range of labour market services to jobseekers searching for jobs

requiring Dutch (Actiris, 2017<sup>[18]</sup>). In 2021, a new collaboration agreement was signed renewing collaboration for jobseeker mobility, especially concerning automatic exchange of job vacancies (Carpentier et al., 2023<sup>[19]</sup>).

**The relationship between Actiris and Bruxelles Formation focuses on programmatic cooperation.**

In 2012, the Brussels-Capital Region and the COCOF formalised a cooperation agreement on combined “employment-training” policies (“*accord de coopération relatif aux politiques croisées emploi-formation*”) (Moniteur Belge, 2013<sup>[20]</sup>). This *politiques croisées* agreement took major steps to articulate services. The text helped embed the *Bruxelles Formation* training offer within the *Actiris* system, creating a single jobseeker file, producing joint data analysis and contracting jointly with third parties. The agreement also facilitated financing mechanisms for training programmes.

**Despite cooperation, institutional barriers remain to integrated labour market and training services.**

In other OECD countries with decentralised responsibilities for ALMPs, as in the Flemish and Walloon Regions, subnational PES usually manage both jobseeker placement and training (e.g. Canada, Denmark, Poland, and Spain), while national government sets policy orientation and administers UI benefits. In the Basque Country, Spain, for example, the regional PES, *Lanbide*, onboards jobseekers, recommends them to labour market programmes and orients them to training (OECD, 2020<sup>[21]</sup>). In 2020, the Basque Country merged its adult vocational training body, *Hobetuz*, with regional PES. When integrated, employment and training counselling may help jobseekers conduct a job search more in line with both occupational preferences and job opportunities.

**Jobseekers can shift between organisations and counsellors throughout their journey.**

The *politiques croisées* agreement took major steps to create areas of collaboration. An integrated and unified registration and orientation process of jobseekers comparable to processes in other subnational PES, however, does not yet exist. *VDAB Brussel* policies are less interlocked with those of *Actiris* and *Bruxelles Formation*, leaving room for closer integration of programmes (Dumont, Franssen and Tojerow, 2021<sup>[22]</sup>). The differentiated governance of services may also create a disconnect at the strategic level regarding the approach taken to labour market services. Despite efforts to tighten links, in particular between *Actiris* and *Bruxelles Formation*, management contracts which embed objectives may continue to take different approaches to labour market policy.

**Less formal channels of cooperation yield specific projects and initiatives.**

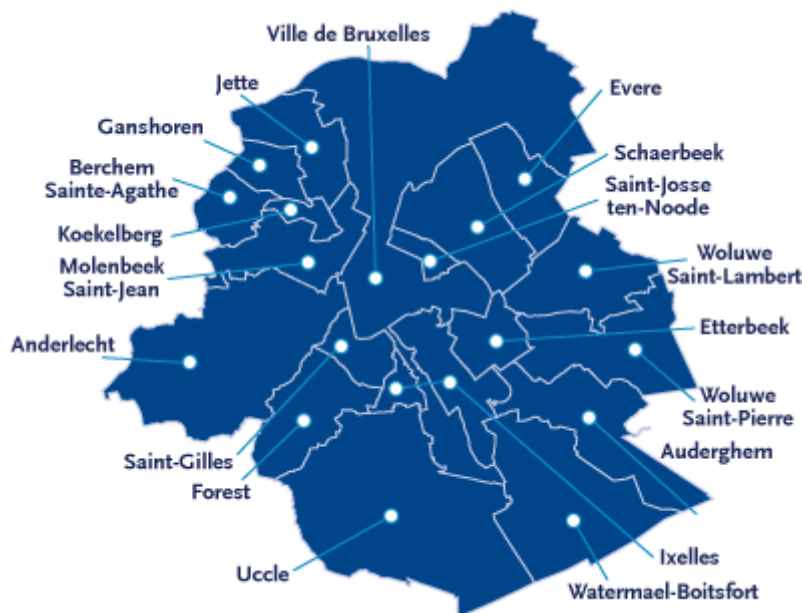
*Actiris* and the training bodies introduced the *Cité des métiers – Beroepenpunt.Brussels*, a centre where all individuals can receive advice from counsellors on job opportunities, training or education. The initiative is based on centres in France. Although the centre lowers barriers to entry for services, staff present are not able to validate administrative procedures such as entitlement or registration for training. Follow-up with the users is also not possible, the take up of the *Cité des métiers – Beroepenpunt.Brussels* is anonymous. *Actiris*, *Bruxelles Formation*, *VDAB Brussel* and employer bodies also jointly operate the sector-specific Employment Training Hubs (*Pôles Formation Emploi – PFE*), which are growing as a provider of training and labour market placement in the region.

## Gaps in local governance may hold back the provision of labour market services to the most vulnerable

Successive reforms of the Belgian State have shifted far-reaching responsibilities in employment and skills from the federal level to lower levels of government. This process created new structures, without always reforming legacy entities. Through their social aid centres (*Centres public d'action sociale* – CPAS), the 19 municipal governments in the region are responsible for social policy as well as labour market services of vulnerable individuals. Figure 3.1 visualises the 19 municipalities (*communes*) in the region. Both *Actiris*, the training bodies and CPAS contract out services to a highly developed system of social economy organisations to meet the needs of vulnerable people. Language communities, municipalities and regional government are involved in the governance and financing of different social economy schemes. *Actiris* has supported the development of *Maisons de l'emploi* to help coordinate local labour market services. Table 3.3 illustrates the roles and governance of different bodies. The section first presents CPAS, before turning to social economy organisations and *Maisons de l'emploi*.

**Figure 3.1. CPAS and social economy schemes provide services within the 19 municipalities (*communes*) of the Brussels-Capital Region**

Map of the 19 municipalities (*communes*) of the Brussels-Capital Region



Source: Brussels-Capital Region website, <https://be.brussels/a-propos-de-la-region/les-communes-de-la-region-de-bruxelles-capitale/carte-des-communes/view>.

**Table 3.3. CPAS and the social economy support inclusion in the region's labour market**

Main characteristics of CPAS and social economy bodies listed by policy role, legal form and target group

Body	<i>Centres Publics d'Action Sociale (CPAS)</i>	<i>Agences locales pour l'emploi (ALE)</i>	<i>Entreprises de Travail Adapté (ETA)</i>	<i>Missions locales/Lokale Werkwinkel</i>	<i>Organismes d'insertion socioprofessionnelle (OISP)</i>	<i>Work integration social enterprises (entreprises sociales d'insertion)</i>
Main policy role	Social benefits, social and labour market activation	Part-time employment during job search	Supported employment (disability)	Social activation and labour market counselling	Labour market training, specific labour market services	In-work training, hiring incentive
Legal form	Public municipal body	Not-for-profit organisations or associations (ASBL – <i>Associations sans but lucratif</i> )				Private (ASBL or business) or public legal entities <sup>1</sup>
Target group	Individuals receiving social benefits	Long-term unemployed jobseekers, individuals receiving minimum income	Jobseekers with disability	Long-term unemployed jobseekers, other jobseekers	Jobseekers and individuals receiving minimum income	Youth, long-term unemployed jobseekers, individuals receiving minimum income

Note: (1) Work integration social enterprises that take the form of public entities are usually CPAS offering tailored labour market integration services.

Source: Author's elaboration.

### ***CPAS face capacity challenges to provide social assistance and help vulnerable individuals into jobs***

**Municipal governments are responsible for social policy in the Brussels-Capital Region.** Municipalities' social aid centres (*Centre Public d'Action Sociale – CPAS*) are municipal bodies responsible for social policy.<sup>10</sup> Each of the 19 municipalities in the region houses a CPAS. CPAS administer different types of social programmes, including social benefits, material support, medical help, and legal assistance (CPAS, 2023<sup>[23]</sup>). A major competence of CPAS includes administering the means-tested minimum income scheme, Social Integration Revenue (*Revenu d'Intégration Sociale – RIS*), alongside other social benefits, such as Emergency Medical Aid (*Aide Médicale Urgente – AMU*). The municipal responsibility for social benefits is comparable to many other OECD countries.

**Because of their policy role, CPAS are interlocutors for many of the individuals furthest from the labour market.** Individuals often face multiple difficulties that prevent them from finding or holding a steady job, such as housing precariousness, poverty, childcare, acute indebtedness, mental or physical illness and low levels of skills. To meet the multidimensional needs of those receiving benefits, CPAS provide individuals with a host of social services through their different departments, such as those for elderly care, housing or socio-professional integration (*intégration socio-professionnelle*). The social and professional integration approach pairs labour market services with social activation. Through involvement in cultural, educational, social and sporting programmes, social activation aims to help excluded individuals build a life as part of a community and strengthen individual social skills, resilience and autonomy (Marx, 2021<sup>[24]</sup>).

**CPAS provide minimum income recipients with different social and labour market activation measures.** Although each municipality in the Brussels-Capital Region can adopt a slightly different approach, CPAS employment or training departments provide services such as job counselling, skills profiling and workshops centred on job search skills (Schaerbeek Commune, 2020<sup>[25]</sup>). In Schaerbeek, the

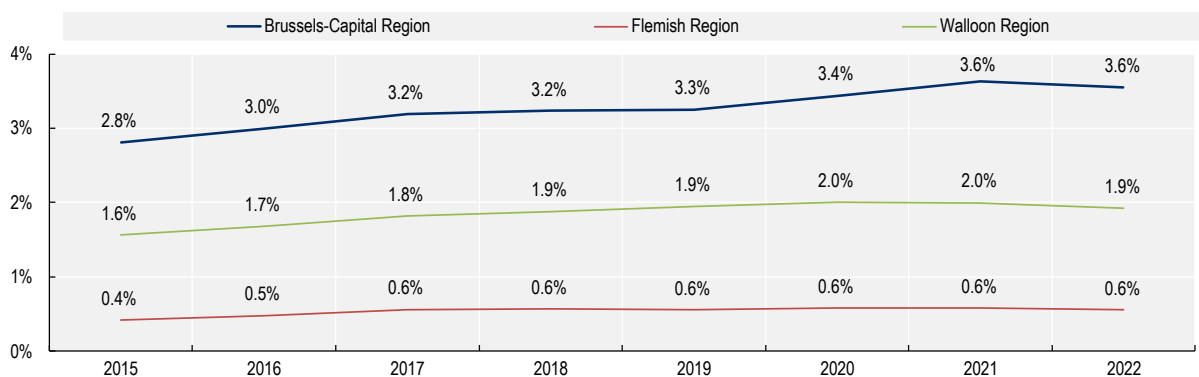
CPAS runs French and Dutch language courses, skills evaluation and financial support for training among a host of programmes (CPAS de Schaerbeek, 2020<sup>[26]</sup>) The Brussels City (“Bruxelles 1000”) municipality of the capital has an employment and social economy department with staff that provide job coaching services (CPAS de la Ville de Bruxelles, 2023<sup>[27]</sup>).

**Part of CPAS remit over labour market services originates in their power to deliver “Article 60” employment incentives in the local community.** “Article 60” or “CPAS law” (1976 *Loi organique des centres publics d’action sociale*), updated in 1996, enables CPAS to provide financial incentives for hiring in public entities (i.e. school, hospital), not-for-profit entities or private enterprises to hire social benefit recipients in the form of CPAS contracts (*Emplois d’insertion*). CPAS contracts aim to provide individuals with work experience and workplace skills<sup>11</sup>. Hiring employers benefit from a complete waiver of social security contributions (Eurostat, 2019<sup>[28]</sup>). CPAS contracts automatically end when the entitlement conditions with respect to working time duration to obtain UI benefits has been fulfilled.<sup>12</sup> Those who benefit from this scheme who do not find employed afterwards register with *Actiris* as UI-receiving jobseekers.

**CPAS face the challenge of growing social needs in the Brussels-Capital Region.** Interviews with CPAS staff revealed that counsellors face increasing difficulties to provide labour market services to all claimants and to meet their different social needs. The number of RIS recipients as a share of the total regional population increased from 2.8% of the population in 2015, to 3.3% in 2019 and to 3.6% in 2022 (Figure 3.2). This represents an increase from under 33 000 recipients in 2015 to over 44 000 in 2022.

**Figure 3.2. Minimum income (RIS) recipients as a share of the total population in the Brussels-Capital Region increased by 0.8 percentage points between 2015 and 2022**

Share of RIS recipients as proportion of total population, annual average, Belgian regions, 2015-2022



Note: (1) Statistics can change as CPAS can rectify preliminary data. (2) 2015-2021 obtained from IBSA, 2022 RIS data obtained from Federal Planning Bureau. (3) A regulatory change in eligibility for RIS in 2016 allowed those previously receiving subsidiary protection (*protection subsidiaire*) to benefit from RIS, this accounts for part of the change in 2016-2017.

Source: For RIS : Institut Bruxellois de Statistique et d’Analyse (IBSA) and Bureau fédéral du Plan ; For population: Statbel, Population par lieu de résidence, nationalité (Belge/non-Belge), état civil, âge et sexe, <https://bestat.statbel.fgov.be/bestat/crosstable.xhtml?view=7de30ad3-0871-46ad-af5a-aad2f51969c3>.

**CPAS collaborate with Actiris to provide labour market services jointly to a share of RIS recipients.**

A 2014 federal ministerial circular calls for CPAS counsellors to ensure minimum income recipients that are not exempt for health or others reasons at the discretion of CPAS (i.e. childcare, disability) to register with PES (SPP IS, 2014<sup>[29]</sup>).<sup>13</sup> The 2022-2027 agreement between *Actiris* and Brussels-Capital Region CPAS further articulates collaboration around young people receiving social benefits subject to job search requirements. The agreement also delimits case handling roles for specific circumstances in which individuals receive certain types of social benefits from CPAS and UI (*Actiris*, 2022<sup>[30]</sup>). In June 2023, over

15 500 CPAS minimum income recipients were enrolled in *Actiris* out of over 87 000 total jobseekers, or 21.7% of the total. Lack of clarity in the CPAS-*Actiris* relationship, however, may subsist regarding areas such as service entryways for different benefit recipients, differences in counselling methods or ultimate responsibility for labour market integration (Dumont, Franssen and Tojerow, 2021<sup>[22]</sup>).

**Different options exist to activate a higher number of those receiving minimum income.** A first policy direction involves granting further responsibility and access to PES services for the most job-ready minimum income recipients. In Slovenia, minimum income recipients register with PES for active labour market programmes, while municipalities only administer social benefits (OECD, 2016<sup>[31]</sup>). Generally, only people receiving means tested benefits that are assessed as unable to work are exempt from PES registration. Reforms announced in 2023 as part of the “France Travail” reform in France propose to register a greater share of individuals receiving French means-tested minimum income (*Revenu de solidarité active* – RSA) in the French PES for labour market counselling (Ministère du Travail, du Plein emploi et de l'Insertion, 2023<sup>[32]</sup>). Advantages of growing PES responsibility for minimum income recipients include access to a larger array of labour market programmes, such as digital job matching, employment incentives and proximity to employer services.

**A second relevant arrangement in OECD countries involves strong municipal structural capacity to deliver labour market services to those receiving means-tested benefits.** In the Netherlands, for example, municipalities are uniquely responsible for the delivery of labour market services to those receiving means-tested benefits (OECD, 2023<sup>[33]</sup>). The Dutch model involves strong delimiting of roles and minimal referral to PES for this group. In Denmark, reforms have transferred labour market services for all jobseekers to municipal services. These models require strong municipal financial, regulatory and staff capacity to deliver. Advantages of this model include delivery of labour market services more closely linked to the point of provision of social services and the specific policy expertise of counsellors, such as childcare, immigration services or psycho-social support. No one-size-fits-all model exists to alleviate capacity challenges, though examples expanded in Box 3.1 may offer ideas for the region.

**Pathways for people receiving RIS through occupational training may also be reinforced in current arrangements.** Foundational skills paired with occupation-specific training is an opportunity for the most vulnerable individuals to gain qualifications that tighten their attachment to the labour market. *Bruxelles Formation* and *VDAB Brussel* competence over training means the current agreement between *Actiris* and CPAS only covers training pathways partially. CPAS often refer individuals interested in basic skills training to social economy organisations such as *Organismes d'insertion socioprofessionnelle* (OISP). Pathways to higher levels of training available may be less utilised.

**Streamlining certain time-consuming administrative processes may also be an opportunity to raise capacity in CPAS.** A 2014 study found that a greater share of counsellor working time was spent on administrative procedures (41%) compared to case work (21%), a greater share than other comparable social services in Belgium (SPP IS/Probis, 2014<sup>[34]</sup>)<sup>14</sup>. Interviews conducted for this study of CPAS employment department caseworkers in 2022 suggest challenges related to lengthy administrative processes that reduce time dedicated to casework continue. Consultations may be conducted with staff to find ways to reduce administrative burden that do not require federal regulatory changes.



### **Box 3.1. Activation policies for minimum income recipients in other OECD countries offer options for supporting CPAS capacity in the Brussels-Capital Region**

**In Slovenia, the PES supports the job search of individuals who receive means-tested minimum income, while municipalities dedicate resources to social services**

#### **Individuals who qualify for means-tested minimum income in Slovenia register with the PES.**

Financial Social Assistance (FSA) is a cash transfer in Slovenia granted to individuals to cover minimum subsistence needs. Municipal Centres for Social Work (CSW) administer FSA along with a host of social services. FSA claimants are required to register first with the Slovenian PES (Employment Service of Slovenia – ESS) before CSW validate FSA claims. In the Slovenian system, ESS is the point of contact regarding employment services and labour market programmes for people who receive FSA. CSW have little to no labour market competence. FSA recipients agree to an Individual Action Plan (IAP) with PES counsellors to guide their job search, like unemployment insurance recipients. CSW continue assisting individuals with social services.

#### **Slovenia’s PES transfers jobseekers who are not able to work, including FSA recipients, fully to municipal CSW.**

A share of registered jobseekers are not able to work due to health reasons, addiction or other social or personal circumstance. As ESS does not have social policy competence, CSW and PES can jointly assess whether jobseekers are capable of working, whether they receive FSA or UI. Since 2012, a “provisional non-employability” commission composed of a CSW social worker, a PES counsellor, a rehabilitation advisor and, in some cases, additional experts assess an individual’s ability to work. CSW become responsible for individuals who cannot enter the labour market. This group is exempt of job search obligations. PES continue to assist those able to work.

#### **Dutch municipalities have responsibility and strong capacity to deliver labour market programmes to long-term unemployed and economically inactive people**

**Unlike Slovenia, municipalities in the Netherlands are responsible for the job search of individuals receiving means-test social assistance benefits.** The national PES (*Uitvoeringsinstituut Werknemersverzekeringen – UWV*) administers UI and active labour market programming for people unemployed for short periods of time and people facing incapacity due to illness or disability. Since 2015, however, municipalities have labour market policy responsibility for individuals facing long-term unemployment or economic inactivity. This group includes individuals who are eligible for means-tested social assistance benefits. In addition to seeking cost-efficiencies, the Netherlands also granted greater labour market powers to the municipal level due to their proximity to local labour market needs.

**Dutch municipalities have dedicated financial, staff and regulatory powers to deliver active labour market policy (ALMP) to vulnerable people.** Municipalities receive funding for labour market programming for the long-term unemployed and economically inactive through an unconditioned “Municipalities Fund”. Municipal labour market services include a host of labour market programmes, including job search counselling, matching, training, start-up support and employment incentive programmes. In cities such as Amsterdam, municipalities have developed specialised departments for the labour market integration of certain groups with dedicated programming, such as young people or the elderly. In many municipalities, labour market programming needs have led local administrations to hire specialised workers or contractors to assist with complex needs facing individuals.

Source: OECD (OECD, 2016<sup>[31]</sup>), *Connecting People with Jobs: The Labour Market, Activation Policies and Disadvantaged Workers in Slovenia*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264265349-en>; (OECD, 2023<sup>[33]</sup>), *Policy Options for Labour Market Challenges in Amsterdam and Other Dutch Cities*, OECD Reviews on Local Job Creation, OECD Publishing, Paris, <https://doi.org/10.1787/181c0fff-en>.

## ***The social economy is an asset to deliver services to vulnerable individuals, though schemes face governance challenges***

**Social economy organisations are highly active in delivering labour market services to minimum income recipients and people facing long-term unemployment in the region.**<sup>15</sup> Providers that can deliver these services in the Brussels-Capital Region are defined as organisations that perform social and professional integration (Brussels Capital Region, 2011<sup>[35]</sup>). Contracting out labour market programmes to social economy organisations can help PES deliver services targeted to the needs of certain groups, stimulate socially innovative solutions to unemployment or inactivity, deliver services linked to local services and communities and support efficiency through lower costs and additional revenue (i.e. sales, donations, volunteering, sponsorship) (OECD, 2018<sup>[36]</sup>; OECD, 2023 forthcoming<sup>[37]</sup>). Services can range from job counselling and training to in-work placements and community engagement.

**Social economy organisation involved in labour market services in the Brussels-Capital Region operate in different schemes.** These schemes were usually developed prior to the decentralisation of labour market policies to the regional level in a significantly different institutional environment. They include work integration social enterprises (*entreprises d'économie sociale d'insertion*), led by the Brussels-Capital Region through *Bruxelles Economie Emploi* (BEE) in collaboration with *Actiris*. They also include a group of organisations operating at the neighbourhood or municipal level focused on labour market and social activation programmes for vulnerable groups. These include *Agences Locales pour l'Emploi* (ALE), *Missions locales/Lokale Werkwinkels* and *Organismes d'insertion socioprofessionnelle* (OISP).

- ***Agences locales pour l'emploi (ALE)*** are not-for-profit associations (ASBL) that provide part-time jobs for *Actiris* long-term unemployed jobseekers as they search for work. Each municipality houses an ALE. ALE placements aim to help jobseekers gain initial work experience they may not be able to obtain on the open labour market due to low skill levels or other disadvantage, while providing extra income in addition to unemployment insurance (UI) benefits. Employers that take in ALE jobseekers can include other ASBL, public institutions such as schools and private individuals for domestic work. ALE payment works through a cheque system<sup>16</sup>. The 19 ALE in the region are governed by management committees composed of an equal number of members appointed by the municipal council and social partners.
- ***Entreprises de Travail Adapté (ETA)*** are not-for-profit associations (ASBL) that provide sheltered or supported employment to those with a mental or physical disability (FEBRAP, n.d.<sup>[38]</sup>). Individuals with disabilities working in ETA work under a Belgian labour contract. ETA adapt workplaces to those with disability. The COCOF certifies and provides financial compensation to ETA for the individuals with disability they hire.
- ***Entreprises d'économie sociale d'insertion***, or work integration social enterprises, provide individuals with work experience and skills as a pathway to the labour market or a non-subsidised job within the social enterprise.<sup>17</sup> The scheme works as an employment incentive. BEE certifies entities and provide a maximum of EUR 46 000 per year for four full-time employees to EUR 218 500 for thirty-two full-time employees (BEE, n.d.<sup>[39]</sup>). Subsidies cover both a part of wages and operating costs (BEE and *Actiris*, 2023<sup>[40]</sup>). Social enterprises for work integration include entities such as not-for-profit associations (ASBL) and CPAS. Subsidies can last between two and five years. Intaking organisations develop an upskilling and labour market integration plan for each individual from the target group. Eligible individuals include young people along with a list of target groups defined by *Actiris*.<sup>18</sup> Work integration social enterprises can also take on individuals receiving minimum income through CPAS contracts.<sup>19</sup> Work integration social enterprises go through a two-level certification process involving BEE and *Actiris*, first as social enterprises, and second, as social enterprises certified to take on individuals for labour market integration.
- ***Organismes d'insertion socioprofessionnelle (OISP)*** and ***Socioprofessionele Inschakeling (SPI)*** are not-for-profit associations (ASBL) that provide basic training services or specific labour

market services to jobseekers and minimum income recipients. The COCOF and *Bruxelles Formation* jointly certify OISP that provide training, often in the form of basic skills training, while *Actiris* certifies those responsible for other labour market and social activation programmes (COCOF, 1995<sup>[41]</sup>). *Actiris* and VDAB Brussel finance SPI, the Dutch-language counterpart to OISP. OISP and SPI are responsible for a share of modules offered by the training bodies as contracted providers. Different types of OISP/SPI operate in the region, such as *Ateliers de Formation par le travail* (AFT) and *Missions locales* on the francophone side, although the latter have a distinct administrative and institutional position.

