

National Reform Programme 2016

April 2016

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1. Introduction

With the measures taken and proposed in this NRP, the governments are convinced that they are responding to the country-specific recommendations that Belgium received from the Council of July 2015. As the programme indicates, fulfilling the European commitments also requires a strong involvement of the different federal entities in the European procedures and projects launched as part of the initiatives of the Europe 2020 Strategy. This will be covered in more detail in chapter 6 of this programme.

In the country report¹, the European Commission calls on Belgium to pursue an ambitious policy. The governments are of the opinion that this programme meets this recommendation. At the same time, the European Commission² believes that, compared to the previous three years, Belgium is no longer facing macroeconomic imbalances, in the framework of the procedure for macroeconomic imbalances. This statement is seen by the governments as an encouragement to continue along the course they have set.

The structural measures listed in this NRP are geared towards the medium- and long-term sustainability of our model of society. They are complementary to the budgetary measures outlined in the Stability Programme. For the governments, the structural and budgetary measures are, of course, part of a whole. And that whole shows the following priorities.

The first priority concerns the tax shift. A lower taxation of labour is believed to be essential to increase our employment rate. Both the macroeconomic forecasts of this programme (see chapter 2) and the independent analyses of the Federal Planning Bureau and the National Bank of Belgium indicate that the pursued policy paid off in the field of employment.

A modernisation of labour law and paying special attention to target groups will also boost the employment rate.

In the past few years, the increase in wage costs has been constrained by a temporary suspension of the indexation mechanism and by limiting the increases in gross wages excluding indexation. Consequently, the competitiveness of the labour cost has improved substantially. A discussion on the reform of the 1996 law on wage setting will take place before the summer.

The programme tries to bring together the measures taken over the past twelve months in these and other fields and present the priorities for the coming months.

The reform programmes of the Communities and the Regions (enclosed as appendices 1 to 5) are an essential part of the National Reform Programme. They give more detailed explanations on the measures taken by the different Communities and Regions for implementing the country-specific recommendations. These programmes also review the progress towards achieving the regional Europe 2020 targets and the measures supporting them.

¹ European Commission, Country Report 2016 Including an In-Depth Review on the prevention and correction of macroeconomic imbalances, February 2016.

² European Commission, Communication from the Commission to the European Parliament, the Council, the European Central Bank and the Eurogroup, 2016 European Semester : Assessment of progress on structural reforms, prevention and correction of macroeconomic imbalances, and results of in-depth reviews under Regulation (EU) No 1176/2011, March 2016.

2. Macroeconomic scenario

The macroeconomic scenario is described in the Stability Programme³. This scenario incorporates all available information - i.e. figures and agreed measures - up to mid-March 2016⁴, thus excluding the measures ensuing from the budget review. However, the pension reform and the tax-shift are taken into account. In comparison with last year's NRP, the forecasts for 2016 are slightly less favourable, but quite similar in the middle term. Job creation should still be strong.

Table 1: Key figures of the macroeconomic scenario 2016-2020
Evolution in %, except when mentioned otherwise

	2015	2016	2017	2018	2019	2020
GDP	1.4	1.2	1.5	1.6	1.5	1.5
Consumer price index	0.6	1.3	1.5	1.6	1.6	1.6
Health index	1	1.5	1.3	1.4	1.5	1.6
Domestic employment (evolution in thousands)	37	31.5	35.5	30.9	29.3	41.1
Domestic employment (evolution in %)	0.8	0.7	0.8	0.7	0.6	0.9
Employment rate (20-64 year)	67.7	67.9	68.1	68.4	68.9	69.5
Unemployment rate (Eurostat definition)	8.3	7.9	7.9	7.9	7.8	7.5
Productivity per hour	1	0.2	0.5	0.8	0.9	0.7
Output gap (level)	-1.1	-1.2	-1.1	-0.8	-0.4	-0.1
Current account balance (National Accounts) (in % of GDP)	0.7	2	2.7	2.9	3.1	3.3

Source: Federal Planning Bureau, National Accounts Institute, March 2016.

The forecast for 2016 matches to a large extent that of the Economic Budget 2016, published by the NAI. However, it has been adjusted to take more recent evolutions (pertaining to financial variables) and additional information in the field of public finances into account. Due to a slowdown in private as well as in public consumption, the GDP growth should not exceed 1.2% this year. The growth of the external markets relevant for Belgium should be slightly higher than that of last year. However, the positive evolution of domestic costs, boosted by the measures taken in order to curb labour costs, should sustain the export growth. The annual growth of the Belgian economy should reach 1.5% in 2017 and 1.6% in 2018 and then amount to 1.5% on average between 2019 and 2021.

In view of the relative stability of the economic growth, the employment and productivity dynamic during the projection period is mainly driven by the evolution of labour costs. Measures aiming at reducing labour costs sustain the employment growth during the periods 2016-2017 and 2020-2021. The employment rate (20-64 years) gradually increases during the projection period, but should remain under the target of the Europe 2020 strategy in this field. Despite an employment increase of more than 30,000 persons a year, the unemployment rate should remain more or less stable until 2019 and then decrease significantly.

In recent years, lower energy prices have had a major downward influence on inflation. In 2015 and 2016, this impact was partly offset in particular by an increase of VAT on electricity and some excise duties. As from 2017, oil prices should gradually rise again on a yearly basis. Nevertheless, the underlying inflation should remain limited due to the measures aiming at slowing down the labour cost growth. Consequently, inflation should reach 1.6% on average during the period 2017-2021

³ Belgian Stability Programme 2016.