- ***Missions locales* and *Lokale Werkwinkels*** are not-for-profit associations (ASBL) with a specific status in Brussels-Capital Region legislation as they accompany individuals through the entirety of their job search; including counselling, training and other labour market services (Région de Bruxelles-Capitale, 2008<sup>[42]</sup>). *Missions locales* and *Lokale Werkwinkels* provide services in French and Dutch respectively. These organisations tend to be embedded in a local network of community actors and municipal services. *Missions locales* also collaborate with *Bruxelles Formation*, offering training for individuals facing particularly difficulties or vulnerability (Bruxelles Formation, n.d.<sup>[43]</sup>). Nine *Missions Locales* and one *Lokale Werkwinkel* operate in the Brussels-Capital Region. Unlike other OISP, public authorities and social partners are involved in their governance. Their boards (*conseils d'administration*) include employer representatives, private members, worker representatives and one or multiple municipalities based on location. *Actiris* helps finance them.

**Creating more links between social economy schemes may minimise overlap and encourage greater critical size for financing.** *Entreprises d'économie sociale d'insertion* and ALE, for example, both offer work-based labour market programmes, although ALE deliver programmes to those still searching for work. A policy bridge between these two schemes may help individuals transition from ALE into a job in a social enterprise when ready. Joint programming between OISP and *entreprises d'économie sociale d'insertion* may help social enterprises fulfil their upskilling mandate in OISP over individuals hired. The very small scale of certain organisations, such as some OISP, may also limit their capacity to reach critical staff for project-based financing. Structural collaboration among and between *Missions Locales/Lokale Werkwinkel* and other OISP may help organisations pool resources to develop proposals.

**Complex governance structures and project-based financing can pose challenges.** Each of the nine *Missions Locales*, for example, balances priorities set by representatives of *Actiris*, employers, municipal leadership and trade unions. ALE may also be under competing priorities from different stakeholders. One option discussed in the region involves creating a single governing structure for all *Missions locales/Lokale Werkwinkels* (Ciccia, 2018<sup>[44]</sup>). While maintaining the involvement of historic stakeholders, this option would reduce the number of representatives in local organisations and favour greater scale. Such a reform should be sensitive to ways for local entities to maintain a degree of programmatic autonomy, vital to their neighbourhood-based approach. OISP representatives express difficulty due to partial reliance on project-based financing, which is not always tailored to the ongoing needs of the individuals they provide ongoing services to (FeBiSP, 2019<sup>[45]</sup>). Governance reforms may also decide a long-term funding strategy for OISP and *Missions locales/Lokale Werkwinkels* that considers both structural and project-based financing.

### ***Maisons de l'emploi* offer strong prospects to develop into wrap-around service delivery points**

**Taking stock of a high number of policy actors, the region created *Maisons de l'emploi* as “one-stop-shops” to further integrate employment, social and training services.** Local *Actiris* offices deliver frontline services to jobseekers within *Maisons de l'emploi* in most municipalities. *Maisons de l'emploi* group together frontline *Actiris* offices with local employment actors within a single structure. Each *Maisons de l'emploi* includes a set of legally mandated members, including the *Actiris* local office, which onboards jobseekers, the CPAS as well as *Missions locales* and *Lokale Werkwinkel*. *Maisons de l'emploi* can also

house ALE, *Bruxelles Formation* offices, OISP, *VDAB Brussel* offices and other actors. A coordination committee composed of its members leads its activities.

***Maisons de l'emploi* may not have deployed their full potential to foster local service integration.**

Countries deliver integrated services when public authorities deliver multiple services across policy areas, levels of government and providers in a combined way (OECD, 2023<sup>[46]</sup>). Integrated delivery aims to meet the holistic needs of individuals. In the Brussels-Capital Region, *Maisons de l'emploi* are currently the only systematic structure bringing together *Actiris* and local actors across municipalities. Evaluation of the *Actiris* 2017-2022 management contract highlights the opportunity offered by *Maisons de l'emploi* to evolve into a single-entry point for all jobseekers (Dumont, Franssen and Tojerow, 2021<sup>[22]</sup>). In some municipalities, however, services are not operating in a single premise, and actors such as *Bruxelles Formation*, *VDAB Brussel* and Employment Training Hubs (*Pôles Formation Emploi* - PFE) are not systematically associated.

**Further integration of services within *Maisons de l'emploi* will require the region to address obstacles faced elsewhere in the OECD.**

Some of the actors involved in *Maisons de l'emploi* already have bilateral relationships codified in regional legislation, such as that between *Actiris* and *Bruxelles Formation*. Social economy schemes in the region already involve a host of actors in their governance. Based on practice occurring across the OECD, governance questions will need to be resolved through clear and innovative ways of delimiting responsibilities, incentives and mechanisms to deliver services (OECD, 2023<sup>[46]</sup>). Collaboration at the strategic level, for example between regional and municipal employment policies, may also be needed. Other challenges, such as responsibility for financing, differences in professional cultures and IT/data sharing can also be discussed at the strategic level before further steps are taken.

**Strengthened *Maisons de l'emploi* may offer an opportunity to deliver wrap-around services with a more effective triage to the most adequate service.**

Such “one-stop-shops” exist in different forms in municipalities or publicly supported not-for-profit in countries such as Finland (Box 3.2). Wrap around service development can begin by piloting a comprehensive service approach for a specific group, such as young people. *Maisons de l'emploi* also offer an opportunity to clarify the roles of different actors. For example, as done by the ASBL *Infor Jeunes Bruxelles* for young people, no organisation has the distinct role of reaching out to adults outside social services about their eligibility.<sup>20</sup> The non-take up of benefits is a challenge in the region (Bouckaert and Schokkaert, 2011<sup>[47]</sup>) (COCOM, 2017<sup>[48]</sup>). Finally, further empowering *Maisons de l'emploi* may also improve services for individuals followed by both *Actiris* and CPAS by bringing counsellors together in a single space to discuss and resolve difficulties jointly.

### Box 3.2. An expanded pilot for one-stop-shops in Finland may offer policy ideas for the Brussels-Capital Region to further integrate the local delivery of services

After initial piloting, Finland is rolling out the *Ohjaamo* one-stop-shops for young people

Piloted since 2014 in Finland, *Ohjaamo* are free-of-charge integrated one-stop-shops for all individuals under the age of 30. *Ohjaamo* gather employment, social and community services in single office spaces across Finnish municipalities. The Finnish Ministry of Economic Affairs and Employment, the Ministry of Education and Culture, and the Ministry of Social Affairs and Health founded “*Ohjaamo*” one-stop guidance centres. The Finnish public employment service (PES) administers *Ohjaamo* jointly with municipalities. In 2022, Finland operated 70 *Ohjaamo*.

**The combined delivery of services aims to meet the challenges faced by young people.** Young people may struggle to enter education or training, take-up income support, find affordable housing, access mental or physical health care or establish themselves in a community. Counsellors from different public administrations, social economy organisations and private providers housed in *Ohjaamo* provide social and professional guidance to young people. *Ohjaamo* membership can vary significantly based on services implanted and needs present in a municipality. *Ohjaamo* adopt a “low threshold” approach involving universal access, no registration requirements and face-to-face services meant to reach many young people who would otherwise struggle to find different services.

***Ohjaamo* require coordination between national and local authorities.** The PES assist young people to look for work and enter education or training, social workers provide assistance with services such as housing while nurses on-site can assist young people with their health needs. Social economy organisations or private providers can provide additional services for youth based on location, such as recreational activities or temporary employment. Finland created a national coordination authority to help set standards and guidance across centres.

**Results from early roll out of *Ohjaamo* are encouraging though data is still limited.** In 2017 alone, *Ohjaamo* received nearly 120 000 visits from young people. Data on the pathways of young people from a small set of centres from 2017 suggests *Ohjaamo* may have a positive impact. According to this data, 22% of young people transitioned into open labour market jobs, 32% began or applied for training and 7% obtained a place to live, though data is not available on those who did not make transitions. Survey data from 2018 from 409 respondents in 26 centres suggests young people have had a very positive experience within *Ohjaamo*: those surveyed gave centres a 9.25 rating for the quality guidance (scale of four to ten).

Source: (European Commission, 2018<sup>[49]</sup>), *One-Stop-Shop Guidance Centres for young people (Ohjaamo)*, [https://www.doria.fi/bitstream/handle/10024/162148/OneStopGuidance.pdf?sequence=5](https://statbel.fgov.be/fr/Määttä, 2018<sup>[50]</sup>), “One-Stop Guidance Center – Ready to offer multi-agency services for the young”, <i>Kohtaamo (ESF), ELY-Centre Central Finland</i>, <a href=).; (OECD, 2019<sup>[51]</sup>), *Investing in Youth: Finland, Investing in Youth*, OECD Publishing, Paris, <https://doi.org/10.1787/1251a123-en>.

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## Notes

<sup>1</sup> The French Community is also known as the Brussels-Wallonia Federation (FWB - *Fédération Wallonie-Bruxelles*).

<sup>2</sup> Regions related to the geographic areas of the Flemish Region, the Walloon Region and the Brussels-Capital Region. Communities are linked to the official languages spoken in Belgium, Dutch, French and German, which do not correspond fully to regional boundaries. The French Community (*Communauté française*) has competence over the French-speaking areas of both The Walloon Region and the Brussels-Capital Region, while the Flemish Community (*Vlaamse Gemeenschap*) exercises its authority over the Dutch speaking population in The Flemish Region and the Brussels-Capital Region. The German-speaking community is concentrated in the east of The Walloon Region. Both Regions and communities are accountable to elected legislatures, though the Flemish Community and the Flemish Region have merged institutions into a single Parliament.

<sup>3</sup> A detailed classification of ALMPs and out-of-work income maintenance and support according to the OECD is available at: (OECD, 2022<sup>[6]</sup>), Coverage and classification of OECD data for public expenditure and participants in labour market programmes, <https://www.oecd.org/els/emp/Coverage-and-classification-of-OECD-data-2015.pdf>.

<sup>4</sup> FR: *régisseur de l'offre de formation*.

<sup>5</sup> Available data does not indicate whether online courses were provided by Bruxelles Formation or contracted providers.

<sup>6</sup> *VDAB Brussel* cooperates with the Flemish education system in two ways: (1) Unemployed people can get a diploma (secondary/bachelor/master) if *VDAB* agrees that this trajectory is the best way to find a job. *VDAB* pays the entrance/tuition fee, the learning material, transport costs and childcare cost. List of possible education options is decided upon by the *VDAB* Board (mainly bottleneck professions) and (2) Many language courses (e.g. Dutch) are organised by schools (*Centra voor volwassenenonderwijs*) on request of and recognised by *VDAB*. The courses are free for the unemployed. *VDAB* pays the learning material, transport costs and childcare cost.

<sup>7</sup> *FGTB (Fédération générale du travail de Belgique)*, *CSC (Confédération des syndicats chrétiens)*, *CGSLB (Centrale générale des syndicats libéraux de Belgique)*.

<sup>8</sup> Shares include UI as well as activation benefits (*allocations d'activation*) and in-work benefits (*primes*).

<sup>9</sup> The Flemish Region and the Flemish Community have merged their competences.

<sup>10</sup> A bi-lingual Common Community Commission (*COCOM*) has responsibility over *CPAS*. Created in 1989, the *COCOM* is composed of all Brussels-Capital Region parliamentarians, including both French and Dutch speakers. Its executive body, the College, is composed of two francophone and two Dutch-speaking Brussels-Capital Region ministers. *CPAS* come under the authority of the *COCOM* due to the bilingual status of Brussels-Capital Region municipalities and their involvement in health and social assistance.

<sup>11</sup> Nomenclature based on Article 60§7 of the *CPAS* law of 1976.

<sup>12</sup> Probationary period of 312 days for those under 36 years old (21 month reference period), 468 days for those between 36 and 49 years 468 days (33 months reference period) and 624 days for those over 50 years old (42 month reference period) (OECD, 2022<sup>[52]</sup>).

<sup>13</sup> Text from the 2014 circular: « *C'est pourquoi, je vous demande de veiller à ce que tous leurs bénéficiaires (revenu d'intégration et aide sociale équivalente) s'inscrivent comme demandeurs d'emploi auprès du service régional pour l'emploi à l'exception des bénéficiaires qui ne sont pas aptes à travailler pour des raisons de santé ou d'équité. Le cas échéant, je vous demande d'apporter de l'aide aux bénéficiaires dans leur démarche d'inscription.* »

<sup>14</sup> Administration is defined by the study as all paper or digital operations conducted by CPAS case workers, such as file organisation, data checks with the social security administration, completing forms or databases or research in archives. See (SPP IS/Probis, 2014<sup>[34]</sup>) for methodological details.

<sup>15</sup> Social economy organisations traditionally refer to the set of associations, co-operatives, mutual organisations, and foundations whose activity is driven by values of solidarity, the primacy of people over capital, and democratic and participative governance (OECD, 2020<sup>[54]</sup>).

<sup>16</sup> ALE payment occurs through a cheque to the different parties involved. Each ALE determines the value of the cheque to be used by local employers. In 2023, those working in ALE received EUR 4.10 per hour, net from tax, across the Region, for a maximum of 45 to 70 hours of monthly employment. Other actors, such as CPAS, trade unions and Actiris receive shares of the income generated from the ALE cheque.

<sup>17</sup> There are two levels of certification. First, as a “social enterprise”, and second as a “work integration social enterprise” if the social enterprise helps individuals into jobs.

<sup>18</sup> See for a full list of criteria: <https://www.actiris.brussels/fr/citoyens/emploi-d-insertion-en-economie-sociale/>.

<sup>19</sup> CPAS/OCMW who place people receiving minimum income in these jobs receive a subsidy supplement.

<sup>20</sup> See <https://ijbxi.be/a-propos/> for more information on Infor Jeunes Bruxelles.

# 4 Active labour market programmes in the Brussels-Capital Region

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The chapter analyses and offers international insights for Active Labour Market Policies (ALMPs) in the Brussels-Capital Region. First, the chapter assesses the jobseeker journey in the Public Employment Service (PES), *Actiris*, from an international perspective. This includes intake and segmentation, matching and counselling services and referrals to labour market programmes. Second, the chapter describes how *Actiris* supports and collaborates with employers, with a focus on opportunities to further encourage diversity in the workplace and address job quality challenges. The chapter closes with an analysis of labour market programmes in the region, with a focus on employment incentives and local job creation.

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# In Brief

## Strengthening pathways through counselling, ALMP programmes and jobs

- **Short-term unemployed jobseekers with the capacity to manage their job search independently may not make sufficient use of online self-service tools.** In September 2022, less than half of jobseekers registered with *Actiris* online (46%). In Finland and Sweden respectively, 83% and 70% of jobseekers were already registering online in 2018. Intensive in-person support for jobseekers with the capacity to independently manage their job search reduces *Actiris*' capacity to support jobseekers with a greater distance to the labour market. Indeed, over 47% of all jobseekers outside work have been unemployed for over two years in June 2023.
- **Job vacancy transmission from the PES in the Walloon Region, *Le Forem*, to *Actiris* is relatively low compared to the PES in the Flemish Region, VDAB.** Job offers received by *Actiris* from the VDAB in the Flemish Region increased from over 375 000 in 2021 to over 760 000 in 2022. Before 2022, VDAB only sent job offers that met certain geographic criteria and were part of shortage occupations. New opportunities for matching may exist in the Walloon Region.
- ***Actiris* caseworkers may be able to deliver high intensity counselling to a greater number of jobseekers.** In 2022, a single counsellor is estimated to handle the cases of 120 jobseekers. The *Actiris* “*Link*” programme is an example of a high-intensity approach to counselling in which jobseekers finishing training receive intensive counselling to find work.
- **The criteria *Actiris* uses to verify the job search of those receiving unemployment insurance (UI) are less strict than in most neighbouring countries.** Job search and “availability” requirements are relatively less strict in Belgium, while sanctions are higher. For example, in Germany, an initial availability check occurs within six months of unemployment compared to nine months, at the earliest, in *Actiris*.
- ***Actiris*' workplace “Diversity plans” are a promising tool to promote diversity in the private sector but obstacles for greater uptake among companies exist.** Diversity plans help employers increase diversity practices in the workplace through recommendations for companies to adapt human resource operations. Since 2010, 273 employers have developed an *Actiris* diversity plan. However, the current co-funding model under which employers provide part or all of the financing may deter smaller companies from participating.
- **The upcoming job quality observatory in *Actiris* is an encouraging step to identify job quality challenges and set standards for programmes.** Prior to the pandemic, in 2019, temporary employment reached 15.5% in the region, 5.6 percentage points higher than the Flemish Region (9.9%) and 3.7 points greater than Walloon Region (11.8%). In 2022, the risk of poverty for those in temporary jobs in Belgium is 6.3 percentage points higher than open-ended jobs. A downward trend in working conditions since 2015 may be contributing to labour shortages.
- **Links between training and different employment incentives programmes are not fully leveraged, while programme evaluation is limited.** For example, *Actiris* finances training for those who find jobs through *Activa.brussels* only to those under 30 years of age. More systematic evaluation the numerous employment incentives in the region can help decide how to modify, merge or split programmes based on what works.
- **The region may draw on emerging lessons learned from *Territoires Zéro Chômeur de Longuee Durée* (TZCLD) in France to support programme success.** 2023-2028 municipal “Neighborhood Contracts” in the Brussels-Capital Region are set to integrate TZCLD projects.

## Introduction

The purpose of this chapter is to analyse Active Labour Market Policy (ALMP) programmes in the Brussels-Capital Region. ALMPs can be classified into six categories, including jobseeker and employer services, training, employment incentives, sheltered and supported employment and rehabilitation, direct job creation and incentives to start a company. Examples of programmes delivered in the region are displayed in Table 4.1. *Actiris*, as the public employment service (PES), provides most types of programmes, including monitoring the job search of individuals receiving unemployment insurance (UI). Community bodies and municipal public social aid centres (CPAS) deliver ALMPs in their areas of competence, respectively training and federally funded employment incentives, known as *emplois d'insertion* or “Article 60” (“CPAS contract”). *Actiris* also liaises with employers and monitors labour demand to facilitate job matching.

The chapter provides an analysis of ALMPs in the region in an international perspective. The chapter begins by introducing the pathways jobseekers take through *Actiris* as they search for work, including digital and face-to-face services available. Using OECD data on the strictness of activation requirements, the section compares how demanding requirements are for jobseekers to continue receiving UI. Considering regional government leeway to adopt methods, options are discussed in line with the region’s labour market situation. A second section presents *Actiris* services to employers. This section also discusses the region’s policies to reduce hiring discrimination based on gender, disability, national origin and other characteristics. A focus is brought on ways for the region to better monitor the quality of employment and working conditions. A final section presents the region’s different employment incentives and upcoming deployment of a neighbourhood-level long-term job creation scheme, *Territoires Zéro Chômeur de Longue Durée* (TZCLD). Opportunities to maximise the effectiveness of incentives and TZCLD are discussed.

**Table 4.1. Subnational government is responsible for ALMPs across programme categories in the Brussels-Capital Region**

Brussels-Capital Region active labour market policy (ALMP) programmes based on OECD labour market programme categories

OECD active labour market programme category	Subcategories	Examples from the Brussels-Capital Region
Public employment services and administration	Placement and related services, benefit administration, other	Counselling, Link programme
Training	Institutional training, workplace training, integrated training, special support for apprenticeships	Training voucher ( <i>chèque formation</i> ), ICT voucher ( <i>chèque TIC</i> ), <i>Bruxelles Formation</i> , VDAB-Brussel
Employment incentives	Recruitment incentives, employment maintenance incentives, job rotation and job sharing	<i>Activa.brussels</i> , <i>Stage First</i> , CPAS contracts, <i>activa.brussels aptitude réduite</i>
Sheltered and supported employment rehabilitation	Sheltered and supported employment, rehabilitation	<i>Entreprises de Travail Adapté</i> (ETA) <sup>1</sup>
Direct job creation	N/A	<i>Programme de transition professionnelle</i> (PTP) <sup>2</sup>
Start-up incentives	N/A	<i>Prime d'installation</i>

Note: (2) ETA are the purview of the French Community Commission (COCOF). (2) PTP only available for placements in schools since 2021. Source: (Eurostat, 2019<sub>[1]</sub>), Author’s elaboration based on classification of Belgian labour market programmes by Eurostat (2019), labour market statistics: qualitative report. <https://ec.europa.eu/social/main.jsp?catId=1143&langId=en>.



## The jobseeker journey within Actiris

One of the core functions of *Actiris* is providing placement and matching services to jobseekers through a range of universal and more targeted services for jobseekers who require additional support. This section focuses first on the onboarding process and, second, provides an analysis of counselling methods. Third, the section reviews job-search monitoring procedures and other conditions placed on those receiving unemployment benefits. The section finds that the jobseeker journey within PES may be strengthened through more capacity to deliver face-to-face counselling to those most in need, while digital self-service can accelerate processes for individuals with capacity to find work more independently. The way *Actiris* monitors job search, or availability checks, entails less strict criteria to search and be available for work than most neighbouring OECD countries. Steps to prompt more jobseekers to search for work in the region's geographic periphery and complete training are discussed.

### ***Actiris jobseeker registration and segmentation may place a stronger focus on those most likely to struggle to find work***

**Unemployment benefit recipients are the largest client group of jobseekers registered with *Actiris*.**

In June 2023, over 100 600 jobseekers were registered within *Actiris*. Individuals claiming Unemployment Insurance (UI) in the Brussels-Capital Region need to register with *Actiris* to be entitled to benefits. Out of all jobseekers in *Actiris*, over 87 200 are outside work, while another 8 200 were employed jobseekers and 5 100 were in training (*Actiris*, 2023<sub>[2]</sub>).<sup>1</sup> Table 4.2 presents a breakdown of unemployed jobseekers by benefit categories. In June 2023, 15 560 unemployed jobseekers in *Actiris* were also registered with municipal public social aid centres (*Centres publiques d'action sociale* - CPAS) responsible for means-tested social benefits, or nearly 18% of the total. Revealing the high levels of disadvantage facing *Actiris* jobseekers, in June 2023 over 41 200 jobseekers had been unemployed for over two years, or over 47% of all unemployed jobseekers.

**Table 4.2. Individuals receiving unemployment benefits represent the largest share of unemployed jobseekers in *Actiris* in 2023**

Number and share of unemployed jobseekers in *Actiris* by benefit type, 2022-2023

	June 2022	June 2023	Percent of total June 2023	Percent change June 2022 – June 2023
Unemployment benefit recipients	53 677	51 402	58.9%	-4.2%
Young people in SIP	4 309	5 213	6%	21%
Others (RIS, awaiting decision on UI, no benefit)	26 489	30 603	35.1%	15.5%
<b>Total unemployed jobseekers</b>	<b>84 475</b>	<b>87 218</b>	<b>100%</b>	<b>3.2%</b>

Note: (1) Unemployment benefit recipients include individuals receiving UI benefits or youth unemployment benefits, *allocations d'insertion*. (2) Young people in SIP refers to young people having finished secondary education undergoing a year-long job search before they can qualify for *allocations d'insertion*, known as the *Stage d'insertion professionnelle* (SIP) waiting period. (3) *Revenu d'intégration sociale* (RIS) refers to Minimum Income delivered by CPAS. (4) Not shown in the table are 13 408 registered clients in *Actiris* in June 2023 who are training (5 142) or employed (8 266).

Source: view.brussels, *demande d'emploi* statistics, [https://viewstat.Actiris.brussels/viewstat\\_werkloosheid\\_basisstatistieken.html](https://viewstat.Actiris.brussels/viewstat_werkloosheid_basisstatistieken.html); (*Actiris*/view.brussels, 2023<sub>[3]</sub>), *Évolution du marché de l'emploi bruxellois: rapport mensuel (juin 2023)*, <https://www.actiris.brussels/media/idbmlsb/rapport-mensuel-juin-2023-h-E3DA7CE6.pdf>.

**Actiris orients jobseekers in a caseworker-based approach to profiling and segmentation.** Once registered, profiling tools assess the job-finding prospects of jobseekers and help PES segment jobseekers into different groups to provide employment services more efficiently. While providing more minimal support to those able to find work independently, more intense services can be provided to those with more complex needs and greater labour market distance. Similar to the German PES, *Actiris*' profiling is based on a face-to-face approach in which case workers use discretion to segment jobseekers into groups (Desiere, Langenbucher and Struyven, 2019<sup>[4]</sup>). *Actiris* counsellors assess a jobseeker's autonomy and employability during their initial meeting with a jobseekers, using tools such as language tests and standardised disability screening methods. The counsellor and the jobseeker also agree on an Individual Action Plan (IAP) during this initial meeting.

**Some PES in the OECD also use statistical profiling to segment individuals.** Statistical approaches entail both benefits and risks. These tools present advantages such as predictive information on unemployment duration but face drawbacks such as potential discriminatory sorting and low acceptability among stakeholders (van Landeghem, Desiere and Struyven, 2021<sup>[5]</sup>; Delpierre, El Fatihi and Demazière, 2023<sup>[6]</sup>).

**Channelling more jobseekers into self-service options could help reduce caseload for counsellors to prioritise those with more complex needs.** The initial meeting takes places within one month for those under 25, while it occurs within three months for older jobseekers. In 2022, 46% of individuals registered with *Actiris* online, while the majority registered face-to-face or by phone.<sup>2</sup> Online application rates for employment services vary within the OECD, though have reached high levels in some countries. Three-quarters or more of jobseekers registered online in the United States (77%), Sweden (91%) and the Netherlands (95%) (OECD, 2022<sup>[7]</sup>).<sup>3</sup> As reported in the OECD database on activation policy rules, Greece, Iceland and Italy, all registrations have to be made online. A greater share of digitally literate jobseekers should be encouraged to register online. Jobseekers that demonstrate at least basic digital skills through registering online via *MyActiris* should also be compelled to job search independently. This includes online tools and the vacancy platform available through *MyActiris* until the first personal meeting.

### ***The matching potential of the digital MyActiris platform may benefit from greater vacancies from the Walloon Region, as has been achieved with the Flemish Region***

**The digital *MyActiris* tool is the main interface for jobseekers with *Actiris* caseworkers during job search, complementing in-person counselling.** The *MyActiris* platform contains jobseeker information, their CV, skills and job search preferences. Once jobseeker information, skills and preferences are listed, *MyActiris* connects individuals with job listings available. *MyActiris* has integrated a messaging service with employers and a host of record-keeping services which can help validate availability requirements. *MyActiris* has also reduced paperwork for jobseekers by providing a tool for jobseekers to access documents and register for training online.

**As it has done with the VDAB, *Actiris* could grow its matching potential by widening automated vacancy transmission with the PES in the Walloon Region, *Le Forem*.** Jobs in proximate regions offer strong matching prospects for jobseekers due to the wider job options available. Table 4.3 shows the number of job offers received from the VDAB has increased from nearly 376 000 in 2021 to almost 760 500 in 2022 since the automated data-exchange between VDAB and *Actiris* started. Due to this agreement, vacancy exchange is no longer limited to criteria such as shortages or geographic distance. A similar expansion of vacancy exchange could be envisaged with *Le Forem* in the Walloon Region. Ideally jobseekers should have vacancies for all of Belgium at the fingertips, as for example the Austrian PES achieves with the data base *Alle Jobs* ("all jobs").

**Increased vacancy transmission with *Le Forem* could offer new opportunities for matching due to the linguistic proximity with the francophone jobseeker base in *Actiris*.** Increased registration of vacancies from employers in the Walloon Region to *Actiris*, which grew from over 3 100 in 2021 to nearly

5 700 in 2022, may signal the potential of widening exchange. Indeed, in July 2023, *Le Forem*, published a list of 158 occupations facing recruitment difficulties or labour shortages, a list which has grown since 2022 (Le Forem, 2023<sup>[8]</sup>). The number of Brussels residents who commute to the Walloon Region for work is already substantial and could grow further. In 2021, 23 000 residents of the capital commuted to work in the Walloon Region relative to 53 000 to the Flemish Region.

**Table 4.3. As done with the VDAB, greater vacancy transmission from *Le Forem* may open new matching options for francophone *Actiris*-registered jobseekers**

Number of job vacancies in the Flemish and Walloon Regions received by *Actiris* by source, 2021-2022

Source of job vacancies	Vacancies in Flemish Region		Vacancies in Walloon Region	
	2021	2022	2021	2022
VDAB	375 863	760 468	96	1 875
<i>Le Forem</i>	6 641	3 921	14 885	10 873
Employers (based in the Flemish and Walloon Regions respectively)	7 142	10 184	3 113	5 667
<b>Total</b>	<b>389 646</b>	<b>774 573</b>	<b>18 094</b>	<b>18 415</b>

Note: (1) Since September 2021, automatic data transmission from the VDAB is no longer limited to recognised occupational shortages, to offers that have been published for more than 40 days and to VDAB offers limited to the Brussels-Capital Region and its periphery. (2) Employers refer to job vacancies received directly from employers in the Flemish Region and the Walloon Regions, for their respective regions, without transmission through a regional PES. (3) The VDAB and *Le Forem* record some job vacancies whose place of work is in the Walloon and Flemish Regions respectively. (4) All regional PES in Belgium also receive offers from PES in other regions.

Source: View.brussels : <https://www.actiris.brussels/fr/citoyens/view-brussels/>.

### ***Strengthening counselling intensity in Actiris***

**Once assessed, counsellors use their discretion to check in with and assist jobseekers based on progress and exchanges with jobseekers.** For those individuals most struggling, counsellors adopt a “proactive” approach in which they contact individuals regularly. Counsellors guide jobseekers to specialised internal services and suggest jobseekers to contracted labour market programmes. Counsellors can recommend training for jobseekers, transitioning them to *Bruxelles Formation* or the VDAB-Brussel. Depending on counsellors' assessment, some jobseekers also enter contracted-out counselling based on an assessment. Those with complex barriers who enter counselling with *Missions locales* (see Chapter 3). The VDAB-Brussel can also accept *Actiris* jobseekers for counselling to search for jobs in the Flemish Region or employment requiring Dutch language.

***Actiris* caseworkers face high caseloads of jobseekers, weighing on their ability to provide quality counselling.** *Actiris* estimates a 2022 caseload of around 120 jobseekers per full-time counsellor. Research on counsellor-to-jobseeker caseloads within PES suggests lower caseloads help individuals find employment more quickly (Hainmueller et al., 2016<sup>[9]</sup>). A Randomised Control Trial (RCT) from Austria was able to demonstrate how lower caseloads resulted in a host of favourable results, such as a greater number of job offers and more labour market programme referrals. A cost-benefit analysis of the trial suggested that lowering caseloads is not only effective in shortening unemployment, but also cost-efficient (Böheim, Eppel and Mahringer, 2022<sup>[10]</sup>). Facing an increased caseload since the pandemic, *Actiris* caseworkers note they struggle to address the needs of all jobseekers, calling for more attention around hiring, staff investment or efficiency gains.

**The *Actiris* “Link” programme may serve as a base for more intensive counselling.** The *Actiris Link* programme provides voluntary intensive twelve months of support to jobseekers finishing training, an

*emploi d'insertion*/"Article 60" contract or meeting other selected criteria. *Link* support focuses on creating a personal relationship of trust with jobseekers and practical help to face individual situations. 1 569 jobseekers participated in the *Link* programme in 2019 (Actiris, 2019<sub>[11]</sub>). A single caseworker follows around 30 individuals. The *Link* programme operates within a dedicated office in Actiris. *Link* could cover additional target groups or be piloted with additional groups, such as those in long-term unemployment. It could also serve as a low caseload approach for all of those finishing training who have not found work.

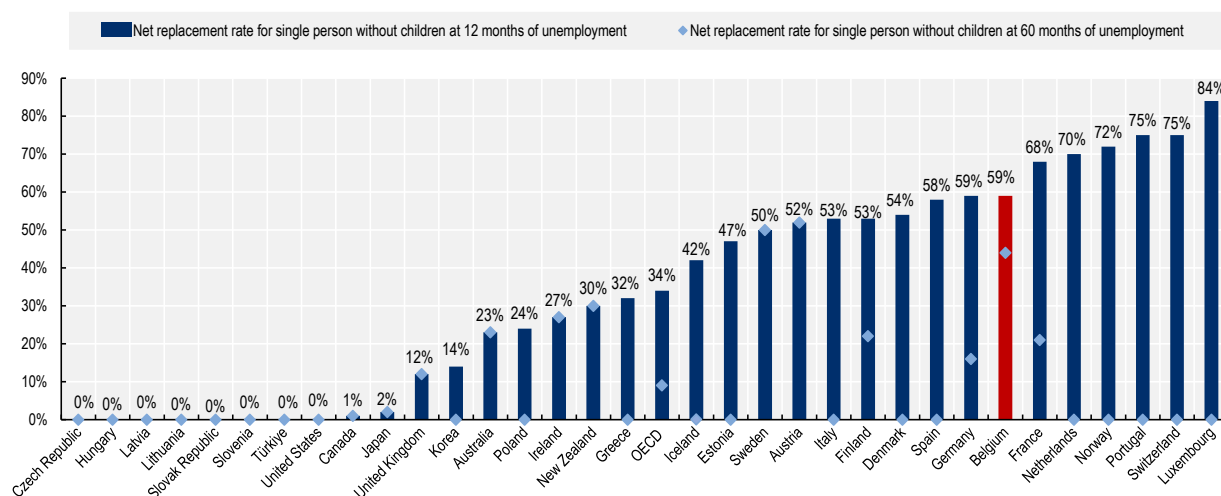
### **Actiris can strengthen implementation of rules for availability and job search to continue receiving unemployment benefits, while tailoring sanctions**

**Unemployment insurance (UI) benefits follow federal regulation across Belgian regions, offering relatively higher and longer protection than in other OECD countries.** Monthly UI benefits apply a formula to the gross daily wage previously earned according to family status.<sup>4</sup> UI in Belgium replaces a higher share of average income than many OECD countries over long unemployment spells, though requires a longer period of work to qualify.<sup>5</sup> After twelve months of unemployment, UI in Belgium replaces 59% of average income for single persons without children, which is same rate than in Germany after 12 months, but lower than in France at 68% (Figure 4.1). Funds decrease in small, staggered steps over time (Salvatori, 2022<sub>[12]</sub>), but different to UI systems in all other OECD countries UI duration is unlimited.

**While UI benefits are of unlimited duration, many long-term unemployed are stuck in a poverty trap.** In Belgium, UI still replaces 44% of average income after five years of unemployment, much higher than in neighbouring countries. However, it is important to note that income provided by UI may still not be sufficient to avoid the risk of poverty for the long-term unemployed, highlighting the specific policy attention needed for this group. A survey of 2 200 people in long-term unemployed people by a Belgian union found the majority struggle to make ends meets, with many depending on savings and income from family (CTC, 2022<sub>[13]</sub>).

### **Figure 4.1. In Belgium, UI offers higher replacement income over long unemployment spells compared to other OECD countries**

Net replacement rate based on average income for a single person with no children at 12 and 60 months of unemployment, 2022



Note: (1) Net Replacement Rates in unemployment measure the proportion of income that is maintained after 1, 2, ..., T months of unemployment. (2) Rates are net of tax and benefits. Earnings prior to unemployment and for the other partner of the couple are assumed to be at the average rate and contributions are assumed to be long enough to qualify for unemployment insurance. (3) Rates exclude other social and housing benefits.

Source: OECD calculations based on the OECD tax-benefit model, [www.oecd.org/social/benefits-and-wages/data/](http://www.oecd.org/social/benefits-and-wages/data/).

### **Actiris monitors the way people receiving UI benefits search for work through availability checks.**

When PES counsellors monitor availability, they verify if jobseekers able to work meet requirements to receive UI benefits. The OECD classifies requirements to maintain UI into three categories:

1. Availability and suitable work criteria, which includes the possible obligation of jobseekers to enter ALMP programmes or look for work during participation in programmes, as well as the criteria regarding the parameters of a person's job search, such as rules around occupational and geographic mobility as well as other valid reasons to reject a job offer;
2. Job-search requirements and monitoring, such as the number and nature of check-ins;
3. Sanctions for jobseekers who do not meet requirements.

### **As Belgian regions are responsible for the monitoring of the UI rules, they have considerable leeway in the implementation and operationalisation of the rules.**

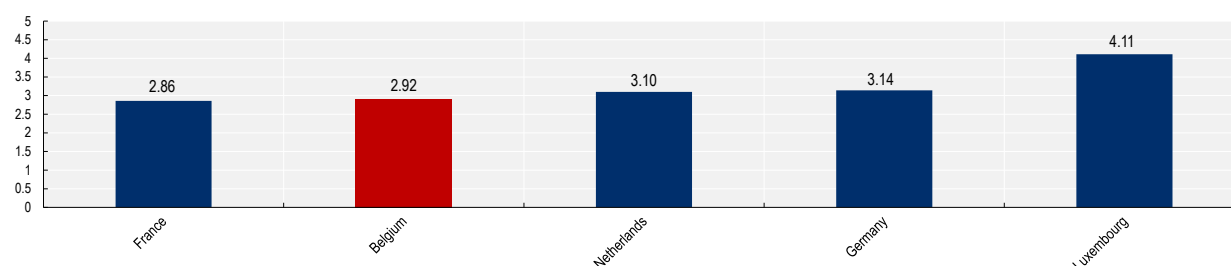
The federal government defines criteria around suitable employment to be sought and accepted by jobseekers, geographic mobility criteria and job-search requirements. Regions have legislative powers over selected elements of availability, such as setting job search requirements during training, as well as leeway to adapt sanction application (OECD, 2022<sup>[7]</sup>). Regions also define the check-in process with jobseekers based on a minimum interval set federally (Moniteur Belge, 2015<sup>[14]</sup>). A distinct *Actiris* department and its staff conduct availability checks with jobseekers receiving UI benefits, separate from caseworkers responsible for supporting job search.

### **Requirements to continue receiving UI during job search are less strict in Belgium compared to most neighbouring countries according to OECD indicators.**

Figure 4.2 compares availability, job search and sanctioning requirements in Belgium with neighbouring countries according to the OECD strictness of activation requirements indicator. The indicator produces a synthetic score on a scale of one to five, with one being the least strict and five the strictest. The indicator is based on the aggregation of a weighted average of the main rules that determine ongoing UI eligibility. Rules are classified into eleven subcategories, which determine the three categories above (availability, job search and sanctions) (OECD, 2022<sup>[7]</sup>). In 2022, Belgium recorded a lower total strictness score than the Netherlands, Germany and Luxembourg, and a higher score than France. Data in this section is based on surveys distributed to countries in early 2022.

**Figure 4.2. Overall rules to continue receiving unemployment insurance benefits in Belgium are less demanding compared to most neighbouring countries**

OECD strictness of activation requirements (1 being least strict, and 5 being most strict), overall score (items 1 to 11), first-tier unemployment benefits (UI), 2022



Note: (1) The strictness of the main rules and requirements that determine claimants' ongoing eligibility to out of work benefits (e.g. requirements to be occupationally or geographically mobile when searching for work, sanctions for voluntary unemployment or refusals of suitable job offers) are rated on an ordinal scale ranging from 1 (least strict) to 5 (most strict). The resulting scores are subsequently aggregated into sub-indicators of the strictness of job-search requirements and monitoring rules, of availability requirements and suitable work criteria and of sanctions. These, in turn, are aggregated into an overall index of the strictness of benefit eligibility criteria. The aggregation rule used is a weighted average. (2) Data for France from 2020. (3) The database in *oecd.stat* includes data for the individual items that enter the summary index.

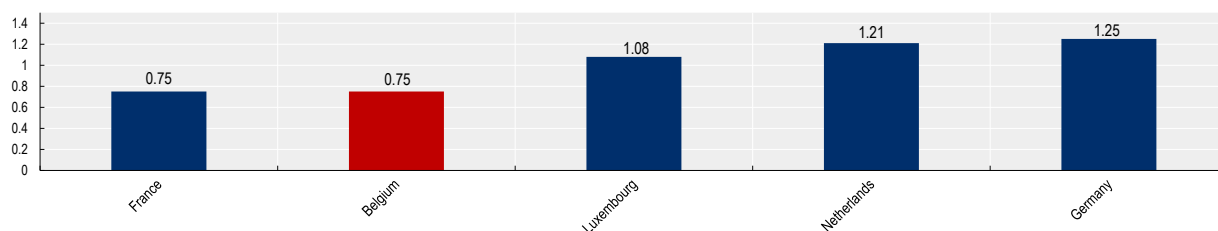
Source: OECD Strictness of activation criteria database. Details on the methodology underlying the calculation of the indicators are available at <https://www.oecd.org/social/strictness-benefit-eligibility.htm>.

**The Brussels-Capital Region may consider a firmer application of the unemployment benefit availability requirements.** According to the OECD UI strictness indicator, leeway to accept or reject available job offers without risking benefits, known as availability, in 2022 were relatively less strict in Belgium compared to bordering countries, except France (

Figure 4.3). Given the high labour demand in neighbouring regions, a firmer application of geographic mobility criteria, defined federally as within a four-hour daily commute or 60 kilometres, may incite more individuals to accept jobs in the region's periphery when realistic (i.e. feasible transit, childcare availability). Also, requirements around ALMP participation, such as training, are relatively less strict in Belgium compared to most OECD countries. Jobseekers are exempt from job search when training meets a set of minimum requirements.<sup>6</sup> Although regions have leeway to adapt this rule, less demanding search requirements while training may be strategic to support a regional strategy to lift the attractiveness of training, upskill the workforce and encourage training entry and completion (Chapter 5). Stronger follow-up or potential sanctions may, however, be considered for withdrawal from training or education without appropriate justification (i.e. health, caring responsibilities) to engage individuals more firmly in training or education completion.

### Figure 4.3. In Belgium, unemployment benefit recipients less strict availability requirements compared to most neighbouring countries

OECD Strictness of activation requirements database, availability requirements in four areas (overall score for items 1 to 4), first-tier unemployment benefits (UI), 2022



Note: (1) The OECD Strictness of activation requirements database has items for four different areas of availability requirements: i) availability during ALMP participation; ii) demands on occupational mobility; iii) demands on geographical mobility; and iv) other valid reasons for refusing job offers). (2) Latest available data for France from 2020.

Source: OECD Strictness of activation criteria database. Details on the methodology underlying the calculation of the indicators are available at <https://www.oecd.org/social/strictness-benefit-eligibility.htm>.

**An initial availability check with new UI claimants takes place at the earliest nine months after registration.** If negative, staff return to UI recipients five months after the latest check. All check-ins occur in a three-part process, which progresses to sanctions if jobseekers fail to meet requirements:

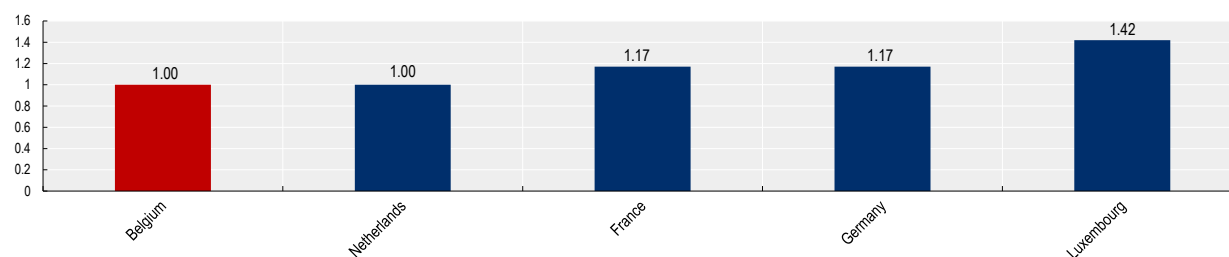
- A file check based on job search activity;
- A meeting with staff where jobseekers are asked to further bring proof of job search;
- A three-staff panel evaluation with sanctioning authority.

In case of a first negative panel assessment, job seekers receive a warning. After a second negative assessment, benefits are fully suspended for thirteen weeks for single individuals, while a partial reduction applies to isolated people or heads of households.<sup>7</sup> After a third negative evaluation, benefits are suspended indefinitely.<sup>8</sup> If an evaluation is positive, *Actiris* checks-in at the earliest twelve months after the positive assessment. Staff conduct availability checks with young people waiting to qualify for integration allowance (*allocations d'insertion*) more frequently.