⁴ Economic outlook 2016-2021, March 2016.

3. Follow-up on the country-specific recommendations

3.1. Pension (Recommendation 1)⁵

As emphasised by the Council in its Recommendations regarding Belgium's 2015 national reform programme and embodying the Council's opinion on Belgium's 2015 stability programme, the federal government adopted a major reform of its pension system with the aim of reducing the difference between the effective and the actual retirement ages and raising the latter.

The law of 10 August 2015 raises the retirement age to 66 in 2025 and to 67 in 2030. The previous government had already significantly raised the age and career conditions for early retirement. The law of 10 August 2015 completed this reform by providing that the age at which a person can retire early will be raised to 62.5 years in 2017 and 63 years in 2018. The career condition is increased to 41 years in 2017 and to 42 years in 2019. The law of 10 August 2015 also further reforms survivor's pensions, initiated by the previous government, by progressively raising the minimum age from 50 years in 2025 to 55 years in 2030 to encourage people to engage in a professional activity even if they are receiving surviving spouse's benefits.

From the report of the "Ageing Working Group 2015", it appears that pension reforms will, in and of themselves, allow for a reduction in the cost of ageing of 1.6% of the GDP in 2060.

Moreover, to confirm the importance of a second pension pillar to complement the first pillar, the federal government took measures to assure all auxiliary pension stakeholders, that is, the employers, the sectors, the pension organisations and the workers, regarding the level of performance guarantee provided by the law from the employers and industries who offer workers an auxiliary pension. The level of this guarantee as set by the legislation presented a challenge to the pension organisations if they wanted to cover the performance guarantee paid by employers and industries given the low bond interest rates. The federal government, working with social partners, with effect from 1 January 2016, reviewed the level of the performance guarantee set by the law.

The federal government furthermore took measures allowing for payment of the auxiliary pension benefits only once the retirement conditions were met to prevent some from being tempted to leave the labour market and apply for their auxiliary pension benefits to wait, thanks to this income, for their pensions to start. Moreover, auxiliary pension plan provisions that encourage early retirement are prohibited.

The federal government decided, pursuant to the government agreement, to begin complementary structural reforms as from 2016.

In the public sector, the Government has already, by the law of 28 April 2015, started to progressively eliminate the years of study from the calculation of the minimum career for early retirement.

As part of this reform, it will harmonise the regimes that take into account, in pension calculation, the years of study. Thus, in accordance with acquired rights, officials who would like their years of study to be taken into consideration when calculating their pensions will be asked to make a regularising contribution as is the case in the pension regimes for private-sector employees and self-employed persons. Taking this into account will therefore no longer be free of charge.

⁵ The other aspects of the first recommendation have been incorporated in the Belgian Stability Program 2016.

Preferential bonuses (portion of career that gives more weight to the years worked as regards both the career condition for starting early retirement and the pension calculation), which certain categories of officials receive, will be reviewed when more favourable pension provisions for the functions that are recognised as heavy work are adopted following the discussion of this issue within the National Pensions Commission.

Public service employees, appointed as officials during their careers, may no longer include their years as public service employees in the calculation of their state pensions. From now on, they will receive a salaried employee's pension for the years they were employed as public service employees and a public-sector pension for the years they were employed as officials after their appointment as such. Along with this reform, the federal government decided to adjust the legal framework for auxiliary pensions to foster its development for public service contractual staff. The federal government will set the example by offering an auxiliary pension with a sufficient contribution level to contractual staff of various public services under the federal State.

The automatic pension scheme for reasons of physical incapacity in the public sector, which hinders professional reintegration of staff members who benefit from it, will be replaced by a workers' compensation scheme of the same type as that which exists for private-sector employees.

In accordance with social agreements, the minimum age for early retirement will be raised.

The condition that provides for an official to have at least five years of effective service to claim a public sector pension will be eliminated so that this condition is no longer a hindrance to staff mobility.

Finally, in response to the first Council Recommendation, it is the intention to introduce, by the end of the term, a retirement scheme based on points with adjustment mechanisms that correspond to demographic or economic evolution, like an increase in life expectancy or a change in the economic dependency ratio.

3.2. Tax shift (Recommendation 2)

THE COUNCIL RECOMMENDS that Belgium take action in 2015 and 2016 to adopt and implement a comprehensive tax reform broadening the tax base, shifting the tax burden away from labour and removing inefficient tax expenditures.

In compliance with its commitments the Belgian government has shifted the tax on labour to other sources of income which have a less disruptive effect on growth, particularly on consumption, environment and capital. This shift enables the reinforcement of the competitiveness of Belgian companies and the purchasing power of workers. The potential growth of the Belgian economy is thus being promoted. More jobs should be created (see 4.1).

The Regions have taken initiatives as well to shift taxes to other tax bases. Through the implementation of the sixth State Reform the tax competences of the Regions have increased.

3.2.1. Reduction of the tax burden on labour

The effect on the federal budget of the reduction of the tax burden on labour has been estimated to be 8.2 billion euro until 2020⁶, half as a result of the reduction of labour costs and the other half through the increase of the net wage of employees.

⁶ Excluding the "welfare envelope" measure, which guarantees the welfare level of the lowest allowances and replacement incomes.