Given significant regional leeway to determine availability checks with jobseekers, *Actiris* may consider meeting with jobseekers earlier and more regularly. The OECD strictness indicator in Figure 4.4 shows expectations on the intensity of a job search are less demanding in Belgium compared to most neighbouring countries. *Actiris*' initial availability check at the earliest nine months after registration may be accelerated. In Germany, for example, an initial availability meeting in which a jobseeker integration agreement is reviewed occurs at the latest after six months of unemployment (OECD, 2022<sup>[7]</sup>). Availability checks for those assessed negatively in a first interview may also occur more frequently than the standard minimum five-months interval described in the *Actiris* process above. In France, for example, check-ins occur every month from the fourth month of unemployment, compared to every five months in *Actiris* for those evaluated negatively (OECD, 2022<sup>[7]</sup>).

#### Figure 4.4. Job search requirements to continue receiving benefits are less demanding in Belgium compared to most neighbouring countries

OECD Strictness of activation requirements database, job search requirements (overall score for items 5 and 6), first-tier unemployment benefits (UI), 2022



Note: (1) Job-search requirements include two items: i) frequency of monitoring and ii) documentation of job-search activities). (2) Latest available data for France from 2020.

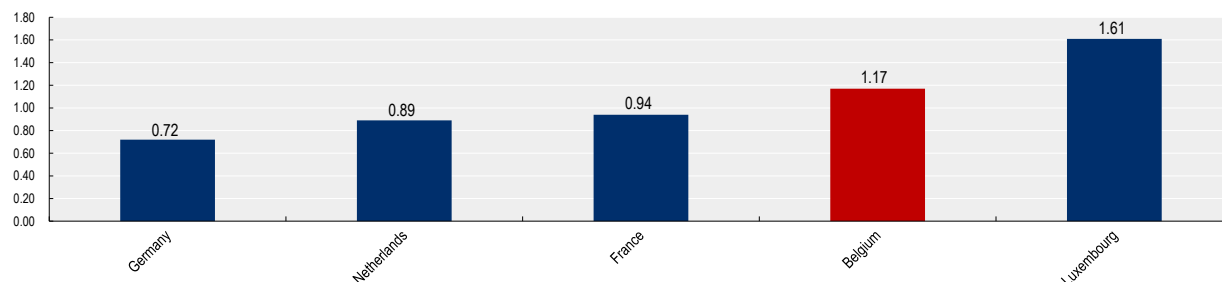
Source: OECD Strictness of activation criteria database. Details on the methodology underlying the calculation of the indicators are available at <https://www.oecd.org/social/strictness-benefit-eligibility.htm>.

**The Brussels-Capital Region could introduce partial sanctions to adjust penalties to job search efforts while reducing financial hardship on jobseekers.** Sanctions in Belgium are steeper compared to most neighbouring countries (Figure 4.5). In most cases, sanctions in the region entail full temporary suspension of benefits after a warning<sup>9</sup>. Although sanctions can reduce unemployment duration, research suggests they incite individuals to take up jobs of lower quality and of shorter duration (Arni, Lalive and van Ours, 2013<sup>[15]</sup>). A review of research also finds an association between benefit sanctions and material hardship and health problems (Pattaro et al., 2022<sup>[16]</sup>). The possibility to reduce UI benefits partially, as done in the Netherlands and already done in the region for a limited group of jobseekers, allows for progressive sanctioning based on efforts undertaken by jobseekers.



### Figure 4.5. Benefit sanctions are stricter in Belgium compared to most neighbouring countries

OECD Strictness of activation requirements database, sanctions (overall score for items 7 to 11), first-tier unemployment benefits (UI), 2022



Note: Note: (1) Sanctions include includes 5 items (sanctions for voluntary unemployment, for refusing job offers, for repeated refusals of job offers, for failures to participate in counselling or ALMPs, and for repeated failures to participate in counselling or ALMPs).

Source: OECD Strictness of activation criteria database. Details on the methodology underlying the calculation of the indicators are available at <https://www.oecd.org/social/strictness-benefit-eligibility.htm>.

## Employer engagement and job demand within Actiris

The section explores **Actiris services to employers and labour demand**. The section presents the work of the *Actiris* employer service department and explores specific initiatives to encourage diversity in the workplace and improve the quality of jobs.

### ***Actiris adopts a sectoral approach to employers***

**A specific *Actiris* department works with Brussels-Capital Region employers.** Across OECD countries, PES employer services can involve recruitment assistance, financial support through employment and training subsidies, provision of labour market information and support with human resources (Finn and Peromingo, 2019<sup>[17]</sup>). *Actiris* dedicates specific counsellors to employers. When an employer reaches out, *Actiris* connects the employer with a dedicated counsellor. Employers in other Belgian regions can access *Actiris* employer services to access jobseekers in the region. Employers can also use *MyActiris* to feed their job offerings into the *Actiris* talent pool. *MyActiris* allows employers to handle outreach directly or allows *Actiris* to pre-select candidates for the employer.

**Dedicated employer counsellors work with employers on their hiring needs.** A first meeting is held between the employers seeking support and their *Actiris* counsellor. This counsellor records employer hiring needs to find a list of appropriate candidates and briefs the employer on *Actiris* programmes. Within ten working days, *Actiris* proposes a maximum of six candidates that match the employer's opening. *Actiris* then proposes an initial meeting between pre-screened candidates.

**Employer-facing counsellors are specialised in broad sectors.** The sectors include (1) retail, accommodation, food services and tourism, (2) manufacturing, construction, transportation and logistics, (3) public administration and education, (4) firm services, finance and ICT and (5) personal care services, culture, health, social services and recreation. This division of roles ensures sector-specific counselling that links employers with candidates that have the skills necessary for the sector. The *Pôles Formation Emploi* (PFE), which engage employers in sector-based training of jobseekers, are described in further detail in chapter 5.

***As part of a regional anti-discrimination strategy, Actiris Diversity plans are gaining traction among employers, though their cost may be a barrier for uptake***

**Taking stock of labour market discrimination, the Brussels-Capital Region has deployed a range of policy tools.** In 2019, a study by *view.brussels*, the *Actiris* labour market observatory, revealed the extent of the high and persistent gaps in employment trajectories based on national origin in the regional labour market (*view.brussels*, 2019<sup>[18]</sup>). Chapter 2 highlights the evidence of hiring discrimination, particularly towards individuals born outside the European Union (EU), among employers in the Flemish Region. The regional government has made anti-discrimination and workplace diversity a priority through a series of fifteen policy commitments (Clerfayt, 2022<sup>[19]</sup>). The commitments plan to review the region's legislative framework (*ordonnances*) to provide greater regulatory power to deploy programmes.

***Bruxelles Economie Emploi (BEE) addresses hiring discrimination through its labour inspectorate (Inspection Régionale de l'Emploi – IRE).*** In 2021, the IRE created a dedicated unit to pursue potential cases of hiring discrimination. Despite these steps, only 45 cases of potential hiring discrimination were signalled to the IRE between 2018 and 2021 (Clerfayt, 2022<sup>[20]</sup>). 2023 legislation (the “testing” regional decree) strengthened the IRE's capacity to conduct hiring discrimination inspections in a number of sectors within the purview of the regional government, such as service vouchers for domestic work (*titres-services*) (Clerfayt, 2023<sup>[21]</sup>). For example, the testing decree increased information exchange with *Actiris* and widened criteria to conduct inspections (Moniteur Belge, 2023<sup>[22]</sup>).

**Within *Actiris*, a principal tool to promote diversity in the workplace of employers are the “Diversity plans” (*plans de diversité*).** *Actiris* counsellors help employers develop plans to promote diversity in a range of human resource dimensions, including hiring as well as internal and external communications. Since 2010, 273 employers in the region adopted an *Actiris* Diversity Plan.

**Employers provide financing for Diversity plans, which may create obstacles for greater uptake for some employers.** *Actiris* provides three types of Diversity Plans based on specific needs, which employers can request from *Actiris* (*Actiris*, n.d.<sup>[23]</sup>):

- A plan for SMEs: *Actiris* counsellors help an SME with a specific theme related to anti-discrimination or diversity, such as prejudice related to people of foreign origin, the inclusion of those with special needs in the workplace or fostering stronger inter-generational workforce relationships. The plan requires financing of EUR 5 000 from employers.
- A global plan: *Actiris* provides in-depth sectoral analysis across four human resource and communication areas (recruitment and hiring, staff policies, internal communications and external positioning). The plan requires EUR 10 000 in co-financing from employers.
- A thematic plan: Employers follow up on and expand the results of past *Actiris* diversity plans. This measure also requires EUR 10 000 in co-financing from employers.

***Actiris* also operates “Actiris Inclusive”, a phone line where individuals can report hiring discrimination.** Once signalled, *Actiris* counsellors help support jobseekers who have been discriminated against through tailored guidance (ie. referral to in-house or contracted services) (*Actiris*, n.d.<sup>[24]</sup>).

***There is room for Actiris to further assess and consider the quality of jobs available in ALMP programmes***

**Contractual quality at the low end of the income distribution may be a greater challenge in the Brussels-Capital Region compared to other regions.** The type of contracts is one indicator to help assess the quality of jobs based on the security offered by contracts. Prior to the pandemic, in 2019, temporary employment reached 15.5% in the Brussels-Capital Region, 5.6 percentage points higher than the Flemish Region (9.9%) and 3.7 points greater than Walloon Region (11.8%) (*view.brussels*, 2021<sup>[25]</sup>).

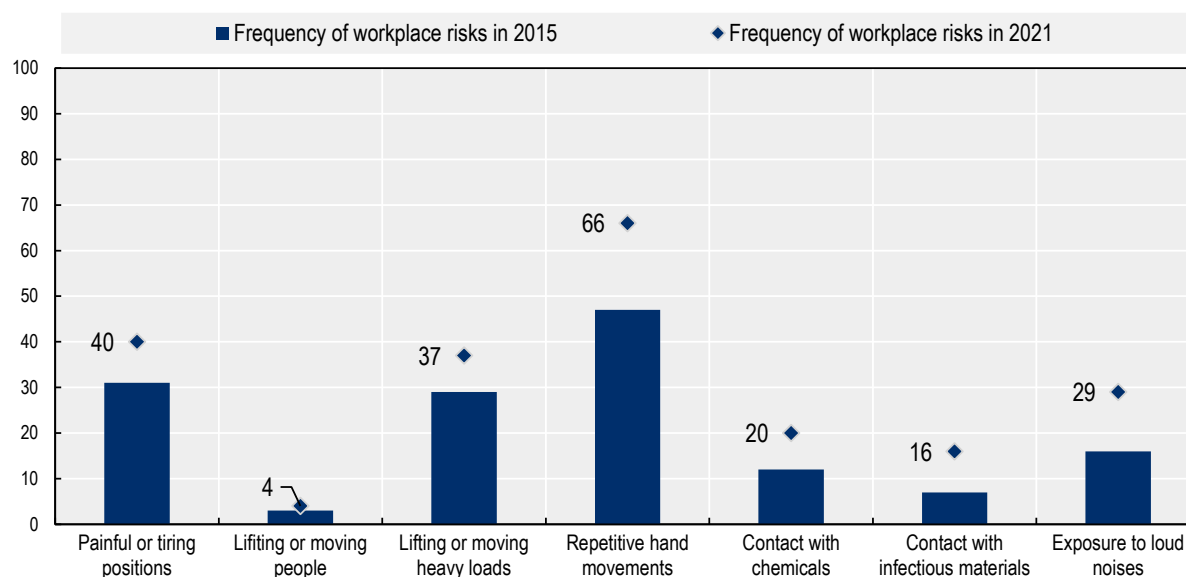
In 2020, over 74% of those working in temporary employment in the region did so involuntarily (view.brussels, 2023<sup>[26]</sup>).

**In addition to lower stability in employment, earnings in some temporary jobs may not be sufficient to make ends meet.** In 2022 8.4% of those employed under temporary contracts were at risk of poverty in Belgium, compared to 2.1% of those in permanent contracts (Eurostat, 2023<sup>[27]</sup>).

**Falling working conditions in sectors with high labour demand in the region and its periphery may contribute to labour shortages because they decrease the attractiveness of occupations.** Comparable data between 2015 and 2021 on physical workplace risks processed by the Belgian Federal Public Service for Employment (*SPF Emploi*) suggests working conditions have broadly declined during this time, with differences among sectors and groups (SPF Emploi, 2023<sup>[28]</sup>). Figure 4.6 presents country-wide workplace risks results processed by *SPF Emploi* in selected sectors facing shortages in the Brussels-Capital Region and its periphery. The frequency of workplace risks such as painful or tiring positions, lifting or moving heavy loads and exposure to loud noises increased between 2015 and 2021 in wholesale and retail trade, transportation, accommodation and food services in Belgium.

**Figure 4.6. Workplace risks have increased in wholesale and retail trade, transportation, accommodation and food services in Belgium since 2015**

Surveyed frequency of physical risks in the workplace on a scale of “0” (never) to “100” (always), aggregate score of selected sectors, Belgium, 2015-2021



Note: Respondents were asked to rate the presence of workplace risks on a scale of 0 “never” to 100 “always”. Sector survey scores for wholesale and retail trade, transportation, accommodation and food services combined by SPF Emploi to ensure sufficient number of respondents.

Source: (SPF Emploi, 2023<sup>[28]</sup>), 2023 – Analyse des données belges sur les conditions de travail recueillies par EUROFOUND (EWC(t)S 2021) - La qualité de l’emploi et du travail en Belgique en 2021,

[https://emploi.belgique.be/sites/default/files/content/documents/Welzijn%20op%20het%20werk/Onderzoeksprojecten/Rapport%20EWCS\\_EIN\\_D.pdf](https://emploi.belgique.be/sites/default/files/content/documents/Welzijn%20op%20het%20werk/Onderzoeksprojecten/Rapport%20EWCS_EIN_D.pdf). Data originally sourced from Eurofound, European Working Conditions Survey (EWCS 2015 and 2021), <https://www.eurofound.europa.eu/fr/surveys/european-working-conditions-surveys-ewcs>.

**Actiris’ ability to assess the quality of employment and working conditions is important to support fair and durable job placements.** The “Go4Brussels 2030 Strategy” plans for *view.brussels* to introduce a permanent observatory of job quality (Brussels-Capital Region, Brupartners, 2021<sup>[29]</sup>). Creating a local survey of job quality is strategic to ensure adequate regional data is available for this tool (*view.brussels*, 2023<sup>[26]</sup>). The impact of observatory findings may be best supported by an agreed set of definitions and indicators among social partners. Especially at the low end of the income distribution, ensuring jobs available in *MyActiris* and those communicated by employers to PES meet minimum quality standards can support fair and sustainable job matching. Further quantifying the quality of jobs available can also support counsellors’ ability to best support job seekers into viable jobs during their search.

**Working conditions may be a growing challenge to consider in labour market programming.** The declining quality of jobs available, especially for certain groups, may decrease the likelihood of a durable match between a jobseeker and an employer. A recent survey of *Actiris* hiring incentives among jobseekers who have used programmes reveals significant variation in jobseeker satisfaction with the content of occupations they were placed in, which may suggest greater attention to working conditions may support more successful placements for a share of clients (Antoine et al., 2023<sup>[30]</sup>). Ensuring the quality of jobs targeted by ALMP programmes (i.e. hiring incentives, in-work placements) meets standards may help create a successful match between a jobseeker and an employer.

## Labour market programmes in the Brussels-Capital Region

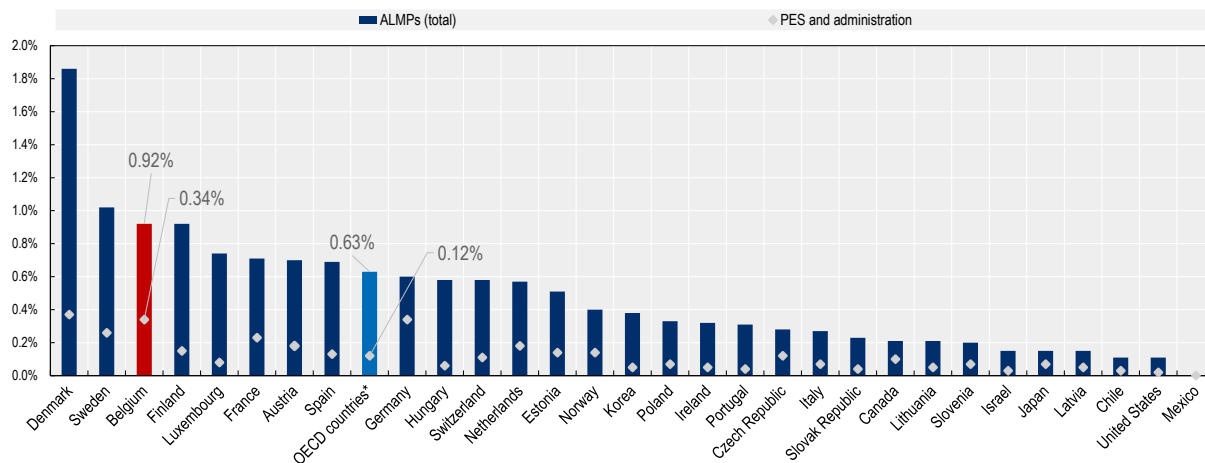
**This section focuses on selected labour market programmes delivered by Actiris.** The section brings its focus on the use of employment incentives in the region due to comparatively high spending on this type of instrument. Public employment services (PES) and administration and training are the focus of discussion in Section 4.1 and Chapter 5 respectively. The section also considers the deployment of “Territories with zero long-term unemployment” (*Territoires zéro chômeur de longue durée* – TZCLD) the region. Municipalities have been asked to develop TZCLD projects in the next round of urban Neighbourhood Contracts (2023-2028/2031) (Vervoort, 2023<sup>[31]</sup>). TZCLD is an innovative local job creation tool that can offer long-term opportunities for those with the most difficulties to find work. A group of ALMPs, such as sheltered and supported employment and rehabilitation and start-up incentives, are beyond the scope of this section.

### ***The uptake of training as part of employment incentive ALMPs may not be fully mobilised***

**Federal and regional government in Belgium devote a greater share of expenditure on active labour market policy (ALMP) relative to OECD peers.** Prior to the COVID-19 pandemic, in 2019, federal and subnational employment services jointly spent 0.92% of GDP on active labour market programmes, compared to an average of 0.63% across OECD countries (Figure 4.7).<sup>10</sup> Belgium spends a comparable share of GDP on ALMP programmes as countries such as Sweden and Finland. Of the total ALMP expenditure, Belgium spent 0.34% on PES and administration (category 1) in 2019, among the highest shares in the OECD. Spending on ALMP has enabled the Brussels-Capital Region to develop a diverse range of labour market programmes.

**Figure 4.7. Belgium devotes a relatively high share of expenditure on ALMP compared to peers**

Share of public expenditure on Active Labour Market Policies (ALMPs) as a share of GDP, 2019



Note: The OECD average for all sub-categories, categories and totals is based on countries with non-missing data for the particular sub-category, category or total. Averages are, hence, not always additive across categories, or comparable over time, owing to variable country coverage in the (sub-)categories.

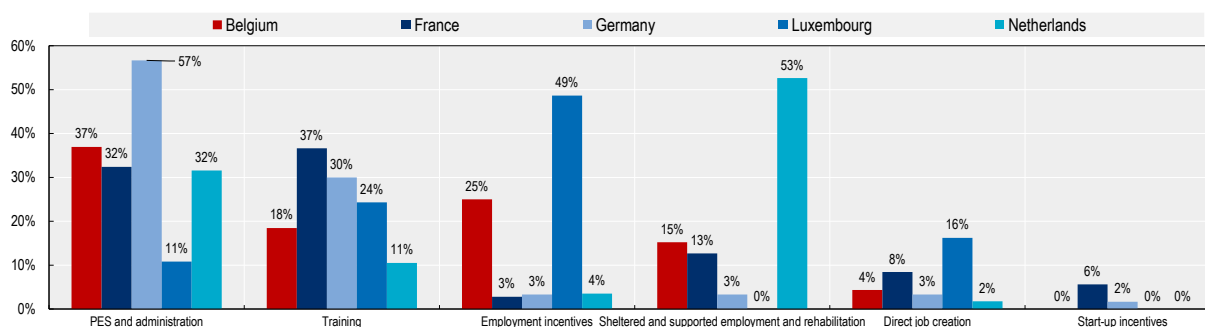
Source: OECD labour statistics, public expenditure and participant stocks on LMP, <https://stats.oecd.org/index.aspx?DataSetCode=LMPEXP>.

**Employment incentives absorb the largest share of spending on active labour market programmes in Belgium aside from PES administration.**

Figure 4.8 considers expenditure on ALMP programmes. Federal and subnational PES in Belgium devote 25% of spending on ALMPs to employment incentives, compared to 3% in France and Germany, 4% in the Netherlands and 49% in Luxembourg. The OECD considers employment incentives as programmes that encourage the hiring or continued employment of individuals through a temporary support to wages, either through direct financing or a reduction in social security contributions. Research suggests hiring incentives may have positive impact on factors such as long-term employment outcomes and employability of former jobseekers (Brown and Koettl, 2015<sup>[32]</sup>). The OECD notes employment incentives are particularly effective when limited in time and adapted to different groups, reducing the risk of displacing workers not benefiting from incentives (OECD, 2021<sup>[33]</sup>).

**Figure 4.8. Belgium dedicates a higher share of spending on employment incentives relative to its total expenditure on active labour market programmes compared to most neighbouring countries**

Share of total expenditure on categories 1-7 by programme category, selected countries, 2019



Source: OECD Public expenditure and participant stocks on LMP.