On the one hand the reduction of labour costs is a key element to reinforce the competitiveness of Belgian companies and the employment level. In compliance with the governmental commitment, the nominal rate of the employer's social security contributions will be progressively brought back from 32.4% to 25%. The existing reduced rates for low wages will be maintained and even extended. The current system of reductions will be substantially simplified and the rates of contribution will be immediately visible to employers. The reductions of contributions will be applicable from 2016 for every income bracket, with emphasis on the low and average wages. Special attention will be paid to the construction sector as well.

Furthermore the rate of the exemption of payroll tax for shift and night work has increased from 15.6% to 22.8% in 2016. It concerns bringing forward the increase that was foreseen in the Competitiveness Pact for 2017 and 2019. In addition an increase of 2.2% will be allocated, by an equalization of shift work with continuous work, to companies that fabricate high-tech products, to stimulate innovation. This will *inter alia* be stimulated by the introduction of increased spread investment incentives for fixed assets for investments by means of production of high-tech products.

The SMEs and self-employed workers are being stimulated as well to recruit employees through a permanent exemption of employer's contributions for the first recruitment carried out between 2016 and 2020. The recruitments that have been made in 2015 also receive the exemption. The reductions of contributions that have already been allocated for the recruitment of the first to the fifth employees will be extended towards the second to the sixth employees. Furthermore the amounts of the reduction in contributions for the third to the sixth employee will be gradually increased and harmonized in 2017. Social contributions of self-employed workers will be progressively reduced. Following a reduction of 22% to 21.5% in 2016 they will be brought back to 21% in 2017 and to 20.5% in 2018.

On the other hand the increase of the net wage of the employees, particularly of those with low and average wages, is of high priority. Thus labour is made financially more attractive compared to inactivity. The social and tax work bonus has already been reinforced in August 2015 and will be increased further in 2016 and 2019. The tax burden on labour will again be reduced through the combination of a series of measures relative to personal income tax. These measures concern a new increase of deductible professional expenses⁷, an increase of the tax-free allowance and the modification of the rates and the brackets of the tax scale. The tax rate of 30% will be abolished by the integration of the tax bracket of 30% into the bracket of 25% in two steps (2016 and 2018). The lower limit of the tax bracket of 45% will be increased in two steps (2018 and 2019) as well, so that this tax bracket will less frequently be reached by taxpayers. Contrary to the first two measures aimed at the employees, all taxpayers will benefit from these tax scale amendments.

3.2.2. Financing the tax shift

The tax reductions will be compensated until 2018 by new taxes concerning excise duties, VAT, receipts not related to employment and a more efficient operation of the government ('redesign'). Permanent monitoring makes sure the budget process is respected. The principal measures are described below.

Behaviour that is harmful to the environment and health is discouraged. Excise duties on diesel and alcohol have been increased since November 2015, excise duties on tobacco are raised during the period 2016-2020 and excise duties on most energy products and electricity will be indexed starting in 2016. A 'health tax' on soft drinks in the form of excise duties will also be introduced as of 2016. The VAT rate on the supply of electricity has been brought back to the normal rate in September 2015. Furthermore

⁷ Increase of the rates and broadening of the brackets to which the rates are applied.

the VAT base has been extended: since 2016 the decreased rate of 6% for renovation of housing is limited to property older than 10 years, in comparison to 5 years previously. Aesthetic surgical procedures and cosmetic surgery are subject to VAT since 2016.

Incomes on equity are taxed more heavily. The withholding tax is harmonized and raised from 25% to 27% in 2016⁸. A speculation tax of 33% is introduced as of 2016. This tax is aimed at the capital gains on quoted shares, options and warrants owned less than six months. Losses are generally non-deductible. Thus the tax system is made fairer. Receipts of the transparency tax are raised, in particular through the introduction of an anti-abuse clause. A permanent social and fiscal regularisation system will be established in 2016. An anti-fraud plan has still to be approved, reinforcing the fight against fraud. The fiscal expenses (at the federal level) will, however, be limited by the continuation of the non-indexation of tax reductions not related to employment.

The implementation of the tax shift impacts the fiscal receipts of the regional and local entities. The regional reform programmes elaborate on the decisions made in this context.

3.2.3. Regional measures

The environmental receipts will increase as the result of the introduction, with the cooperation of the three Regions, of the toll on heavy goods vehicles (vehicles of more than 3.5 tonnes) in April 2016. The tax depends on the amount of kilometers travelled and the rate depends on the weight and the emission class of the vehicle. The rate increases in accordance with the pollution impact of the vehicle.

The car taxation has been reformed as well to make it more ecological. The Flemish Region has adopted new measures for the registrations as of 2016. The tax on the entry into service has been adjusted to the latest technological evolutions and the circulation tax takes into account the environmental performances of the vehicle, with the eco boni and mali. Diesel vehicles will be taxed more. The most 'green' vehicles are exempt from taxes (hybrids and vehicles that run on natural gas until 2021, electric vehicles and vehicles that run on hydrogen for an indefinite period). The Walloon Region has raised the permitted age for the allocation of tax advantageous rates from 25 to 30 years ('oldtimers').

In 2016 important reforms of the property tax have been implemented. Following a thorough reform the Flemish Region has modified the housing bonus. In particular, the tax reduction for the own but not unique residence is changed (implying that the taxpayer owns at least one house other than the one he occupies). The tax reduction has been reduced in that the own but not unique residences are not treated more favourably than the own and unique residences.

The Walloon Region has replaced the housing bonus by the 'cheque habitat' for new contracts. It consists of a tax reduction that can be converted to a tax credit. The amount depends on the income level (with a threshold of €81.000)⁹ and the amount of dependent children. The objective is to stimulate families with low and average wages to purchase their own housing and to abolish the opportunity effect. Furthermore the registration rights for the acquisition of a third building are being raised from 12.5% to 15%.