### **Recruitment incentives are the most common type of employment incentives in the Capital Region.**

Recruitment incentives provide funds to employers or directly to those hired for the recruitment of an unemployed person. Incentives can also take the form of reductions in social security contributions, or payroll tax, for employers. A host of different employment incentives, mostly in the form of recruitment incentives, are available in the Brussels-Capital Region, such as the major programmes below:

- **Activa.brussels**, administered by *Actiris*, provides EUR 5 900 over 30 months to employers who hire an *Actiris* jobseeker who has been unemployed 312 days or longer in the last 18 months. Funds are provided in EUR 350 instalment for the first six months, before moving to EUR 800 for the next 12 months, and decreasing to EUR 350 for the remaining 12 months the ALMP is active. Funds are provided to the employer for them to lower wage costs. A EUR 5 000 training subsidy is available for those under 30 years without secondary school diplomas recruited under permanent contract. To qualify, employers must offer jobseekers an open-ended contract or a fixed-term contract of a minimum of six months.
- **Activa.brussels aptitude réduite**, administered by *Actiris* and modelled on *Activa.brussels*, targets jobseekers with a certified disability. Employers receive EUR 23 400 over a 36-month period. Employers first receive EUR 750 per month for the first twelve months, before decreasing to EUR 600 monthly for the following 24 months.
- **Stage First** administered by *Actiris*, encourages employers to hire interns by targeting young people under 30 years of age who have completed at most secondary education. *Stage First* provides a EUR 200 monthly stipend from the employer and a EUR 26.82 daily stipend (maximum) per day from *Actiris*/ONEM for the duration of the contract, lasting between three and six months (*Actiris*, 2023<sub>[34]</sub>). An employer mentor creates an upskilling plan under *Stage First*, while young people can participate in *Actiris* labour market mentoring.
- **CPAS contracts (*Emplois d'insertion*/Article 60)**, administered by municipal *Centres publiques d'action sociale* (CPAS) and financed federally, allow employers to benefit from a partial or full exemption from social security contributions to cover part of wage cost. They are available to a wide group of employers, such as local authorities, not-for-profit organisations, other departments in CPAS, associations, hospitals, social enterprises and private employers who have signed an agreement with the CPAS employment department. Only individuals who benefit from CPAS-administered minimum income can benefit.<sup>11</sup> CPAS contracts only last as long as the legal duration needed for an individual to qualify for Unemployment Insurance (UI). A monthly EUR 250 tutoring subsidy is available for a 12-month duration to private sector employers (Eurostat, 2019<sub>[11]</sub>). Chapter 2 provides further details of the programme in the context of the role of CPAS.
- **Social security contribution reductions for older workers (*Réduction 57+*)**, which provide recruitment and employment maintenance incentives for workers 57 years old or above. *Actiris* administers reductions jointly with the federal government. Reductions are not limited in time. Private sector employers, and a very limited number of public sector employers, can benefit from up to EUR 1 000 deduction maximum in employer contributions in social security contributions, per trimester (*Actiris*, 2023<sub>[35]</sub>). The incentive is available for both hiring and maintaining jobseekers or workers between 57 and 64 years of age earning less than EUR 12548.67 per trimester in selected sectors.

**Employers use *activa.brussels* in relatively limited numbers, while young people may benefit from specific hiring incentives for full-time jobs.** *Activa.brussels* functions as a “certificate” provided to jobseekers, who can encourage employers to activate the incentive to hire them. In 2021 *Actiris* had an entitlement to 67 162 *activa.brussels* jobseekers, of which only under 13% were activated by employers to hire (Antoine et al., 2023<sub>[30]</sub>). According to the same user survey, in 2021 under 40% of young people who completed *Stage First* were working for the employer they interned for under the programme, compared to nearly 59% for *activa.brussels*. The region may consider further targeting *activa.brussels* and unlocking higher levels of financing for those with greater labour market distance. A policy gap in the region may also

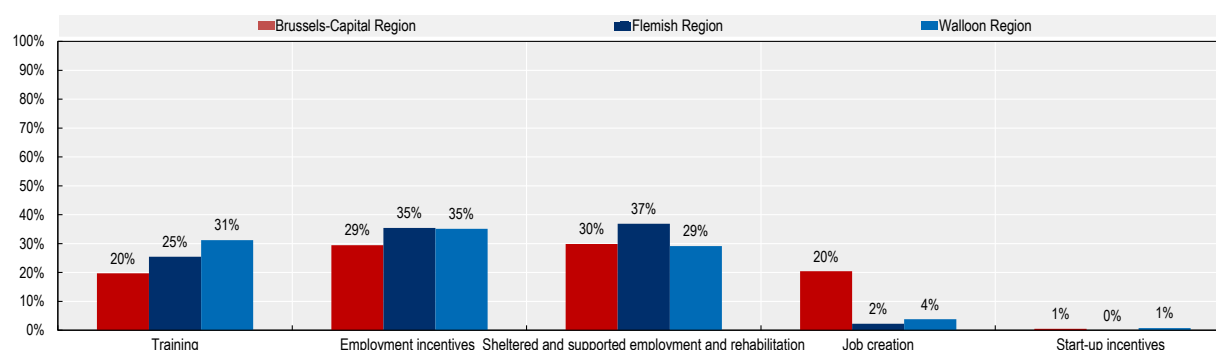


include a hiring incentive for job-ready young people to enter full time work, rather than internships. A programme evaluation by Antoine et al. (2023<sup>[30]</sup>) also suggests simplifying activa payments to remunerate employers directly.

**Greater use of existing training instruments may help increase the share of those upskilling while covered by a recruitment incentive.** Prior to the pandemic, in 2019, the Brussels-Capital Region spent 20% of its labour market expenditure on training, a comparatively smaller share compared to the Flemish Region and the Walloon Region (Figure 4.9).<sup>12</sup> According to a survey of *Actiris* ALMP programmes, 60% of *activa.brussels* and *Stage First* beneficiaries did not receive in-work training (Antoine et al., 2023<sup>[30]</sup>). The region may consider loosening the maximum 30-year-old age limit on *activa.brussels* training funding. Figure 4.8 also suggests the region spends less on employment incentives compared to other regions, though shares may be influenced by federal expenditure on CPAS contracts (*emplois d'insertion/Article 60*) in the region. Job creation spending in the region in 2023 may also differ significantly since the near complete phasing out of the *Programme de transition professionnelle* (PTP) since the start of 2021. PTP accounted for the highest share of spending in this area in the region in 2019.

### Figure 4.9. The Brussels-Capital Region spends proportionally less on training jobseekers compared to the Flemish and the Walloon Regions

Share of expenditure in millions EUR per active labour market programme category, Belgian regions, 2019



Note: (1) The Brussels-Capital Region Transition-to-work scheme (*projet de transition professionnelle* – PTP), accounting for the majority of spending on job creation (item 6), was largely phased out in 2021. This is not reflected in the 2019 data above.

Source: European Commission, Expenditure by LMP intervention – Belgium, [https://webgate.ec.europa.eu/empl/redisstat/databrowser/explore/all/lmp?lang=en&subtheme=lmp\\_expand.lmp\\_expand\\_me&display=card&sort=category](https://webgate.ec.europa.eu/empl/redisstat/databrowser/explore/all/lmp?lang=en&subtheme=lmp_expand.lmp_expand_me&display=card&sort=category).

### ***Territoires Zéro Chômeur de Longue Durée offers prospects for those for which existing programmes have not achieved durable employment***

The Brussels-Capital Region is developing “Territories with zero long-term unemployment” (*Territoires zéro chômeur de longue durée* – TZCLD). TZCLD pilots in Belgium are inspired by an experiment underway in France (2016-2026) (Journal officiel de la République française, 2020<sup>[36]</sup>). In France, local committees propose long-term unemployed people jobs tailored to their needs in social economy organisations.<sup>13</sup> Jobs aim to fill the needs of local communities (ie. recycling, gardening, social care) and are financed using benefits previously received by the individual. Jobs are proposed voluntarily, paid at least minimum wage and offered under open-ended contracts.<sup>14</sup> The region announced a TZCLD launch in a coalition agreement, and has followed through on this commitment by asking municipalities to develop lists of TZCLD occupations which will be supported using urban renovation and planning contracts (2023-2028/2031) (Parlement bruxellois, 2019<sup>[37]</sup>; Vervoort, 2023<sup>[31]</sup>).



**TZCLD fills a policy need in the region for individuals for which hiring incentives and training have not been successful at finding or maintaining employment.** In June 2023, over 47% of unemployed jobseekers registered with *Actiris*, representing 41 200 individuals, had been unemployed two years or longer. TZCLD may be of particular help to those who have fallen out of employment once hiring incentives such as *Activa.brussels* or CPAS contracts have ended. The tool could also provide an option for those who have not been able to enter work durably after one or multiple training experiences. TZCLD may also offer long-term job options within the region to those with barriers to geographic mobility.

**As TZCLD is deployed, the region may consider how the programme may be best articulated within existing ALMPs.** In France, TZCLD pilot evaluation yielded different recommendations that may be relevant for programme development in the region, such as those below (Dares, 2021<sup>[38]</sup>):

- Making clear the involvement of and governance structure for a wide range of local actors (jobseekers, municipalities, PES, training bodies, etc.), who need to devote time and resources to TZCLD coordination and project development.
- Developing clear criteria for eligible candidates.
- Considering funding needs for social economy organisations to provide adapted workplaces for long-term unemployed jobseekers.
- Creating systematic paths for work-based learning and vocational training for long-term unemployed people who enter a TZCLD social economy job.

Municipalities are taking a lead role in TZCLD deployment in the region. A clear institutional framework that lists local committee membership (i.e. *Actiris*, CPAS, long-term unemployed jobseeker, *Mission locale*, etc.) will help foster a necessary relationship of trust and division of responsibility between actors. Given the high share of long-term unemployed in *Actiris*, TZCLD may also gain from clear criteria for those eligible among this group.

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## Notes

<sup>1</sup> Any person seeking employment, regardless of labour market status, can register with *Actiris* as long as legally residing and authorised to work in Belgium.

<sup>2</sup> Shares reflect January to September 2022. Shares communicated to the OECD through policy questionnaire in October 2022.

<sup>3</sup> The OECD strictness of activation requirements database includes a detailed comparative description of policy rules. Descriptions are based on responses received from member countries on unemployment benefit eligibility rules on surveys conducted regularly. Please see this link for more information on methods: [https://www.oecd.org/social/strictness-benefit-eligibility.htm#link\\_policy\\_rules](https://www.oecd.org/social/strictness-benefit-eligibility.htm#link_policy_rules).

<sup>4</sup> Refer to the OECD Tax Benefit Database, <https://www.oecd.org/social/benefits-and-wages/>, for more details.

<sup>5</sup> To benefit from the long-term social protection offered by UI, Belgium requires a longer period of employment than many OECD peers. UI claimants in Belgium need to have worked at least 312 days (over 62 weeks) for those less than 36 years old, 468 days (over 93 weeks) for those between 36 and 49 and 624 days (over 124 weeks) for those over 50<sup>5</sup>. The OECD has noted this “probationary period” needed to access UI, in which workers contribute to the Belgian unemployment fund, is higher in Belgium compared to many of its EU peers (OECD, 2020<sub>[39]</sub>). As comparison, in the neighbouring Netherlands and France, individuals need to have worked only 26 weeks in both countries to access benefits<sup>5</sup>. A “reference period” of between 21 and 42 months based on age groups limits the time in which working days are considered.

<sup>6</sup> Training must last at least four weeks long and include an average of 20 hours per week, or at least 27 credits. Additional requirements are described here: <https://www.Actiris.brussels/fr/citoyens/dispense-de-disponibilite/>.

<sup>7</sup> Benefits are reduced for isolated people and head of households.

<sup>8</sup> Isolated people and heads of households face a reduction for six months before indefinite suspension.

<sup>9</sup> Different rules apply to heads of households and isolated individuals.

<sup>10</sup> Data from 2019 is used due to greater comparability. Data from 2020-2022 significantly influenced by ALMP measures put in place to mitigate the effects of the COVID-19 pandemic and differentiated measures taken to fight the effects of the crisis on the labour market. Measures put in place varied significantly between countries and lasted until 2022 in multiple OECD countries.

<sup>11</sup> CPAS administer two types of minimum income programmes, the standard *Revenu d'intégration sociale* (RIS), or an equivalent social benefit (*ide sociale financière équivalente*) for those who do not qualify for RIS (ie. migrants who do not meet residency requirements, etc.).

<sup>12</sup> Data from 2019 is used due to greater comparability. Data from 2020-2022 significantly influenced by ALMP measures put in place to mitigate the effects of the COVID-19 pandemic and partially different ALMP measures adopted in Belgian regions. For example, the Brussels-Capital Region deployed the *Phoenix.brussels* employment incentive measure in 2020, which was prolonged into 2022.

<sup>13</sup> In France, committees are composed of local government, PES, social economy employers, long-term unemployed people and other actors.

<sup>14</sup> Jobs are set not to compete with existing local business activity or public services. Organisations receive funds previously sent to the individual as benefits to cover part of wages.





# 5

## The future of work and skills policies in the Brussels-Capital Region

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The labour market of the Brussels-Capital Region is changing, requiring local workers to adapt to new tasks by upskilling and reskilling. This chapter explores the future of work in the region, with a focus on the digital and green transition, as well as the challenge of managing an ageing society. It assesses the importance of speaking multiple languages, a distinct feature of the region's labour market. The chapter then turns to skills policies and how they support the development and updating of skills. It provides an overview of vocational education and training (VET) policies. It analyses ways to strengthen VET attractiveness. The chapter also explores ways to lower the currently high drop-out rates from VET training courses, better mobilise training vouchers in the region and raise the recognition of foreign qualifications.

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# In Brief

## Strengthening vocational pathways and adult learning participation to meet future skills needs

- **The demand for digital skills in the Brussels-Capital Region’s labour market is high and increasing.** An analysis of online job postings by employers in the region shows that about 3 in 5 vacancies posted online in 2022 listed basic digital skills as a requirement. The share of online job vacancies that require advanced ICT skills such as data management, analysis, coding, or programming rose from a monthly average of 25% in 2018 to 31% in 2022. This rise in the demand for advanced digital skills is faster than in other Belgian cities and OECD metropolitan areas.
- **The share of green jobs in the Brussels-Capital Region is one of highest in comparison to other OECD regions.** In 2021, 26% of all jobs in the region were classified as green, a substantial rise from 19% in 2011. Across the OECD, few metropolitan areas have higher shares of green jobs. Both in the Walloon Region and the Flemish Region, the share of green jobs stood at 21% in 2021. Similarly, the share of polluting jobs in the Brussels-Capital Region is low. In 2021, it stood at 7%, well below the OECD average of 12%.
- **Language requirements are high in the Brussels-Capital Region, posing a barrier to employment for some jobseekers.** 2 in 5 job vacancies received by the region’s Public Employment Service (PES) *Actiris* explicitly list language requirements in both French and Dutch. In contrast, among jobseekers registered with *Actiris*, 18% report little or no skills in any of the two national languages. Bilingualism among jobseekers is rare. Among French-speaking Belgian jobseekers, only 19% speak Dutch at an advanced level.
- **While speaking multiple languages is important in the region, some of the language requirements listed by employers in vacancies may warrant a review.** An OECD analysis shows that 17% of job vacancies posted online require some level of Dutch language skills in addition to French. Dutch language requirements in the Brussels-Capital Region are mentioned significantly more often in online job postings than in all other francophone Belgian arrondissements, even when differences in education requirements, the type of job and the sector of the employer are accounted for. Dutch-language skills may be strictly required for some jobs in the Brussels-Capital Region due to the operational ties of employers to the Flemish Region or a significant Dutch-speaking customer base. However, for other jobs, high language requirements may not be strictly necessary. *Actiris* could review vacancies jointly with employers that list language skills disproportionately often.
- **Collaboration with sectoral social partners is growing to support the digital and green transitions, but a large-scale employer skills survey could be further developed.** The Brussels-Capital Region engages sectoral partners through the *Pôles Formation Emploi* (PFE), or sector-focused centres, as well as organisations such as *View.brussels*, the *Actiris* statistical office, or *Instance Bassin*, an organisation that brings together francophone vocational education and training (VET) actors. *Instance Bassin* administers an employer skills survey to generate a list of priority occupations, though this could grow to cover areas such as the use of skills in the workplace.

- **Dropout rates in francophone dual learning are high.** In 2022, the estimated dropout rates for the two-year dual-learning programmes provided in *Centres d'Éducation et de Formation en Alternance* (CEFA) was 50%. It even reached 60% for the three-year programmes provided by the *Service Formation des PME/Espace Formation* (SFPME/EFP). Based on initiatives in countries such as Austria, a pre-learning programme involving orientation and basic skills training for those transitioning from secondary school may help support dual learning success.
- **The attractiveness of VET training pathways may be low for many jobseekers.** Vocational training certificates by *Bruxelles Formation* face weaker recognition among employers seeking qualifications from the education system. Encouraging recognition among employers may attract greater numbers to this form of VET and raise its placement impact. In addition, increasing the training allowances for selected higher skill tracks within the vocational education system, such as *Enseignement de promotion sociale* (EPS), may encourage participation.
- **Actiris training vouchers (*chèques formation*) face administrative barriers for uptake.** To qualify for a training voucher, a jobseeker must have found employment, which appears as an administratively burdensome way to dispense remedial labour market training. Training vouchers are reserved for six months of training and are only funded at 50% by *Actiris*. Eligibility for the training vouchers is restricted to a limited number of target groups and could be expanded as many more jobseekers are in need of labour market training. Minimising overlap around voucher-funder training and public VET can also help maximise efficiency of skills investment.
- **OECD countries offer examples for the region to facilitate the recognition of qualifications earned abroad.** 44% of the unemployed job seekers with *Actiris* are foreign-born people whose degrees have not been recognised. Regulated occupations (e.g. accountant, teacher), representing around 20% of employment in the EU, face a necessary recognition process. Fast track initiatives, as done in Sweden for over 40 in-demand occupations, can accelerate recognition. International agreements that automate recognition from origin countries, as done between France and Québec, Canada, is another tool to accelerate processes. Unregulated occupations do not require a specific degree, giving employers leeway to decide whether a candidate is suitable for a job.

## Introduction

**Across the OECD, megatrends such as the increasing digitalisation, the automation of specific tasks in production processes, the transition towards net-zero carbon emissions, and ageing societies are transforming labour markets at a rapid pace.** The demand for specific skills and the way jobs are carried out are changing in all cities and regions across the OECD. However, the local net welfare and employment effects of these megatrends vary across places due to differences in local industrial structures and the extent to which occupations are exposed to transformative forces (OECD, 2018<sup>[1]</sup>).

**Well-targeted policies can help minimise the negative labour market effects and reap the benefits of transformative processes in the Brussels-Capital Region.** Managing the transformation of labour markets requires local policymakers to gain a clear understanding of how the different megatrends affect the local workforce and develop appropriate policies in response. Job loss, skills mismatches, and a strong polarisation into well-paying and precarious jobs are all potential negative consequences of the Brussels-Capital Region's labour market transformation if the process is not managed well. On the other hand, new machines and digital tools can greatly enhance the productivity of workers, allow for greater occupational mobility and thus open opportunities to earn higher wages. The green transition has already created new jobs in the region and will continue to do so if policymakers seize the opportunity to attract green investment and develop the right set of skills in their local workforce. Re-training and up-skilling measures will also play an important role in managing the increasing automation of production processes. Recent advances in artificial intelligence have shown that the need for constant re- and up-skilling now spans across all education and income groups.

**A breadth of labour market training and adult learning options exist in the Brussels-Capital Region.** While there are many different adult learning options to up- and re-skill, this chapter places a particular focus on vocational education and training (VET) and labour market training available to jobseekers through training vouchers. While French and Dutch language skills are important for newly arrived migrants in Belgium, many arrive with relevant vocational skills and professional degrees and may not require labour market training. To ensure their successful labour market integration a systematic recognition of qualifications earned abroad is important.

**The remainder of the chapter is divided into two sections.** The first section discusses different trends that impact on the Brussels-Capital Region labour market at present and going forward, including the digital transition, automation and artificial intelligence, the green transition, population aging and language requirements. The second section reviews the region's skills policies and how they support the labour market in transition. A specific focus is placed on labour market training, dual learning as well as vocational education and training (VET).

## The future of work in the Brussels-Capital Region

**This section discusses the importance of labour market megatrends in the labour market of the Brussels-Capital Region.** The first subsection presents evidence for the rapid pace of the digital transition, by analysing changes in the demand for digital skills in the Brussels-Capital Region. The second subsection then offers a discussion of the effect of automation and artificial intelligence on work processes, based on the latest OECD research on the topic. The third subsection then covers the green transition, presenting novel estimates of the prevalence of green and polluting jobs in the Brussels-Capital Region. The fourth subsection turns to the ageing population and the need to retain older workers in the workforce. Finally, the last section analyses language requirements in the region.

## ***The digital transition, automation and artificial intelligence pose new challenges and opportunities to workers in the region's labour market***

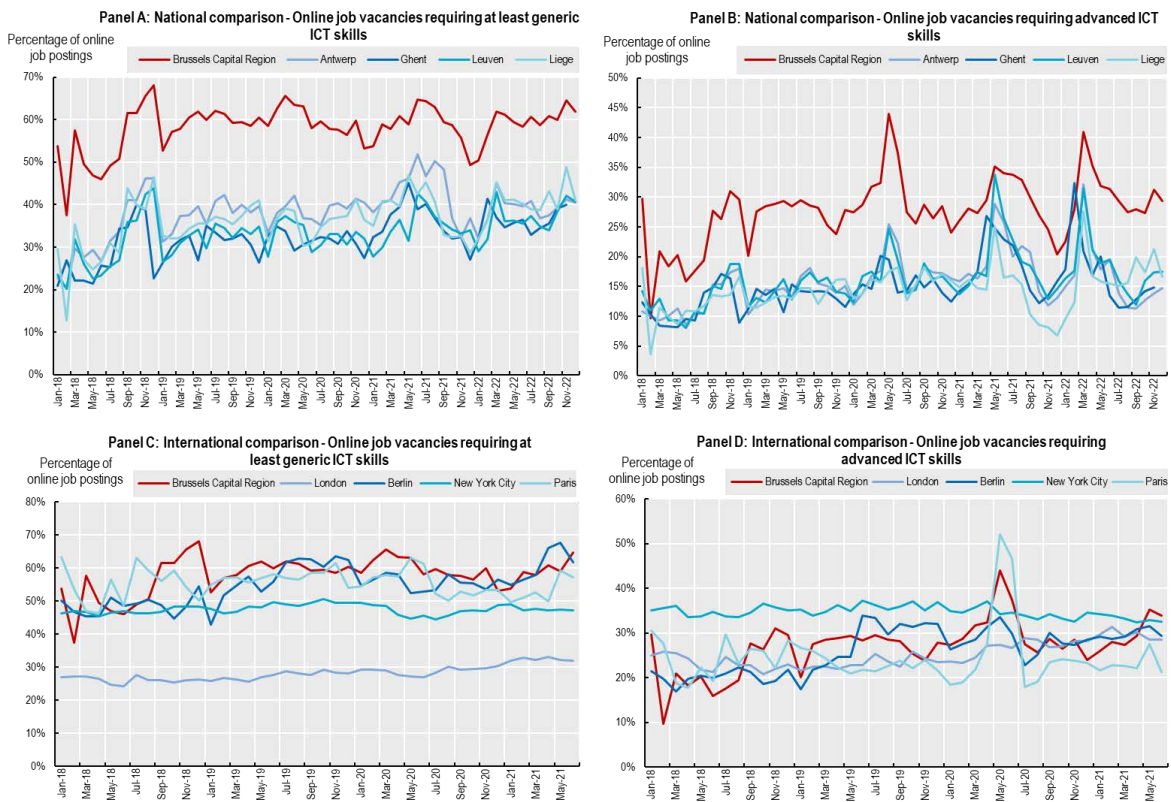
**The increasing demand for workers with digital skills is a trend observed across the OECD.** Modern jobs increasingly necessitate basic or advanced digital skills and the ability to operate in a technology-driven environment. The acquisition of digital skills is therefore crucial for individuals to thrive in the labour market, as these skills maximize opportunities, facilitate efficient work in across a wide range of economic sectors, and play a crucial role in driving productivity and growth. While the digitalisation of work has started long ago with the rise of computers, recent developments have further accentuated the importance of digital skills. During the COVID-19 pandemic, there has been a significant rise in the need for remote work capabilities. Consequently, digital skills are recognized as one of the key cross-cutting competencies (OECD, 2021<sup>[2]</sup>). Simultaneously, employers in numerous European nations have expressed concerns about their employees' lack of digital proficiency, prompting substantial investments in digital education (European Commission, 2020<sup>[3]</sup>).