The fiscal matters of the Brussels-Capital Region have been reconsidered with a view to stimulate new taxpayers to settle in the Brussels Region. These matters have been reformed to shift the taxes on labour to property taxes, which will significantly broaden the tax base. The personal income tax will be reduced in 2016 through the abolishment of the agglomeration tax of 1% for incomes of 2016 and an

⁸ With the exception of interests on saving accounts, 'Leterme'-staatsbons and dividends of certain new shares of small companies (VVPR-SME).

⁹ In which the net taxable wage has been taken into account; the benefit is individual.

additional reduction of the personal income tax of 0.5% will be implemented in 2017. The flat-rate tax borne by the families of the Brussels-Capital Region will be abolished in 2016 as well. The property tax increases, but this increase is compensated for owners occupying their own property. The housing bonus will be abolished in 2017. This abolishment will be compensated by an increase of the abatement of registration rights to €175,000 for the acquisition of a first housing (value less than €500,000). The fiscal expenses will be reduced in 2016 as well: the fiscal deductibility of the cheque system for the organisation and the regularisation of local services between providers and users (service vouchers, local employment agencies cheques) will decrease from 30% to 15%. A series of tax reductions (such as the expenses for protection against theft and fire) will in addition be abolished.

3.3. Labour market (Recommendation 3)

THE COUNCIL RECOMMENDS that Belgium take action in 2015 and 2016 to improve the functioning of the labour market by reducing financial disincentives to work, increasing labour market access for specific target groups and addressing skills shortages and mismatches.

3.3.1. Making work pay

Within the framework of the tax reform ("tax shift"), since the 1st January 2016, the labour costs will decrease and thus the net income of workers will increase. For low wages (less than € 1,500 gross per month), this reduction will gradually increase to reach in 2019 an increase of 140€ per month. In addition, the synergy between supporting the unemployed and supervising their search efforts has been increased, by transferring the two functions to the public employment services of the Regions.

3.3.2. A simplified and adapted target group policy

The weak position of different groups in the Belgian labour market is primarily related to its general functioning. Which led in recent years to a strong segmentation: the "insiders" can count on attractive, well-paid and well-protected jobs. The "outsiders" are faced with high barriers to enter the labour market, and when they succeed, they are often found in jobs with less security and high flexibility, resulting moreover in a less favourable social security status in case of job loss.

In order to remedy this, first and foremost the general functioning of the labour market needs to be improved. The groups that are the least well integrated now, primarily the low-skilled, shall thus benefit the most. The job creation that will result from the tax reform (see 3.1) and sustained wage moderation (see section 3.4) including the measures within the framework of the 'agile, viable work' agenda (see 3.2.4) are therefore crucial. In addition, specific groups need an extra push. That goes for newcomers and people of foreign origin (see 4.1.3). As part of the recent Sixth State Reform, every region has selected a limited number of target groups for which there are reductions in social security contributions. In this way, employment policy can be more strongly adapted to the regional labour market situation. To ensure the consistency and coherence of this policy, a cooperation agreement will be concluded this year between the regions.

Wallonia focuses its initiatives on low and medium-skilled young people who are unemployed for more than six months, the long-term unemployed and the older workers (55+). Flanders has also picked the low- and medium-skilled youths and workers older than 55 as the main target groups, and included the disabled as well. Brussels will firstly implement a thorough analysis of the former federal measures before reforming it. However, the conditions for granting social security contributions reductions for older workers (55+) have been redefined. The German-speaking Community also focuses on low and medium-skilled young people and older workers (55+), and included the disabled as well. The new measures will be starting this year or early next year.

3.3.3. An improved match between education and labour market

Through industry-level collective agreements a system of ingrowth jobs has been introduced. Half of the contribution for risk groups must now be allocated to initiatives aimed at providing a first job for young workers through training in the workplace, recruitment incentives or other measures. 40 sectors have already concluded a collective labour agreement on this. Moreover, an intersectorial budget of 12 million euros financed by the sectors that do not take any initiatives enables to cover 13 additional sectorial projects during the period from 2015 to 2016. These initiatives help in total over 8,000 young people find a first job.

Education and lifelong learning on the one hand, and the labour market on the other are too often two very separate worlds. The Regions and Communities are aware that much more than is the case today bridges will have to be built. Therefore in recent years the necessary consultation structures have been set up, agreements have been concluded and the existing networks of the joint training centres have been strengthened. Furthermore, work was done in the field of the identification of the training needs to fill in today's and tomorrow's bottleneck vacancies and agreements were made on improved cooperation, for example in the context of the definition of the learning objectives in education (the "end terms" in the Flemish Community) or by defining the priority areas for industrial policy (the "clustering" in the Walloon Region). This work should now translate into greater cooperation in practice.

This requires, in the first place, a common framework. Therefore a qualification structure has been developed by the Communities and Regions, so as to establish systematically for any profession the necessary qualifications, thus rendering it possible to use them throughout all education and training levels and in the workplace, or for other acquired prior learning. In this way the European Recommendation on the validation of non-formal and informal learning into practice is implemented.

Concretely in the first place all combinations of work and training are strengthened. Starting from the dual learning in secondary education, scheduled to become a strong and positive pathway in learning. The French Community, the Walloon Region and the French Community Commission have developed a uniform contract for the young people in question, while the Flemish Community works towards a uniform status as well. In addition the necessary quality guarantees have been developed, aiming first and foremost at an adequate preparation for the labour market. The German-speaking community continues to build on its strong tradition in this area and further expands the number of professions that can be taught through dual learning.

The training policy pays particular attention to entrepreneurship and to the so-called "STEM" (Science, Technology, Engineering, Mathematics) qualifications, especially targeting girls and young people with a disadvantaged socio-economic background, and focussing the further training of teachers and the updating of the equipment in technically oriented schools.

Just as was the case for the target group measures, the remaining forms of training aid were also transferred to the Regions and Communities. This permits to achieve a greater synergy and improved coordination of the various forms of aid. Thus the Flemish Community plans to bring existing tools under a single framework, and the Walloon Region is working together with the social partners on an integrated system. The federal government remains responsible for the training efforts to which the social partners have committed themselves. In order to set a new target, the Government will start a discussion with the social partners based on the recent report of the Expert Group on Competitiveness and Employment.

3.3.4. Structural reforms of the labour market

In April 2016, the government approved a plan to modernise labour law within the framework of the “Agile, Viable Work” project. This will be submitted as a bill to the council of ministers before the summer break (i.e. before July 2016), after consulting the social partners. The objective of the bill is to modernise labour law, create additional possibilities for firms concerning work flexibility and stimulate viable work for workers.

The bill will be voted in Parliament in the autumn of 2016 so that the legal framework will enter into force before the start of the cross-industry and sectoral negotiations for the period 2017-2018.

1. The general measures, to be directly applied by firms, relate to the adjustment of the reference period for the calculation of the average weekly working time (1). The statutory period will be changed to 1 year, whereby the daily working time may not exceed 9 hours and the weekly working time may not exceed 45 hours. The minimum internal limit is 143 hours, unless otherwise agreed within the sector concerned. Moreover, all workers get a credit of 100 overtime hours per year (2) which they do not have to compensate, but which they can convert into cash or record in their career account. In addition, investments in training (3) are and remain important for every firm. The current cross-industry objective of 1.9% of the wage bill is converted into a cross-industry objective of five training days on average per fulltime equivalent. This replaces the current training efforts requirement of 1.9% of the wage bill. In the absence of a sectoral labour agreement or of an individual training account, each worker enjoys an individual right to training each year.

For all sectors, this individual right to training consists of 2 days per fulltime equivalent, calculated at firm level.

Finally, a legal framework will be developed for granting and determining the workers’ rights e.g. concerning the reimbursement of expenses and the insurance of accidents at work, as well as an administratively simple system for occasional telework (4) during one or several working days or during part of the working day.

2. The bill will also contain a set of measures, some of which can be chosen and activated by the sectors. For example, sectors can make use of departures from the legal basic schemes generally in force. This is an overall reform of working times (1), with a role for the sectors and subsidiarily for firms. It will be possible to depart from daily and weekly working time limits to raise them to 11 hours and 50 hours respectively and to set the start of night work at 22:00 at the latest. The working time rules determined by the law, the sector and the firm (according to the departures provided by the law) will be materialized in the work schedules mentioned in the working regulations. The reference period of 1 year can be extended within a sector to a maximum of 6 years for activities to be specified by law, so that the working time can match the production cycle (generalization of the plus/minus account system).

The possibility for temping agencies to conclude open-ended contracts (2) will also be provided. This offers job and income security to agency workers and allows temping agencies to work with a partially stable workforce of which they know the expertise and experience.

The reform of the employers' grouping system (3) is the third measure. This allows firms to collectively hire workers. The social partners are currently studying this measure.

The regulation of part-time work is simplified (4). Along with a series of administrative simplifications, this implies that changes brought to the work schedule at the worker's request are no longer considered as overtime potentially subject to additional pay. The existing notification deadlines exceeding the minimum of 1 day regarding the work schedule determined in sectoral labour agreements, are maintained. The use of the overtime credit will also be made more flexible.

Concerning the career savings account (5), it will be possible, in a first phase, to agree, at sector level, on a framework for saving holidays and overtime hours at firm level. The sector determines which days can be saved up, the period during which they can be saved up and the way by which workers can take up these days. In the absence of a sectoral agreement and provided a request has been filed by a representative organisation at sector level or by an individual firm to the president of the joint committee to which the firm is subjected, a collective agreement may be concluded at firm level.

The law proposals concerning the adjustment of leave schemes (6), currently discussed in the Parliament, will be supported by the government, provided they are neutral for the budget. Additionally, and equally within a budget-neutral framework, the entitlement to (an allowance for) time credit motivated by care for a family member has been extended with 3 months and the entitlement to (an allowance for) time credit motivated by palliative care with 1 month.

The bill concerning flexible work schedules (7) will be adapted according to the advice of the social partners. As a consequence, workers will enjoy more flexibility for choosing the time they start and stop working.

Finally, it will be possible for workers to give some of their holidays (8) to colleagues whose children are very ill.

In the horeca-sector, it has become possible as from December 1, 2015 to employ at cheap rate a worker who already has a job elsewhere (at least 4/5 of full-time working hours). Meanwhile, declarations for one or more days have been made for more than 10,000 workers. Moreover, the amount of overtime performed in this sector may be extended. Moreover, in order to encourage e-commerce activities, also additional opportunities for night work have been created. In trading, food, distribution and the logistic sectors, sectorial collective agreements have been concluded that allow at company level night work for such activities.