**Online job postings constitute a valuable source of information to assess the local demand for digital skills.** Looking at the requirements of online job postings offers a timely option to measure labour demand and the changing skills mix required to succeed in the local economy. The job task descriptions listed in online job postings can be used to assess the demand for digital skills. This report distinguishes between two types of information and communication technology (ICT) skills: Generic ICT skills, which refer to the performance of basic digital tasks such as the ability to use word processing software, and advanced ICT skills, which refer to tasks such as coding and programming.<sup>1</sup>

**The demand for digital skills in the Brussels-Capital Region's labour market is on a par with that of OECD cities at the technological frontier.** Figure 5.1 shows the share of online job postings that list generic and advanced ICT skills in their job description, in national and international comparison. In 2018, the monthly average share of job postings by employers in the region that list at least basic ICT skills was 58%, rising slightly to 59% in 2022. Generic digital skills requirements are significantly above that of other Belgian cities such as Antwerp, Ghent, Leuven or Liege (Panel A) and on a par with global cities such as Paris and Berlin (Panel C). A similar picture emerges when analysing online job vacancies that require more advanced ICT skills. Panel B shows that between 2018 and 2022, the share rose from a monthly average of 25% to 31%, faster than in other Belgian and OECD metropolitan areas. By 2021, the share of online job postings by employers in the Brussels-Capital Region listing advanced ICT skills was on a par with Berlin, Paris and New York City (Panel D).

## Figure 5.1. The demand for digital skills in the Brussel-Capital Region is well above that of other Belgian cities and on a par with that of global cities

Share of online job postings that list ICT skills in their job requirements



Note: See OECD (2022<sub>[4]</sub>) for a detailed discussion of the methodology. The time series in the international comparison ends in mid-2021 due to data availability.

Source: OECD calculations based on Lightcast data.

**In addition to the increasing demand for digital skills, a significant share of jobs will likely be automatable in the future.** Within the OECD, approximately 46% of employment opportunities are at risk of being automated. These at-risk jobs can be further categorized into two groups: highly automatable jobs, which have a likelihood of automation surpassing 70%, and jobs that will experience substantial changes in their tasks and required skill sets due to automation. Throughout the OECD, about 14% of jobs fall into the highly automatable category, while an additional 32% face a significant risk of being strongly affected by automation. On average, the impact of automation on metropolitan areas within the OECD is relatively minor, mainly due to their emphasis on service-sector positions (OECD, 2018<sub>[11]</sub>). Latest advances in AI will allow to automate some non-routine cognitive tasks, making its effects on the labour market distinctly different from previous waves of automation: High-skill occupations such as lab technicians and engineers will be most exposed to the new wave of AI. However, the number of jobs at risk in high-skill professions is likely to be limited compared to automation waves that replaced manual labour. High-skill workers are more likely to carry out tasks that require skills such as inductive reasoning or social intelligence, which AI in its current form does not possess (Georgieff and Hye, 2021<sub>[5]</sub>). AI will complement the work of many workers in these occupations, thereby increasing their marginal productivity and wages, and may replace the work of some who will be forced to adapt (Lane and Saint-Martin, 2021<sub>[6]</sub>). Similarly, recent advances in large language models (LLM) may affect most of the work force to some extent. Estimations show that



LLMs are likely to be able to perform 15% of all tasks in the US economy at the same level of quality as employed workers but will not replace workers entirely (Eloundou et al., 2023<sup>[7]</sup>).

**The advancement of automation and AI may further exacerbate inequalities in the Brussels-Capital Region.** In the Brussels-Capital Region, where 27% of the working-age population has lower levels of education, increasing productivity differences between the low and the high-skilled may ultimately result in an even larger wage gap. For instance, firms that adopt AI technologies already show significantly higher labour productivity and lower labour shares in their production, while skills requirements are raised (Acemoglu et al., 2022<sup>[8]</sup>). Thus, productivity gains linked to firms' adoption of AI will mostly pertain to those workers who can efficiently complement their work with new AI technologies.

**Training courses that support less educated workers and those with a migration background in acquiring digital skills can benefit their position in the labour market.** Across the OECD, only one in four adults with low skills across the OECD participates in job-related education and training in any given year, compared to three in five highly skilled adults (OECD, 2019<sup>[9]</sup>). In the Brussels-Capital Region, a large share of the less educated population has a migration background (see Chapter 2). Engaging less educated adults in training that facilitates their digital upskilling will therefore also benefit social cohesion. Box 5.1 describes two successful local initiatives that target disadvantaged group with digital skills training, the *TechGrounds* in Amsterdam, the Netherlands and the *ReDI School of Digital Integration* in Berlin, Germany. A common foundation of both initiatives is their strong link to employers in the ICT sector.

### Box 5.1. Targeting disadvantaged groups with digital skills training

#### TechGrounds in Amsterdam, Netherlands

The City of Amsterdam launched the *TechGrounds* training centres in 2016 as a collaboration between the Amsterdam Economic Board, the CA-ICT training fund, and private tech company TomTom, along with other companies, educational institutions, and government organizations. The main purpose of *TechGrounds* centres is to provide training to unemployed individuals with limited or no ICT skills in Amsterdam's disadvantaged neighbourhoods. Since the first opening in Nieuw-West, additional *TechGrounds* centres have been established other disadvantaged areas of the city, as well as in Utrecht, Eindhoven, Rotterdam, and Almere. The program started in 2019 and is ongoing, with the main objective being to improve job opportunities for vulnerable individuals by providing skills to enter the technology industry.

The training centres follow the principles of “learning to learn” and “peer learning”, functioning as “schools without teachers”. Instead, so-called “learning coaches” assist students in finding their own learning paths. Participants are also paired with tech entrepreneurs as project partners, enhancing their chances of employment after completing the program.

The *TechGrounds* training centres are open to everyone without any prerequisites of education or diplomas. Training can be free, or paid, in which case scholarships can be provided. Selection is based on motivation and potential to learn. Soft skills are a significant component of the training, preparing participants for a professional work environment and the desired behaviour and skills in IT teams.

#### ReDI School of Digital Integration in Berlin, Germany

The *ReDI School of Digital Integration* is a non-profit entity that teaches coding and programming skills to refugees. Launched in 2016, *ReDI* provides a diverse array of modular courses designed to develop advanced ICT skills for refugees. Courses include frontend web development, data science, software development, as well as specialized software courses focused on Salesforce and Azure. It takes special



care to address potential cultural barriers for female refugees by offering tailored programs and childcare support during the course. Consequently, women constitute 60% of the participants.

*ReDI School's* Digital Career program, its core module, enjoys a 75% employment rate among graduates, which is attributed to two key factors. Firstly, *ReDI* collaborates closely with ICT industry professionals who volunteer as teachers and mentors to the refugee students. These mentors identify the strengths of the students and then recommend them to potential employers. Secondly, the courses offered by *ReDI* are conducted in English, making it unnecessary to be fluent in the host country's language. Interpreters are also available if required.

Following a successful start in Berlin, the *ReDI School of Digital Integration* expanded to multiple locations in Germany, Denmark, and Sweden, also offering remote study options.

Source: OECD (2021<sup>[10]</sup>), "AMSTERDAM, The Netherlands TechGrounds", OECD Cogito (2022<sup>[11]</sup>), "It's a Match: Reskilling refugees to meet Germany's growing IT needs", <https://oecdcoigito.blog/2022/02/07/its-a-match-reskilling-refugees-to-meet-germanys-growing-it-needs/>.

### ***The green transition of the region's labour market advanced quickly over the past decade***

**The world faces the formidable task of addressing climate change and environmental degradation, but the lack of skilled workers could impede the green transition.** This transition to a sustainable and net-zero economy will bring about significant changes in local labour markets, necessitating workers to move into new occupations and sectors. This shift, coupled with other megatrends like digitalisation and demographic change, will reshape the job landscape. The greening of the labour market will have various effects, including the emergence of new job opportunities, the potential loss of existing jobs in polluting industries, and the need for updated skills across multiple sectors. Education and training programs must be rethought and updated to equip workers with the necessary skills for the changing labour market (OECD, 2023<sup>[12]</sup>).

**To assess how well labour markets are managing the green transition, the OECD calculates the number of local green and local polluting jobs.** The OECD approach first identifies tasks that are part of new and emerging green occupations that were created in the economy in response to a rise in green economic activities. It then analyses the task content of each occupation group and classifies those jobs with a green task content of more than 10% as green. Polluting jobs are determined by first identifying the occupations that are very prevalent in highly polluting industries. Occupations that are at least seven times more likely to be found in highly polluting industries than in any other industries are identified as polluting occupations. For a detailed overview of the methodology, see Box 5.2.

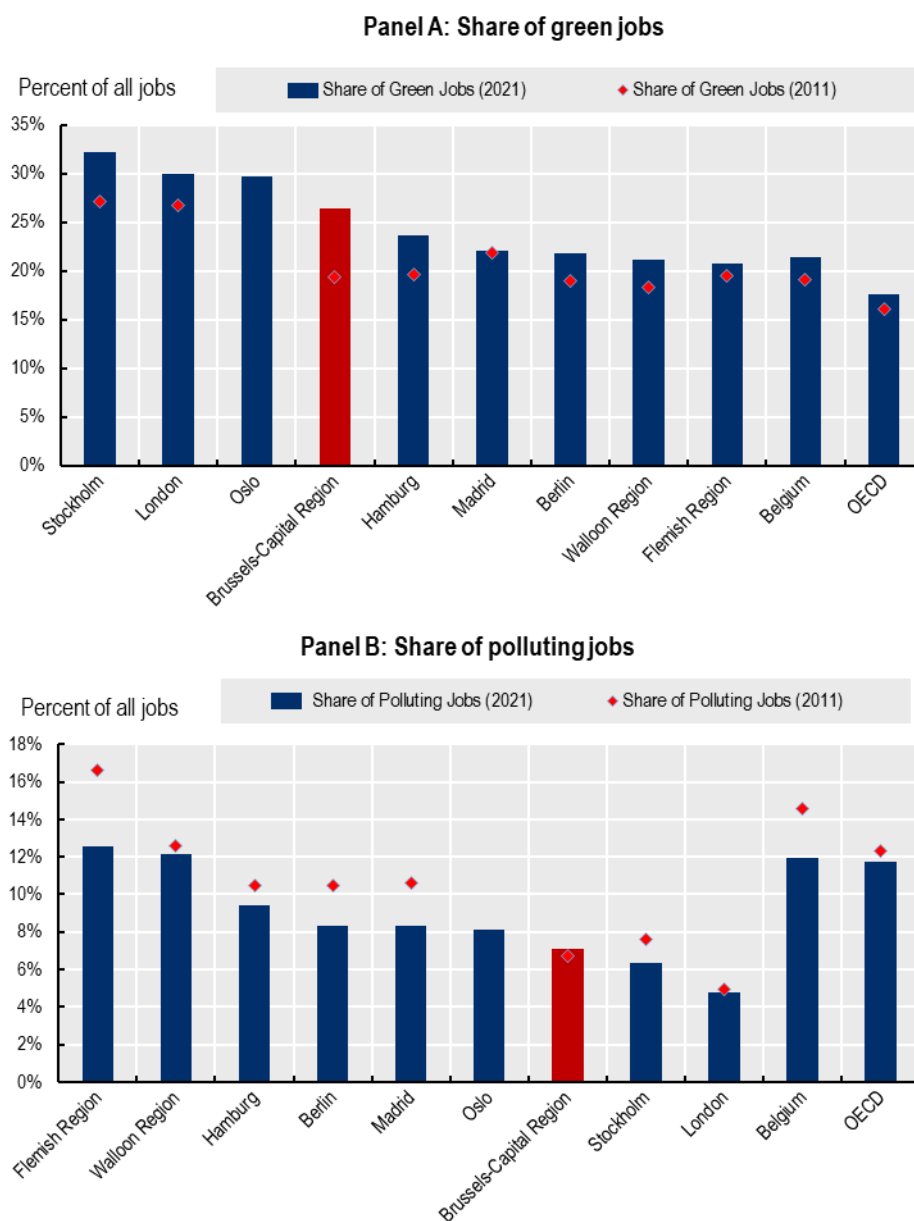
**The Brussels-Capital Region is one of the OECD regions with the highest share of green jobs.** Across the OECD, regional labour markets differ substantially in their greenness. The leading regions record employment shares in green-task jobs of around 30%, while in those regions at the bottom, green-task jobs only account for less than 10% of employment. In 2021, 26% of all jobs in the Brussels-Capital Region were green, a substantial rise from 19% in 2011 (Figure 5.2, Panel A). Across the OECD, few metropolitan areas have higher shares of green jobs, with only Stockholm (32%), London (30%) and Oslo (30%) slightly ahead of the Brussels-Capital Region. Both in the Walloon Region and the Flemish Region, the share of green jobs stood at 21% in 2021.

**Similarly, the share of polluting jobs in the Brussels-Capital Region is low, as is the case in most metropolitan areas.** In 2021, the share of polluting jobs stood at 7% in the Brussels-Capital Region, well below the OECD average of 12% and on a par with leading metropolitan areas such as Stockholm (6%) and London (5%; Figure 5.2, Panel B). In Belgium, polluting jobs in emission-intensive sectors, such as

mining or oil and gas, are concentrated in the Flemish (13% in 2021) and the Walloon Region (12% in 2021).

### Figure 5.2. The Brussels Capital-Region is well positioned to be a leader in the green transition

Share of jobs categorised as green or polluting in 2011 and 2021



Note: See Box 5.2 for an explanation of the methodology. No data available for Oslo in 2011.

Source: OECD calculations, see OECD (2023), *Job Creation and Local Economic Development 2023: Bridging the Great Green Divide*, OECD Publishing, Paris, <https://doi.org/10.1787/21db61c1-en>.

### Box 5.2. Defining and measuring green and polluting jobs at the regional level

The OECD (2023<sup>[12]</sup>) defines green and non-green occupations using a task-based approach based on Vona et al.'s work (2018<sup>[13]</sup>). First, tasks from the O\*NET's "Green Task Development Project" are used to classify 1 386 out of 19 695 tasks as green. Next, the green intensity of each 3-digit ISCO-08 occupation is calculated based on the share of green tasks performed. Occupations with more than 10% green tasks are categorized as green. To obtain regional indicators, green occupations are aggregated by calculating the total number of green jobs in a region and dividing it by the total employment in that region.

The regional share of polluting jobs uses industry information regarding both employment and emissions. Polluting jobs are determined by first identifying the occupations that are most prevalent in highly polluting industries. Highly polluting industries are defined as four-digit NAICS 21 industries in the top 95<sup>th</sup> percentile of emissions of at least 3 (out of 8) polluting substances. This classification yields 62 brown sectors. Within these sectors, occupations that are at least seven times more likely to be found in brown industries than in any other industry are identified as polluting occupations. Regional indicators are obtained by calculating the total number of polluting jobs in each and dividing it by the total employment in the region.

Note: The O\*NET (Occupational Information Network) database provides categorical data about the skills required to perform the tasks of more than 800 different occupations. It was developed by the US Department of Labor/Employment and Training Administration. NAICS 21 refers to the North American Industry Classification System (NAICS) code for the Mining, Quarrying, and Oil and Gas Extraction sector. The NAICS is a classification system used by governments and businesses in North America to classify and analyse economic activities.

Source: OECD (2023<sup>[12]</sup>), *Job Creation and Local Economic Development 2023: Bridging the Great Green Divide*, OECD Publishing, Paris, <https://doi.org/10.1787/21db61c1-en>; Vona, F., G. Marin and D. Consoli (2018<sup>[13]</sup>), "Measures, drivers and effects of green employment: evidence from US local labor markets, 2006–2014", *Journal of Economic Geography*, Vol. 19, pp. 1021–1048, <https://doi.org/10.1093/jeg/lby038>

### ***Increasing the labour force participation of older workers will be a key challenge in the future***

**New labour market challenges arise in the OECD due to ageing workforces.** The ratio of individuals aged 65 years and above to those of working age is expected to increase from 1 in 4 in 2018 to 2 in 5 by 2050 within the OECD (OECD, 2019<sup>[14]</sup>). Consequently, it has become a priority for OECD countries to encourage the continued engagement of older employees in the labour force. The recognition of the difficulties involved in retaining older workers while ensuring satisfactory work conditions and quality of life has resulted in an *OECD Council Recommendation on Ageing and Employment* that rests on three fundamental principles: (i) valuing work and promoting later retirement, (ii) fostering employability throughout individuals' working lives, and (iii) encouraging employers to retain and hire older workers (OECD, 2018<sup>[15]</sup>). Progress has been made in the first two principles across OECD countries, although the same cannot be said for the third. Employers often perceive older workers as more costly, and concerns about their productivity may give rise to age-related discrimination (OECD, 2019<sup>[14]</sup>). An analysis of the labour force participation rate of older workers in comparison to that of individuals in their prime working age can shed light on the barriers older employees encounter in the labour market.

**The Brussels-Capital Region's population is young in international comparison, but the old-age dependency ratio is projected to rise fast over the coming decades.** Panel A of Figure 5.3 shows that the old-age dependency ratio, defined as the share of the local population aged 65 years and older divided by the local population aged 15 to 64, is low in the Region in national and international comparison. In 2020, there were more than five people of working age in the Brussels-Capital Region for each person of

pension age, reflecting a young urban population. However, the old-age dependency ratio will increase significantly in the region. By 2050, demographic projections show that there will be three people of pension age for every ten people of working-age.

**Labour force participation among older workers in the Brussels-Capital Region is low in international comparison.** In the Brussels-Capital Region, the labour force participation rate among workers aged 55 to 64 years and older than 65 years stood at 60.1% and 4.7% respectively in 2020 (Panel B of Figure 5.3). In both age groups, the participation rate is well below the OECD average of 64.4% for 55- to 65-year-olds and 15.5% for workers aged over 65. While other Belgian cities such as Leuven (61.7% among workers aged 55 to 64), Ghent (58.3%) and Antwerp (56.9%) show similar levels of labour force participation among their older population, some OECD cities manage to retain significantly larger shares of their older population in the labour force. For instance, in Stockholm, 85.5% of the population aged 55 to 64 years and 24.5% of people above the age of 65 years are part of the labour force.

**Most policy options to retain older workers in the workforce are competences of the national government but regional and local governments can complement these with targeted skills development training.** There are three policy pillars to retain older workers in the workforce. The first pillar is to improve incentives to work at an older age. These incentives usually involve raising the retirement age or introducing financial incentives for older workers to postpone retirement. The second pillar is tackling employer barriers to hiring and retaining older workers, which is most effectively achieved by policies that penalise laying off older workers or subsidising the hiring of older workers. The third pillar is to improve the employability of older people through a lifecycle approach that offers skills training courses to workers according to their age. Regional and local policymakers can design training courses according to the needs of local old-age workers (OECD, 2020<sub>[16]</sub>). Across the OECD, the Netherlands, Iceland, and New Zealand show good results in retaining older workers in the labour force. In these countries, regional and local initiatives play a significant role in delivering job-related training to this group. (OECD, 2023<sub>[17]</sub>; OECD, 2020<sub>[16]</sub>). Box 5.3 summarises two such initiatives with a strong local dimension.

**A planned pension reform in Belgium may increase the effective retirement age and increase labour force participation among older workers.** While the statutory retirement age of 65 in Belgium is above the OECD average of 64, its effective retirement age of 61 is below the OECD average of 63 (OECD, 2022<sub>[18]</sub>). A pension reform, which is part of the federal government agreement, is planned for 2024. While details are still under debate, the focus of the reform is planned to be on policies that delay retirement decisions and improve the employability of older workers, for instance by introducing a pension bonus that rewards longer careers (OECD, 2022<sub>[18]</sub>). Such a reform would likely have a positive effect on labour force participation and should be accompanied by measures that improve working conditions and decrease hiring discrimination of older workers.

### Box 5.3. Local training and education for older workers

#### Higher education for workers aged 50+ in the Netherlands

*Hoger Onderwijs Voor Ouderen* (“Higher Education for The Elderly”; HOVO) is an organisation that provides academic education and training courses for workers aged 50 years and above in the Netherlands. HOVO cooperates with regional universities and other educational institutions to provide courses specifically tailored to an older audience. The local implementation ensures that courses consider the demand for knowledge and skills specific to the respective labour market region. HOVO’s educational approach considers older workers’ learning objectives, their learning style, and cognition.

- Learning objectives: For older workers, intrinsic motivation has proven to be a more important factor for following courses. Practical courses that discuss concrete subject matter, or applicable skills are most attractive, whilst theoretical courses on study methods and techniques are less popular. Participants often attend to learn what experts in a field currently discuss and discover.
- Learning style: The preferred learning method at HOVO is traditional lectures with interactive elements. Their experience suggests that older participants are less familiar with alternative teaching approaches like constructivist methods and are less interested in interactive learning formats such as discussions, research assignments, and workshops.
- Cognition: For older learners, HOVO’s experience has shown that memorising new knowledge is often harder than for younger learners. However, older learners often possess more crystallised knowledge which allows them to put new information in perspective and context. Teachers can use this to stimulate goal-orientated learning.

HOVO’s modular course offers attract between 23 000 and 25 000 annual attendees across the Netherlands. The offer varies between 3 to 10 classes per course.