3.4. Competitiveness (Recommendation 4)

THE COUNCIL RECOMMENDS that Belgium take action in 2015 and 2016 to restore competitiveness by ensuring, in consultation with the social partners and in accordance with national practices, that wages evolve in line with productivity.

The measures that have been taken in recent years (the temporary suspension of indexation mechanism at the rate of 2% and the limitation of the wage increase to 0.5% of the gross payroll of 2015 -2016¹⁰) eliminated most of the wage cost handicap that had been accumulated since 1996. The tax reform has

¹⁰ Up to 0.5% of the gross payroll, total cost for the employer, all charges included. In addition the maximum margins for wage development in the year 2016 may be increased by 0.3% of the net payroll without additional cost for the employer.

also considerably reduced the cost of labour (see 3.1), improving thus the short to medium-term competitiveness of the Belgian economy significantly.

This does not mean that wage determination should not be modernized structurally. The law regulating wage determination (the "1996 Act") and fixing a ceiling for wage increases will be simplified. To this end, the federal government will present a bill to Parliament before summer. The new law will introduce an automatic correction mechanism, adjusting the maximum wage increase for the next two years to the difference between the actual wage increases in our country and in the reference countries (Germany, France, the Netherlands) in the two previous years. Monitoring of compliance with the wage norm will be tightened. It will be ensured that the decrease in wage costs financed by the government will effectively lead to a corresponding decrease of the total labour costs.

The highly compartmentalised sectorial consultation structure (the "Joint Committees") should be simplified. A working method will be agreed upon in 2016 with the social partners.

Workers will receive a salary more in line with their skills and productivity, rather than a purely linear increase as a function of age and seniority. The government creates a legal framework for a mobility budget in such a way that it is smoothly and simply applicable.

Moreover, productivity and growth will be further promoted through measures in the field of education and training, economic development, research and innovation (see 4.2 and 4.3). Moreover in addition to the labour costs, particular focus will be on managing energy costs (see.3.2.4).

4. Follow-up on the Europe 2020 targets

4.1. Employment

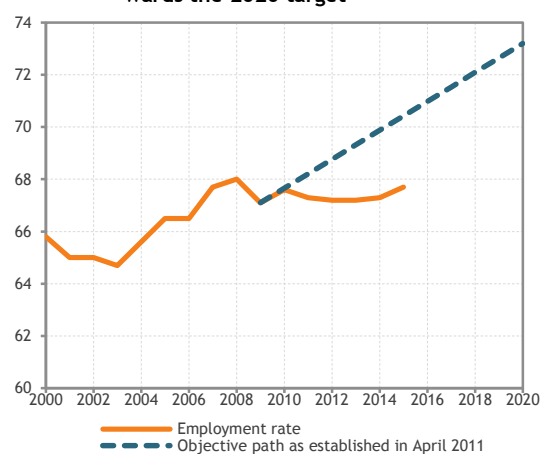
Table 2: Employment targets

	BE2010	BE2013	BE2014	BE2020	Required job creation 2013-2020
Employment rate 20-64	67.6%	67.2%	67.3%	73.2%	431,407
Female employment rate	61.6%	62.1%	62.9%	69.1%	251,930
NEET (percentage of young people neither in employment, education or training)	10.9%	12.7%	12.0%	8.2%	
Employment rate 55-64	37.3%	41.7%	42.7%	50%	182,283
Employment rate gap between non-EU citizens and Belgians	28.4%	28.8%	28.1%	< 16.5%	

Source: Eurostat.

The table shows that this country still remains relatively far away from the objectives set. However perspectives are improving. The medium-term outlook of the Federal Planning Bureau and the National Accounts Institute for March 2016 (see chapter 2) anticipated a rise in the employment rate (20-64) to 69.5% in 2020. The same institution assesses the impact of the 'tax shift' measures on employment (15-64) in 2020 to 0.8 percentage points (based on other assumptions the National Bank of Belgium indicates an even slightly higher figure). The decline in unemployment in 2015, by 0.2 percentage points as compared to 2014, to 8.3% would, according to that same outlook, continue, so that the unemployment rate would amount to 7.9% in 2016 and 7.5% in 2020.

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



Source: Eurostat; the figure for 2015 is based on a FPB prevision (cf. chapitre 2).

4.1.1. Further strengthen the Youth Guarantee

The Youth Guarantee remains a key priority in the policies of the regions to combat youth unemployment.

Its first aim remains to avoid early school leaving. So we try to detect as quickly as possible young people skipping school so as to be able to intervene as quickly as possible too.

For those who still drop out of school without qualifications various forms of workplace learning are set up to teach them the necessary skills.

After its launch in 2014 and its further development in 2015, the Youth Guarantee is scheduled in

2016 to reach the entire target group. Moreover, the Brussels Capital Region and the Walloon Region took the initiative to offer all young people who are still looking for work after 18 months an integration contract of one year. In both regions the Youth Guarantee is supported through the ESF, and more specifically its Youth Employment Initiative.

Finally, coordination between the regions themselves is strengthened. For example, uniform data reporting to the Employment Committee (EMCO) and the European Commission Committee will be introduced, and the exchange of "best practices" will be expanded further in 2016. But cooperation also goes in practice, for example through the "Find / Mind / Bind" initiative in the Brussels Capital Region for which the Brussels Capital Region and the two Community committees, the Flemish Community and the Walloon Region joined forces, and tracing the job seeking unregistered school leavers is followed by orientation and guidance to work and then possibly a traineeship or a training.