#### Supporting older entrepreneurs in Wellington, New Zealand

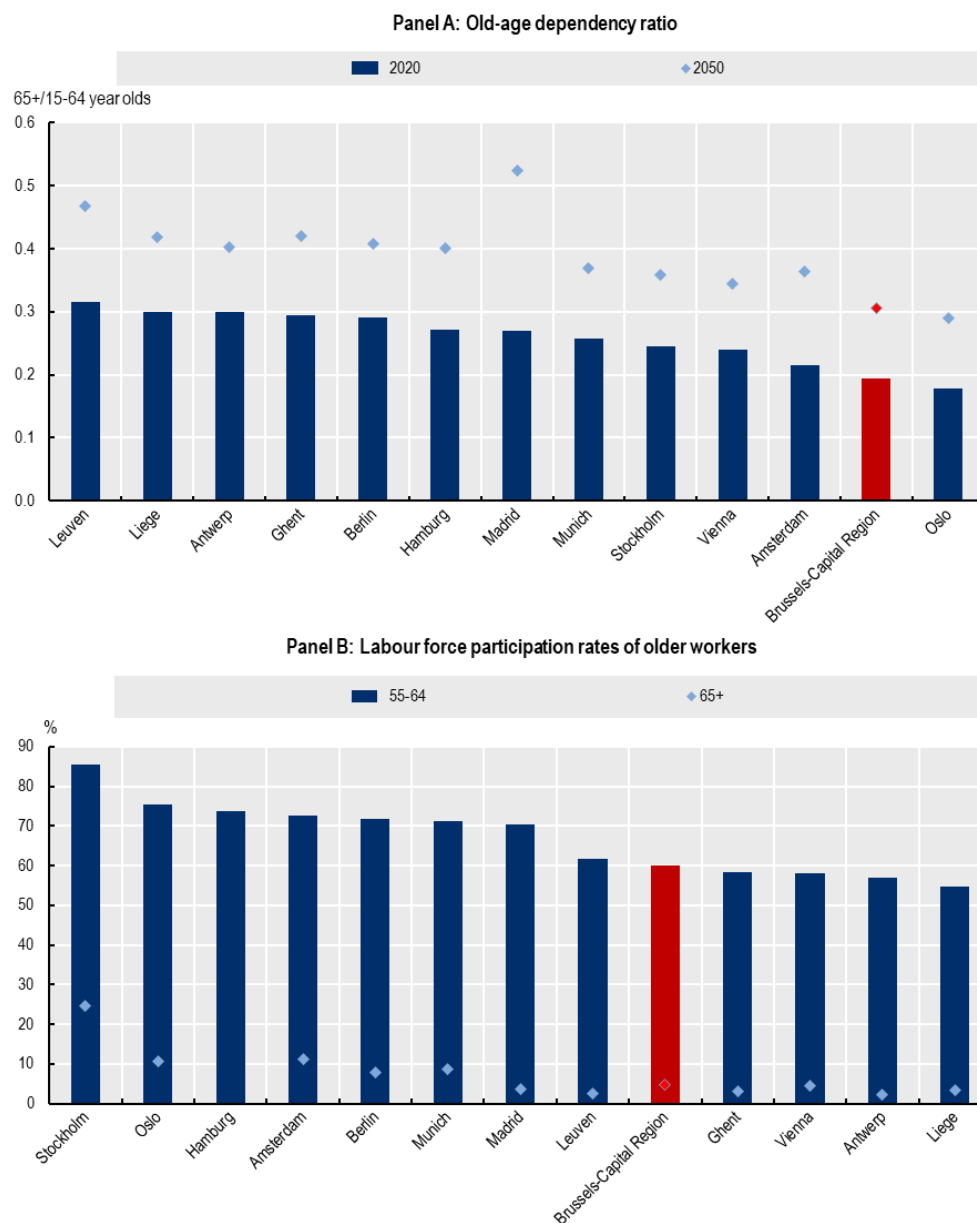
*50 Up New Zealand* is a pilot programme that assists older workers who want to start their own businesses. A selected cohort in Wellington, New Zealand, will work towards completing the “Certificate in Applied Innovation” by taking part in startup sessions, connecting with the local startup community, and completing entrepreneurship e-learning modules. The program follows a practical approach, encouraging participants to apply their learning to real cases and as such expand their entrepreneurial toolbox. Throughout the process, older workers receive support in developing business strategies, accessing resources for funding, developing marketing strategies, and expanding their network.

Startup sessions aim to build relevant skills through workshops during which attendees learn from industry experts. Participants can choose topics according to their own interests. The startup sessions cover topics like: (i) Goals, vision and business potential, (ii) Founder well-being, (iii) Finance, (iv) Marketing, (v) Sales, (vi) and Raising Capital. These free sessions are available both in person and online.

Source: (CreativeHQ, 2023<sup>[19]</sup>), *50 up programme*, <https://creativehq.co.nz/50-up-programme/>; (Hoger Onderwijs Voor Ouderen, 2023<sup>[20]</sup>), *Hovonederland*, <https://hovonederland.nl/>; (Hoger Onderwijs Voor Ouderen, 2021<sup>[21]</sup>), *Jaarverslag 2020*.

**Figure 5.3. The Brussels-Capital Region has a relatively young population compared to other OECD cities, but older workers participate little in the labour market**

Old-age dependency ratio and labour force participation of older workers in 2020



Note: Old-age dependency ratio defined as the population aged 65 or over divided by the population aged 15 to 64. 2050 values are projections. The old-age dependency ratios refer to data and projections for NUTS-3 regions, while labour force participation rates of older workers refer to the respective NUTS-2 region.

Source: Eurostat table PROJ\_19RDBI3 (Demographic balances and indicators by type of projection and NUTS 3 region) and Eurostat table LFST\_R\_LFP2ACTRT (Economic activity rates by sex, age and NUTS 2 regions (%)).

**Hiring discrimination against older workers presents an additional obstacle to employment for older workers in Belgium.** Lippens, Vermeiren and Baert (2023<sup>[22]</sup>) document that older workers aged between 55 and 64 years receive only about half the callbacks of younger equally qualified candidates in Belgium when sending out job applications. Such hiring discrimination extends unemployment spells and

thereby increases long-term unemployment and economic inactivity among older workers. Local policies can support older workers in their job search and engage with employers to raise awareness of discriminatory practices.

### ***Speaking multiple languages is necessary for many jobs in the Brussels-Capital Region***

**The Brussels-Capital Region is officially bilingual.** While French is the region's lingua franca, its labour market is characterised by the presence of numerous regional and federal public institutions that work in Dutch and/or French (see Chapter 3). Its proximity to the Flemish Region further provides a market-based argument for employers to hire French and Dutch speakers that may allow serving customers in both languages. Consequently, in 2019, 2 in 5 job vacancies received by the regions Public Employment Service (PES) *Actiris* explicitly listed language requirements in French and Dutch.<sup>2</sup> Multilingualism has further gained importance over the past decades due to the presence of multinational companies and international institutions.

**The return on investment into language skills in both French and Dutch is high for jobseekers in the Brussels-Capital Region.** To understand the link between the language skills of jobseekers and the probability of finding employment, *Actiris* documented the language skills of jobseekers who were registered with *Actiris* in January 2019 and then followed them for a period of 12 months. The study finds that jobseekers with an intermediate knowledge of the second national language had a 10.5 percentage points higher exit rate into employment than jobseekers who do not speak or have very limited knowledge of the second national language (*Actiris*, 2020<sup>[23]</sup>). The results are driven by jobseekers with low and medium levels of education rather than those with high levels of educations, for whom the knowledge of the second language mattered less for the probability of finding employment. A second study carried out by Dewatripont (2022<sup>[24]</sup>) specifically focused on the importance of Dutch language skills. The analysis shows that the level of Dutch is a significant predictor of finding durable employment among French-speaking jobseekers of Belgian nationality.<sup>3</sup> The probability of finding employment is almost 50% higher for a fluent Dutch speaker compared to a jobseeker with only a basic knowledge of Dutch, even when socio-economic differences between jobseekers and past unemployment history were accounted for. The study further shows that women in the Brussels-Capital Region and those Bruxellois who live in municipalities with the lowest employment rates (see Chapter 2) benefit most from having Dutch language skills.

**Jobseekers registered with *Actiris* often lack language skills required to succeed in the labour market.** An assessment based on self-reported language skills shows that 18% of jobseekers have at most basic skills in their preferred language (*Actiris*, 2020<sup>[23]</sup>). This share reaches 33% among migrants who obtained their highest qualification abroad. Among French-speaking Belgian jobseekers, only 19% speak Dutch at an advanced level (Dewatripont, 2022<sup>[24]</sup>).<sup>4</sup> Language training, in particular for migrants who speak none of the two official languages therefore remains imperative.

**Occupation-specific language training has the highest payoffs for migrant jobseekers.** OECD analysis shows that language training is most efficient for migrants when it includes components of occupation-specific language training. Across the OECD, vocational language training can be categorised into (i) vocational language courses tailored to specific high-need occupations (ii) language courses focused on general workplace scenarios or job interviews (iii) “on-the-job” language sessions in partnership with specific employers and (iv) language training in connection with Active Labour Market Policies and job placement (OECD, 2021<sup>[25]</sup>).

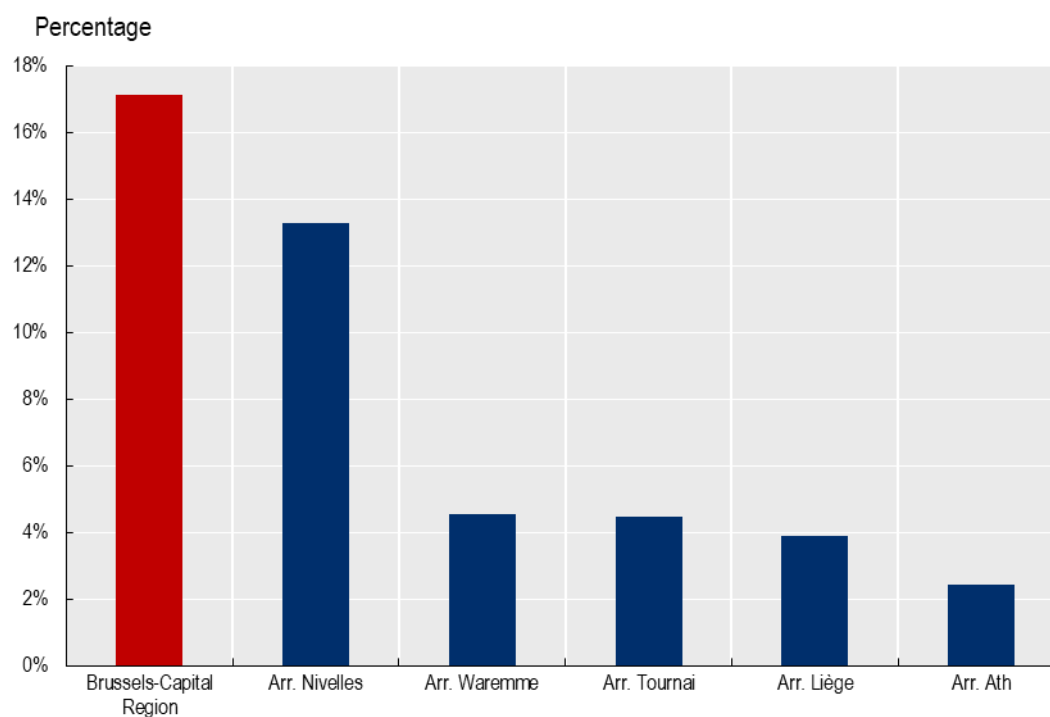
**Dutch language requirements in the labour market of the Brussels-Capital Region are higher than in Walloon arrondissements bordering the Flemish Region.** The main reason for employers outside the public sector to require jobseekers to have language skills in both French and Dutch is the potential to serve both French-speaking and Dutch-speaking customers in Belgium. While only the Brussels-Capital Region is officially bilingual, this argument is also relevant for employers in arrondissements that are in



close geographical proximity to the language border. Figure 5.4 therefore compares Dutch language skill requirements in online job vacancies posted by employers in the Brussels-Capital Region to Dutch language skill requirements in Walloon arrondissements that are located at the border to the Flemish Region. In the Brussels-Capital Region, 17% of job vacancies posted online require some level of Dutch language skills, significantly above the arrondissements of Nivelles (13%), Waremme (5%), Tournai (4%), Liège (4%) and Ath (3%).

### Figure 5.4. Online job postings by employers in the Brussels-Capital Region more often list Dutch language skills as a requirement than Walloon arrondissements bordering the Flemish Region

Share of online job postings requiring Dutch language skills – Brussels-Capital Region and Walloon arrondissements bordering the Flemish Region in 2021



Note: Arrondissements in Belgium correspond to the OECD's TL-3 level.

Source: OECD calculations based on Lightcast data.

**Dutch language requirements in online job vacancies posted by employers in the Brussels-Capital Region are higher than in the Walloon Region even when accounting for differences in the types of jobs and other requirements listed in these postings.** An OECD analysis of Dutch language requirements in online job vacancies posted between 2018 and 2021 shows that Dutch language requirements are significantly more often listed in the Brussels-Capital Region than in the Walloon Region. Table 5.1, column (1), shows that the estimated likelihood of an online job posting listing Dutch language requirements is about 5.2 percentage points higher in the Brussels-Capital Region even when the sector of the employer seeking to hire and the educational requirements for the unfilled position are accounted for. Columns (2) and (3) show respectively that this result also holds when estimates are further conditioned on granular occupational codes and the interaction of these occupational codes with educational requirements. Finally, columns (4) and (5) show that the results are also robust to excluding the public

sector and restricting the sample of online job postings in the Walloon Region to Walloon arrondissements that border the Flemish Region.

**Actiris could start a dialogue with employers in the region and support these in drafting job postings that only list essential skills.** While the higher Dutch language requirements in the bilingual Brussels-Capital Region may to some extent reflect the presence of clients with a strong affinity for Dutch and employers with operational links to the Flemish Region, these may not be necessary for all positions. *Actiris* could start the process of reviewing job vacancies it receives from local employers and flag language requirements that may be excessive. *Actiris* could then propose to employers to review these vacancies.

**Table 5.1. Dutch language requirements in the Brussels-Capital Region are the highest in francophone Belgium even conditional on other job requirements**

Estimated likelihood of an online job posting in the Brussels-Capital Region listing Dutch language skills as a requirement, 2018-2021

	(1)	(2)	(3)	(4)	(5)
Dutch language requirements in the Brussels-Capital Region compared to the province/arrondissement with the highest Dutch-language requirements in the Walloon Region	+5.2pp***	+4.4pp***	+4.6pp***	+4.5pp***	+3.4pp***
Base category/second highest Dutch-language requirements	Prov. Walloon Brabant	Prov. Walloon Brabant	Prov. Walloon Brabant	Prov. Walloon Brabant	Arr. Nivelles
Sector (1-level NACE)	Yes	Yes	Yes	Yes	Yes
Educational requirement (ISCED-08)	Yes	Yes	Yes	Yes	Yes
Occupation (4-digit ISCO-08)	No	Yes	Yes	Yes	Yes
Education x Occupation	No	No	Yes	No	No
Exclude public sector (NACE Rev2: category "O")	No	No	No	Yes	No
Year	Yes	Yes	Yes	Yes	Yes
Provinces	Yes	Yes	Yes	Yes	No
Arrondissements bordering the Flemish Region only	No	No	No	No	Yes
Model	LPM	LPM	LPM	LPM	LPM
Sample	BCR and Wallonia	BCR and Wallonia	BCR and Wallonia	BCR and Wallonia	BCR and Walloon arr. bordering Flanders
Sample Size	1 087 451	1 082 934	1 082 934	1 059 355	658 930

Note: OECD estimation. All control variables included are categorical. The asterisks next to the reported estimates indicate whether estimates are significantly different from zero at conventional confidence levels, where \* $p < 0.1$ ; \*\* $p < 0.05$ ; \*\*\* $p < 0.01$ . LPM stands for linear probability model. BCR stands for Brussels-Capital Region.

Source: Lightcast online job postings data, 2018-2021.

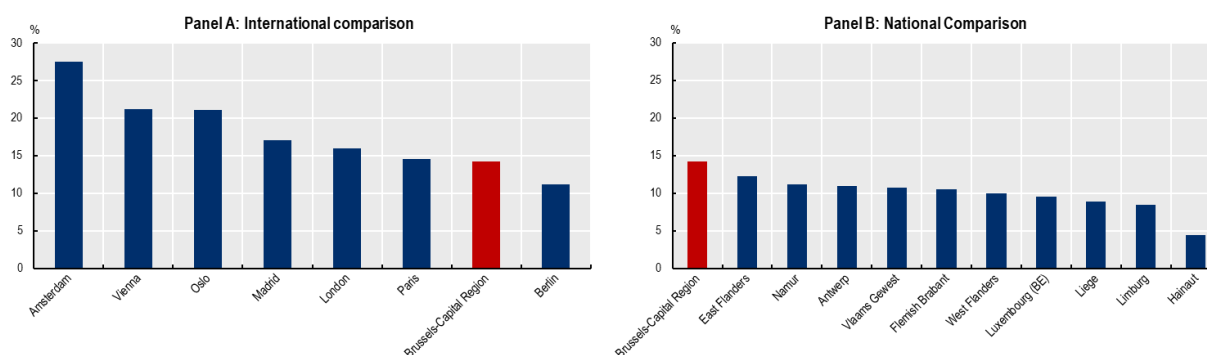
## Strengthening the skills system in the Brussels-Capital Region

**Workers and jobseekers in the Brussels-Capital Region need to upgrade their skills to respond to the changing job requirements on the labour market.** Despite the large number of training options, participation in adult learning is currently low in the Brussels-Capital Region compared to other metropolitan areas in the OECD. The share of adults aged 25 to 64 years old who state they participated in education or training over the past four weeks reached 14% in 2022, compared to 28% in Amsterdam, 21% in Vienna and Oslo and 16% in London (Figure 5.5).

The section therefore presents challenges facing the VET system in the region. The first sub-section considers opportunities to develop the sectoral approach to training, building on *Pôles Formation Emploi* (PFE). The second sub-section explores differences between vocational training and education systems, and consequences for the qualifications and benefits earned by learners. The third sub-section discusses barriers to the attractiveness of VET in the region and ways to reduce high dropout rates within the dual learning system, alternating in-work and classroom-based training. A fourth sub-section discusses ways of better leveraging the *Actiris* training voucher system as a complement to the public vocational offer. The section concludes with a review of occupational pathways for newly arrived migrants who often do not require training for successful labour market integration, but recognition of their qualifications earned abroad. For the purposes of this section, *formation professionnelle* as delivered by *Bruxelles Formation* and the *VDAB Brussel* is defined as **labour market or vocational training**, while **vocational education** is taken to encompass adult learning and dual learning for young people and adults run by the French and Flemish Communities.

### Figure 5.5. Participation in adult learning in the Brussels-Capital Region is high in national but not in international comparison

Share of adults aged 25 to 64 years old who state they participated in training or education over the past four weeks



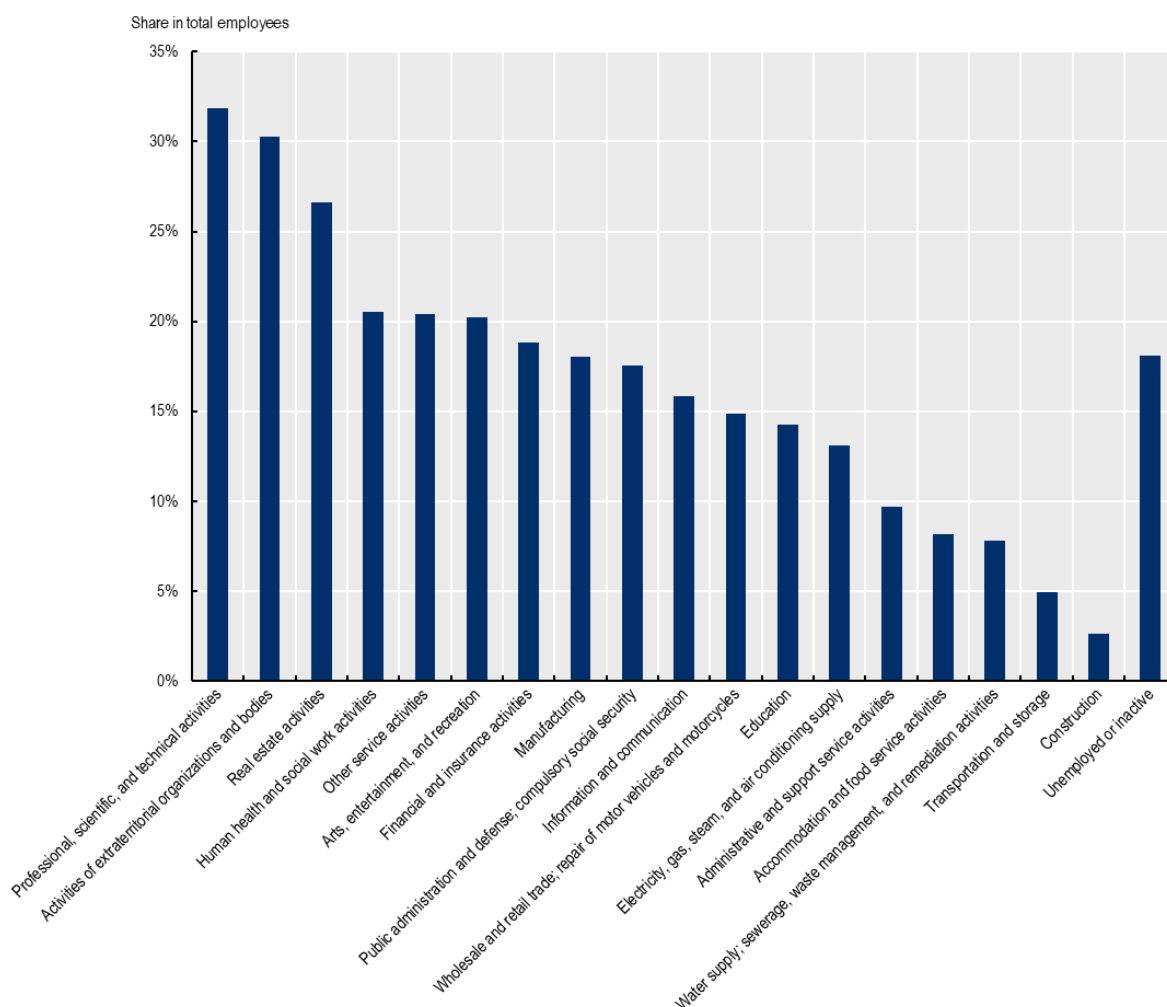
Note: All data refers to the respective NUTS-2 region in 2022.  
Source: Eurostat Regional Database [TRNG\_LFSE\_04].

### **Based on *Pôles Formation Emploi*, there is an opportunity to engage more closely with sectoral social partners to prepare for the green and digital transitions**

**There is a strong sectoral dimension to training participation in the region.** Certain sectors facing shortages in the region and its periphery, such as construction or transportation and storage, record a low share of employees in training. Figure 5.6 shows differences in employee participation in training or education that can vary over 20 percentage points between fields of economic activity in the region. Although participation of those unemployed or economically inactive is higher than many employees, it represents less than a fifth of individuals in this group. Large variation in training participation between fields of economic activity can be addressed through a sectoral approach to training.

**Figure 5.6. Adult learning participation in the Brussels-Capital Region differs widely by economic sector**

Share of adults aged 25 to 64 years old who state they participated in training or education over the past four weeks



Source: OECD calculations based on 2021 EU-LFS data.

**Responding to this challenge, the region introduced *Pôles Formation Emploi* (PFE) to involve employers and trade unions in sectoral training options.** Across OECD countries, interest in sector-based approaches to training is growing to face skills needs tied to the digital and green transitions. The PFEs are Public Private Partnerships (PPPs) that involve *Actiris*, *Bruxelles Formation*, *VDAB Brussel* and sectoral representatives of employers and workers. Four PFE operate in the Brussels-Capital Region, each corresponding to a sector (*Constructivity*, *Digitalcity*, *Logisticity*, *Technicity*). Some sectoral training funds finance PFE training. Training is provided in-house by *Bruxelles Formation* and *VDAB Brussel* or by one of their partners. In their respective sectors, the PFEs are also tasked with carrying out studies to monitor changes in professions and skills requirements.