4.1.2. Combatting long-term unemployment

Within the framework of the recent recommendation of the European Council on the long-term unemployment several new initiatives are taken in addition to the aforementioned target measures (see 3.2.2). Flanders reforms some existing subsidised employment measures by introducing a system of "work experience pathways" that will allow the job seekers that are furthest from the labour market to gain work experience and thus to find their way to the normal economic channel. The job seeker will be accompanied throughout this trajectory. In this context, there is also a new system of "community service" in which socially useful tasks can be fulfilled during a specified period. Within this same framework is to be situated the new 'district-work' measure: this is an accessible tool to teach skills to long-term unemployed step by step, in a professional environment. The Walloon Region is aiming at inciting SMEs to recruit jobseekers in the non-market services and in social economy.

In order to achieve a single point of contact for the long-term unemployed, where they can find information not only on guidance in the field of employment but also concerning health, housing, ..., the cooperation between the employment services (FOREM, Actiris, VDAB, ADG) and the local welfare services (CPAS) will be structurally reinforced.

Preventing long-term unemployment is ultimately the best way to combat the phenomenon. Preventive measures, particularly those aimed at young people (see 4.1.1) must also be seen in this context.

4.1.3. Improved integration of newcomers and people of foreign origin

Belgium has never evaded its responsibilities for dealing with the refugees, and that is not different in the current crisis. To promote the integration of refugees into the labour market, the period they have to wait before being allowed to work has been reduced from six to four months. Brussels has set up new reception centres for newcomers. Flanders, Wallonia and the German-speaking Community invest additional resources in additional language courses. In the Walloon Region and in the Flemish Community this is part of the compulsory integration process, with combined language skills, citizenship and labour market integration courses.

Even those who reside for some time in this country, and people of foreign origin of the "second" or "third" generation often have difficulties to get onto our labour market. As mentioned, a general improvement of the functioning of the labour market will greatly benefit them, and moreover persons of foreign origin are over-represented in the target groups on which the regions focus their efforts (unskilled young people, long-term unemployed,...), so they are directly targeted by these policies. Moreover, companies are encouraged to implement a diversity policy. The fight against discrimination in the labour market continues to be a priority for all governments.

However, due to the magnitude of the problem, it is necessary to have a more structural approach, which is why the Federal Employment Minister has announced a formal consultation (interministerial conference) with the different authorities responsible for employment, migration, the fight against discrimination and education.

4.1.4. Affordable and accessible childcare

The policy of increasing the number of places available in childcare is continued by the Communities and Regions (in the Brussels Capital Region in particular on behalf of the jobseekers). Thus the combination 'work and family' is further privileged. The French Community will create between 2014 and 2022 more than 10,000 additional shelters. The Flemish Community is working to further expand the number of places available and also focuses on the improvement of access and quality, including through the development of more flexible types of care and improving the status of child-minder.

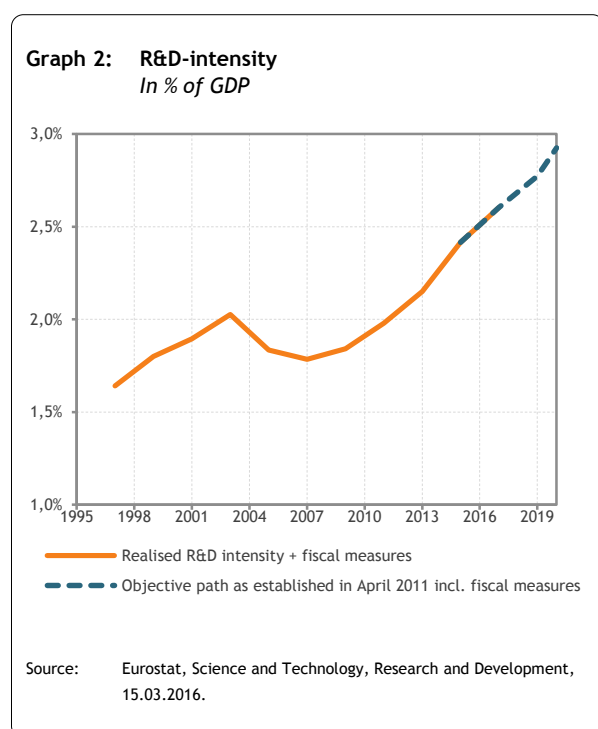
4.2. R&D and innovation

Table 3: R&D-targets¹¹
in % of GDP

	BE2012	BE2013	BE2014	BE2020	Required change 2013-2020
R&D-intensity	2.36	2.42	2.46 (p)	3.00	0.58

Source: Eurostat, Science and Technology, Research and Development, 15.03.2016. (p) projection.

According to the latest figures, Belgium spent 2.42% of GDP on R&D in 2013, the outlook for 2014 predicts a slight increase up to 2.46%. According to our projections and taking into account the evolution of recent years (an average growth of 5.69% per year over the last 20 years) and all things being equal, it would be possible to reach the 3% target by 2020.



Secondly, the ever increasing support for science policy in Belgium by the various authorities should be pointed out. The total budgetary appropriations (GBARD) increased between 2013 and 2014 from 2.52 to 2.62 billion euros (current prices). All tax deductions, labeled as related to research and innovation by the Finance Department, mount up to 1.25 billion euros (for 2013). Between 2013 and 2014 there was an increase of 36 million euros in tax deductions regarding the exemption from payroll tax for researchers (partly because of an increase in the percentage eligible for exemption going from 75 % to 80 %).