***Instance Bassin* may be a fitting body for engagement with sectoral representatives on employer skills needs and utilisation in the francophone space.** The *Instance Bassin – Enseignement qualifiant, Formation, Emploi* – is an organisation with offices and staff across francophone Belgium that brings together vocational and education actors to discuss skilling priorities. In the Brussels-Capital Region,

*Instance Bassin* activities include the production of a yearly publication of training across the capital as well as a list of priority occupations. The yearly publication includes a list of recommendations relating to strengthening or creating training for different occupations facing shortages (*Instance EFE*, 2022<sup>[26]</sup>). To produce this publication, *Instance Bassin* issues a survey to employers in which they report their hiring needs.

**Sectoral engagement may be strengthened through a broader approach to gathering detailed and up-to-date information on skills.** The employer survey run by *Instance Bassin* could build the basis for a more far-reaching survey of employers and unions. The PFEs are already engaged in developing studies to identify changes in professions and skills in their respective sectors. In the United Kingdom, a country-wide employer survey also gathers information on the underutilisation of employee skills, anticipated needs in the next year, the level of employer financial investment in training and the business and workplace strategies (UK Government, 2020<sup>[27]</sup>). The social and economic council, *Brupartners*, may also serve as a forum for regular dialogue with sectoral employer organisations and unions. Trade unions can play a role to provide information and input on the quality (i.e. pay, safety, benefits) of in-work portions of training, such as dual learning and apprenticeships (TUAC, 2016<sup>[28]</sup>).

### ***Dual learning completion can be strengthened through systematic support for learners***

**In the Brussels-Capital Region, two tracks provide francophone classroom and work-based learning, known as dual learning.** The French Community operates dual learning for young people up to age 21 tied to secondary schools, the *Centres d'Éducation et de Formation en Alternance* (CEFA). CEFA programmes cover an array of sectors (e.g. accommodation, care, construction, tourism) and remain strongly linked to the francophone Belgian education system. The French Community's authority in the region, the French Community Commission (*Commission communautaire française – COCOF*), operates the *Service Formation des PME* (SFPME). SFPME coordinates classroom and employer placements through the *Espace Formation PME* (EFP) centre, a not-for-profit organisation. SFPME/EFP is a dual learning system for young people and adults oriented towards work in SMEs, with a particular focus on training in the trades.

**The Flemish Community runs dual learning in Dutch in the Brussels-Capital Region.** Dual learning in Dutch combines work-based learning with an employer with learning at different providers of dual learning. Classroom-based learning includes schools for full-time vocational secondary education, part-time learning in *Centrum voor Deeltijds Onderwijs* (CDO), *Syntra Brussel* apprenticeship campuses as well as schools for specialised secondary education. Since 2022, the Flemish Community also opened dual learning tracks in its adult education centres, *Centrum voor Volwassenenonderwijs* (CVO).

**High dropout rates are a barrier to dual learning capacity to upskill and place people into jobs.** A recent study estimates that around 50% of students leave tracks by the second year of two-year CEFA programmes (Walloon Region, French Community, Brussels-Capital Region and COCOF, 2023<sup>[29]</sup>). Similarly, around 60% of young people depart EFP programmes early by the third year. Programmes that accompany individuals, and particularly youth, into and through dual learning may help support dual learning completion. In different OECD countries, governments manage pre-training programmes which ready young people for the educational requirements and habits to succeed in dual learning. In Austria, the pre-VET “education-fit” programme (*AusbildungsFit*) provides an additional year of school for young people to acquire the foundational skills and workplace habits necessary to success in dual learning.

### ***The attractiveness of vocational education and training pathways can be reinforced***

Vocational education and training and lifelong learning options for adults are delivered through different systems in the region. As across many OECD countries, different types of training are dispensed based on skill level and target groups, such as unemployed people, workers or young people (OECD, 2022<sup>[30]</sup>).

In the Brussels-Capital Region, *Bruxelles Formation* and *VDAB Brussel* operate and certify labour market training for jobseekers in French and Dutch respectively. Limited to the francophone space (Table 5.2) illustrates the four actors dispensing vocational tracks to those over 18 in the region. The French Community provides dual learning for youth and adults as well as adult vocational education, *Enseignement de promotion sociale* (EPS). EPS is tied to the francophone education system. *Bruxelles Formation* certifies a limited number of EPS tracks. The French Community also provides vocational secondary education (*Enseignement secondaire qualifiant*) for young people in vocational tracks.

**Certain vocational education tracks such as EPS present strong labour market prospects for francophone jobseekers.** EPS vocational education tracks offer access to middle or higher skill occupations (e.g. nurse). Multiple EPS occupational options, particularly in health care and social work, are vocational tracks which were characterised by labour shortages in 2022 according to *view.brussels* and *Instance Bassin* (Bassin EFE Bruxelles, 2022<sup>[31]</sup>). Due to their strong institutional education element, EPS tracks tend to include a greater degree of transversal education. OECD research in Finland suggests completion of longer self-motivated adult learning tracks can pay off through successful labour market entry after completion (OECD, 2023<sup>[32]</sup>). The foundational education in EPS is of particular benefit to the large share of jobseekers with low levels of education in the region who require longer periods of skilling.

**Certificates delivered by different VET systems do not offer equal labour market recognition for jobs in the same sectors.** EPS and French Community dual learning centres (CEFA – *Centres d'Éducation et de Formation en Alternance*) dispense qualifications with high levels of employer recognition. EPS tracks give access to school degrees, such as the *Certificat d'enseignement secondaire supérieur* (CESS), due to their stronger links with the education system (Table 5.3). Certificates delivered by *Bruxelles Formation* or the SME dual learning system, the *Service Formation des PME/Espace Formation PME* (SFPME/EFP), meanwhile, sometimes suffer from recognition challenges among employers who prefer credentials from the education system. Strengthening recognition of *Bruxelles Formation* training and dual learning certificates among employers may attract greater numbers to vocational training and further raise its placement potential.

**Participants in *Bruxelles Formation* training are automatically eligible for a training allowance, though most EPS tracks are left out.** Participation in *Bruxelles Formation* training grants individuals a training allowance of EUR 2 per hour of training in addition to Unemployment Insurance (UI) (Table 5.2). *Bruxelles Formation* participation also reimburses course costs and transportation.<sup>5</sup> Most EPS tracks do not grant allowances, despite the in-demand tracks available in EPS, and cost reimbursement conditions are more limited. Many OECD governments decide training allowances based on in-demand occupations. In France, for example, the Île-de-France region offers a total EUR 1 000 to EUR 2 000 allowance to jobseekers to enter a defined set of training tracks (Île-de-France, 2023<sup>[33]</sup>). Those EPS tracks leading to occupations facing shortages may be considered for an allowance, while all EPS should be considered for similar reimbursements for transportation and registration as available in *Bruxelles Formation*. Broadening monetary incentives may also require considering the different lengths of VET due to the longer length of EPS tracks, and potentially setting a maximum duration.

**Table 5.2. Jobseekers and youth have different options for training and vocational education in French in the Brussels-Capital Region**

Francophone VET and dual learning offers in the Brussels-Capital Region

Role	Labour market and vocational training ( <i>formation professionnelle</i> )	Vocational education ( <i>enseignement qualifiant</i> )	Dual learning ( <i>alternance</i> )	
Coordinator	<i>Bruxelles Formation</i>	French Community	COCOF – <i>Service Formation des PME (SFPME)</i>	
Main provider(s)	<i>Bruxelles Formation centres, Centres de Référence professionnelle, for-profit providers, Missions locales, Organismes d'insertion socioprofessionnelle (OISP), Université Libre de Bruxelles</i>	<i>Enseignement de promotion sociale (EPS) centres</i>	<i>Centres d'Éducation et de Formation en Alternance (CEFA)</i>	<i>Espace Formation (EFP)</i>
Main type of training	Basic skills, specific skills, occupational training ( <i>formation qualifiante</i> )	Occupational ( <i>formation qualifiante</i> ), secondary and lower tertiary education	Occupational, secondary education for CEFA	
Examples of training or education	Introduction to coding (basic), Python (specific), graphic designer (occupational)	Computer science	Industrial electrician	IT helpdesk technician

Note: *Bruxelles Formation* works with different providers in contracted arrangements (*sous-traitance*) as well as certification (*conventionnement*).  
Source: Author's elaboration.

**Table 5.3. Qualifications and income support available for different Francophone vocational tracks in the Brussels-Capital Region**

Training or vocational education system	<i>Bruxelles Formation</i> and certified partners	EPS	CEFA	SFPME/EFP
Main qualifications delivered	<i>Certificat de compétences acquises en formation (CeCAF), Certificat d'acquis de formation spécifique (CAFS), titres de compétences<sup>1</sup></i>	<i>Certificat d'études de base (CEB), Certificat d'enseignement secondaire du deuxième degré (CE2D), Certificat de qualification (CQ), Certificat d'enseignement secondaire supérieur (CESS), Bachelor's Degree<sup>2</sup></i>		<i>Chef d'entreprise diploma and management certificate</i>
Out-of-work income maintenance and support	Unemployment insurance (UI) if applicable, EUR 2/hour supplement, transportation and registration reimbursement	UI if applicable, registration reimbursement for eligible UI recipients <sup>3</sup>	Wages from apprenticeship contract Supplemental allowance of EUR 500 at the end of the first or second year, and EUR 750 at the end of the third year <sup>2</sup>	

Note: (1) Qualifications only available in a share of *Bruxelles Formation* tracks (2) Some qualifications provided by EPS and CEFA differ, not all are available in both systems. (3) EUR 2/hour supplement for limited number of EPS tracks partnered with *Bruxelles Formation*.  
Source: Author's elaboration.

### **Reducing conditions to access and increasing guidance around Actiris training vouchers may increase their use**

**Actiris provides training vouchers for digital skills, languages and sectoral training.** Based on the type of voucher, *Actiris* partially or fully subsidises training. The training vouchers (*chèques formation*) can be used for a vast range of training offers. *Actiris* provides half the funding for individuals through training vouchers, with a ceiling of EUR 2 250, while the remainder has to be covered by the employer or the



learner. The *Actiris* training voucher is only applicable to job seekers who have secured a job and require training during the initial six months of work. Language and IT skill vouchers, meanwhile, can be used with more flexibility for shorter trainings focused on developing the targeted skill set with certified providers.

**Use of training vouchers is limited to a small share of jobseekers due to access conditions.** Limiting training vouchers to individuals who have found work may limit their use. It also appears as an administratively burdensome way to provide jobseekers with remedial labour market training. To benefit from vouchers, jobseekers also have to meet one of four conditions: (1) very low levels of educational attainment (maximum secondary school diploma – CESS), (2) over two years of unemployment, (3) at least 46 years of age or (4) disability.

**By reducing conditions to access, training vouchers could be mobilised for more individuals for training unavailable in *Bruxelles Formation* or *VDAB Brussel*.** France's 2018 expansion of the *Compte personnel de formation* (CPF), a universal contribution-based access to contracted training, may offer insights for the region. Although the CPF has a broader vocation and it not limited to jobseekers, lessons are emerging relating to provider approval. For instance, a 2023 evaluation of CPF reform by the French Court of Auditors highlights the need for specific regulatory attention to quality control, fraud reduction and credential-bearing training (Cour des comptes, 2023<sup>[34]</sup>). Training certification processes already in place within *Bruxelles Formation* and *VDAB Brussel* may be able to serve this purpose.

***Actiris* vouchers may also gain from strong guidance to appropriate training connected to skills assessment.** In a recent evaluation of training vouchers in the United States, a study contracted by the US Department of Labor concludes that counselling is likely to support programme success, compared to voucher programmes in which jobseekers guide themselves through the selection process (MSG, 2021<sup>[35]</sup>). Increasing *Actiris* counsellor knowledge of the region's skills system will be key to further deploy vouchers. Ensuring voucher expansion is made in tandem with *Bruxelles Formation* and *VDAB Brussel* is also key to minimise duplication and coordinate the training offer. The skills assessment within *Actiris* for jobseekers is also an opportunity to tighten links to appropriate voucher use (Actiris, 2023<sup>[36]</sup>).

### ***Employers may be helped to recognise qualifications for non-regulated or vocational occupations earned abroad***

**A more systematic recognition of qualifications earned abroad can improve the labour market outcomes of foreign-born people.** While efforts have been made to promote the recognition of foreign qualifications for highly educated migrants in most OECD countries, challenges remain. The lack of information and clarity, the length and the cost of the procedure are considered the main barriers across OECD countries (OECD, 2017<sup>[37]</sup>). Addressing these issues would make the recognition process more accessible to foreign-born people, helping them find a job or improving their labour market situation. In addition, a more widespread use of the recognition offer could improve staff motivation and productivity within firms. Finally, the investment of governments in making the recognition process quicker and smoother could contribute to increasing growth and competitiveness and promote social inclusion (Figure 5.7).

**Figure 5.7. Improving the recognition of foreign diplomas is beneficial for individuals, employers and governments**



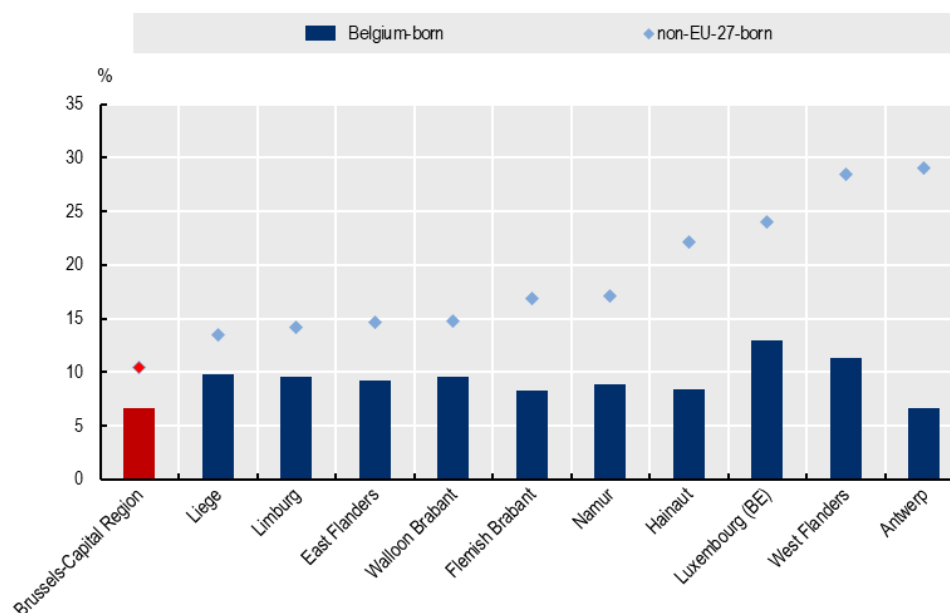
Source: Adapted from (ILO, 2016<sup>[38]</sup>), Strengthening Skills Recognition Systems: Recommendations for key Stakeholders, [https://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---ifp\\_skills/documents/publication/wcms\\_541698.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---ifp_skills/documents/publication/wcms_541698.pdf).

**In the Brussels-Capital Region, 44% of the registered job seekers with *Actiris* are foreign-born people whose degrees have not been recognised.** This corresponds to slightly less than 40 000 jobseekers whose labour market prospects could be increased significantly, if their qualifications were recognised. Among them one in four has tertiary education and, hence, represent an important resource for the local economy, which characterised by an increasing number of vacancies requiring high qualifications (see Chapter 2).

**People with a migration history who are employed are more likely to be overeducated than the native-born.** Unrecognised foreign qualifications represent a barrier for employed people with migratory history, as revealed by the higher degree of people born outside the EU with levels of education above their current occupation (Figure 5.8). It is worth mentioning that the higher share of over education might be influenced by the limited language skills and the discrimination against foreign-born people that might exist in the workplace.

**Figure 5.8. A higher share of non-EU-born migrants are formally overqualified, but the problem is less pronounced in the Brussels-Capital Region**

Share of formally overeducated Belgium-born and non-EU-27-born migrants among medium and highly educated employed, 2021



Note: A person is considered overeducated if their educational attainment is above the modal education level of their respective 3-digit ISCO-08 occupation in the survey year. Educational attainment is defined by four ISCED groups: 0-2, 3, 4, 5-8. Non-EU-27-born migrants refer to those who were born outside of the EU-27, regardless of their current nationality. EU-27 born migrants not shown in the figure.

Source: OECD calculations based on EU-LFS data.

**In the Brussels-Capital Region, the French and Flemish Communities dispense official recognition of secondary, tertiary and adult vocational education qualifications earned abroad.** Individuals submit documentation to Community governments. The process lasts between two months for people who studied within the EU and four months for those who have a non-EU diploma. For example, the process for recognition by the French Community involves submitting certified copies of diplomas and payment of a fee (French Community, n.d.<sup>[39]</sup>). Official recognition can include both the level of education (e.g. upper secondary) and specific field of study (e.g. accounting). The first type of recognition gives only access to unregulated occupations, while the second one can be used to continue education or access regulated occupations.

**Regulated occupations require official Community recognition to work in the profession.** These occupations include for example accountants, psychologists or teachers, but also occupations such as technical professions in construction and food services (1819.brussels, 2022<sup>[40]</sup>), where there are labour shortages in the region. Although according to the 2016 EU Survey of Regulated Occupations only 20% of workers have regulated occupations in the EU, it is important to find solutions for migrants wishing to enter in those fields, especially if they are characterised by high labour shortages. In Canada for example, *Citizenship and Immigration Canada* (CIC) aims to find migrants who had regulated occupations in their own countries alternative careers related to their qualifications. CIC collaborates with the provincial governments, as well as professional associations, employers and education institutions to identify the best career options for highly qualified migrants. This approach ensures recently arrived migrants can

quickly enter the labour market and better connect with the host society (Citizenship and Immigration Canada, 2023<sup>[41]</sup>).

**Unregulated occupations do not require a specific degree and employers can decide whether a candidate is suitable for the job.** Unregulated occupations (e.g. coder, graphic designer) may not require official recognition to find work, especially amongst private sector employers. For example, in Norway, the “turbo evaluation” allows employers to evaluate job applicants with foreign higher education qualifications in non-regulated professions. Employers have the opportunity to complete an online application form that includes the applicants educational background and CV. This online procedure is completely free of charge and the application is verified within five days. This assessment shows whether that the degree is accredited in the country where it was delivered and determines whether the qualification is equivalent to a Norwegian degree. It is important to note that this evaluation is non-binding and solely intended for the specific job application in question (Norwegian Directorate for Higher Education and Skills, n.d.<sup>[42]</sup>).

**Fast-track initiatives can accelerate the access of highly educated recently-arrived migrants and refugees in jobs and sectors experiencing labour shortages.** Fast-track initiatives are widespread across OECD countries and are considered a valuable tool to accelerate the integration of migrants in the labour market and more broadly in society (OECD, 2017<sup>[37]</sup>). For example, in Sweden around 40 different professions that experience labour shortages in the country can benefit from this procedure. These fast-tracks have been developed through a tri-partite discussion between the PES, the social partners and employers’ associations. The first fast-track process was implemented for people who had a diploma to work as chefs, and the second one targeted the healthcare sector, including professions such as doctors, nurses, dentists and pharmacists. Since 2015 nearly 7 000 people have started a fast track (Akademikerförbundet SSR, 2023<sup>[43]</sup>).

**Other bodies can provide alternative types of recognition for non-regulated occupations that meet standards.** Parallel processes such as sector-dispensed licenses, such as lifeguarding, or the recognition of prior learning (RPL) by *Bruxelles Formation* or *VDAB Brussel* can also be a tool to help those educated abroad to meet qualification requirements. Through the RPL, applicants get their skills assessed and can either be considered suitable for a job or encouraged to take part in a training if their skills are not sufficient to enter the labour market (Meghnagi and Tuccio, 2022<sup>[44]</sup>).

**International agreements that automate recognition between countries and regions may be another tool to mobilise based on OECD practice.** Based on predominant foreign nationalities in *Actiris*, the region or Community bodies may explore accelerating or facilitating mutual recognition for certain key occupations for which academic standards are met in selected countries. For example, Québec, Canada, and France signed an agreement providing automatic mutual recognition over 80 occupations in 2008 (French Consulate in Québec, 2020<sup>[45]</sup>). In 2022, the United Kingdom and India signed a Memorandum of Understanding for mutual recognition of higher education qualifications (British Council, 2022<sup>[46]</sup>).

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## Notes

<sup>1</sup> The methodology to categorise online job postings into generic and advanced ICT skills requirements draws on Brüning and Mangeol (2020<sup>[47]</sup>) and OECD (2022<sup>[4]</sup>). It follows a three-stage process: First, the total monthly count of unique job vacancies is determined for each region. Second, the skill requirements listed in each job posting are utilized to determine whether the job requires “generic” or “advanced” ICT skills. “Generic” ICT skills include skills such as working in word processing software or carrying out basic data manipulation. “Advanced” ICT skills refer to specialised skills in programming, coding, and data analysis. Finally, the total number of job postings that require generic or advanced ICT skills is summed up by region and divided by the total number of regional online job postings calculated in the first step. One caveat applies to the analysis of “generic” ICT skills requirements: In high-skill professions, employers may not always list these basic digital skills when posting vacancies. This may explain the comparably lower share of online job vacancies listing “generic” ICT skills in high-skill labour markets such as London, UK (see Panel C, Figure 5.1).

<sup>2</sup> It should be noted that language requirements are not always listed in job requirements even if jobs do require the knowledge of a language. For instance, in the Brussels-Capital Region, the knowledge of French is required for most jobs and many employers are unlikely to list French as an explicit requirement.

<sup>3</sup> For the purposes of the study, durable employment was defined as consecutive employment of at least six months. French-speaking jobseekers of Belgian nationality constituted the analysed sample.

<sup>4</sup> Advanced language skills are defined as level B2, C1 or C2 in the Common European Framework of Reference for Languages.

<sup>5</sup> *VDAB Brussel* enrolment reimburses transportation as well as childcare costs. *VDAB* is also introducing a premium for tracks leading to occupations facing shortages (*VDAB*, 2023<sup>[48]</sup>).

## OECD Reviews on Local Job Creation

# Unleashing Talent in Brussels, Belgium

The Brussels-Capital Region has witnessed significant improvements in its labour market over the past decade. Local job creation has been driven by ample opportunities for highly-skilled workers whom the Brussels-Capital Region attracts from its surrounding regions, the European Union, and beyond. However, not all of the region's population has seen their labour market prospects improve equally. Many workers with lower levels of education continue to compete for a small number of vacancies, despite the increasingly tightening labour market.

A future vision for the Brussels-Capital Region, therefore, needs to be built on recognising and addressing the multiple and often distinct challenges faced by its young and diverse population. In a labour market that offers high rewards for skills formation, tailoring continuous education and training offerings to different groups while removing barriers to participation in such programmes will need to take priority. Simplifying processes for accessing employment services, streamlining labour market policies, supporting the geographic mobility of less-educated jobseekers, and removing barriers to employment for its migrant population could serve as building blocks to increase labour force participation and improve the employment quality of all local talent.



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