To attain the EU2020 objectives, the *federal government* has taken a series of measures -through taxation- to give the different actors involved (the enterprise sector, the government, higher education and the private non-profit sector) more space to be able to make additional investments in R&D. These measures were already mentioned in section 3.1.1.

The *Flemish Region's* total initial budget for science and innovation in 2015 amounted to almost 2.2 billion euros. A more demand-driven, results-oriented, efficient service delivery (through, among other things, greater transparency and better coordination of support instruments/mechanisms) and a higher leverage effect of public efforts are among the policy's objectives. To this end, some substantial organizational changes were implemented within the EWI domain (Economy, Science, and Innovation) by January 1, 2016. The Hercules foundation for research infrastructures will be liquidated and its programs were transferred to the Fund for Scientific Research (FWO) which also took over 3 aid programs

¹¹ In the past, the choice was made to report R&D expenditure and tax incentives within the framework of the partial tax exemption from payroll tax separately because the existing methodology did not allow integrating both elements in a consistent manner. This shortcoming was eliminated in 2012 and now the fiscal measure forms an integral part of the published R&D expenditures.

from the Agency for Innovation by Science and Technology (IWT): TBM (applied biomedical research), SBO (strategic basic research), and the strategic research mandates. From now on, this institution is the contact point for researchers at the Flemish Community. This makes it possible for the renewed FWO to enter into authorizations for a total of 320.8 million euros in 2016, raising the budget with 10.9 million euros. In addition, the new Agency Innovation and Entrepreneurship (AIO) was established, based on the Entrepreneurship Agency (AO) and IWT's business-oriented programs (which will be terminated). From 2016 onward, the AIO is the contact point for entrepreneurs within the Flemish Region. Relative to the comparable budget of the former AO and former IWT, the total budget in 2016 increased with a provision of 80 million euros (earmarked to support innovation in companies). This brings the total Flemish budget for aid to companies to over half a billion euros. The additional funds for the EWI budget amount to 20 million euros in 2015 compared to 2014 (of which for R&D&I: 5 million euros for Flanders' Make) and 25 million euros in 2016 compared to 2014 (of which for R&D&I: 8 million euros for FWO for clinical research).

During the summer of 2015 the Flemish Government approved a concept paper on a (company-driven) cluster policy, further reforming the strategic cooperation between government, knowledge institutions, and companies. In this framework, the former IWT launched a call in the autumn of 2015 to submit innovative business networks (IBN). The IBN become bottom-up networks on a small scale, with future potential, operating in emerging markets or consisting of eg. a number of smaller initiatives (which then regroup). They can receive up to 50% funding from the Flemish government for a period of 3 years. In addition, the Flemish Government adopted a decision early 2016 allowing AIO to await the arrival of proposals for focal point clusters. These include large innovative domains -- which in the future could make a difference economically -- and which operate following the triple helix model, are limited in number, have a large scale, and will be supported for a period of 10 years for maximum 0.5 million euros per year. Meanwhile, the domains of sustainable chemistry, logistics, materials, and agro-food were asked to submit a proposal.

In 2015, the Flemish Government extended the agreements with the (sub-regional) Flemish Innovation centers (1 for each Flemish province) with 5 years. These are low threshold service providers, especially focussed on SMEs. Their role primarily consists in providing advice on the financing of innovation projects and on finding the right partners (including universities and colleges). Approximately 3,000 such partnerships were formed between 2011 and 2015.

The *Brussels Capital Region's* 2025 Strategy aims, among other things, at boosting the region's economy using a prospective ten-year vision and through more investments in R&D&I. Funds for this were augmented with 25% in 2016, while there was a 15% increase of the budget for guidance loans for companies. To delimit this support and to back it up with a strategic vision attuned to the Brussels context, a participatory reflection was set up which will culminate in a new Regional Innovation plan in the course of 2016. This plan also includes a new legislative framework for aid to R&D&I, with which Innoviris can respond to all new innovation types.

The actors are organised around three poles, namely 1) counseling and guidance (a merger of Impulse, the Brussels agency for Enterprises, Brussels Invest and Export, and Atrium, the regional agency for trade), 2) development, especially real estate development, and 3) financing (enhanced cooperation between Innoviris and finance.brussels).

Several actions were set up or extended in 2015 for 'Open Innovation' and the implementation of the Smart Specialisation Strategy:

- launching or enhancing several incubators, business centers or support programs for start-ups in priority areas (including health, eco-construction, renewable energy sources, eco-products or social innovation);

- the 2016 call (for living labs in the field of social innovation and urban resilience) within the framework of the Co-Create program is confirmed;
- a new strategic platform will be launched in 2016 within the context of the energy autonomy theme (Energy harvesting, storage, and management);
- two networking initiatives, namely the Brussels Health Network (a secure digital platform to share health data) and the BE.VR community (virtual reality);
- 20% of the structural funds will be allocated to innovation or entrepreneurial projects.

In the *Walloon Region*, the renewal of the regional innovation strategy is a key element of Marshall plan 4.0. In September 2015, the government has approved the Region's Smart Specialisation Strategy. This allows for a focussing of regional efforts on the focal points of the Region's development, in conjunction with its cluster policy. This strategy combines innovation policy with industrial policy, and thus forms a unique model for developing a regional innovation policy.

The reform of the decree on support for R&D&I has also been completed and it aims at strengthening excellence, as well as simplifying and making the granted aid more efficient. Thanks to this revised decree research infrastructures, prototypes, and pilot lines can be financed within the industrial research framework. The conditions for recognition of research centers were also revised. The number of calls for projects fell sharply and only the calls within the Cwality (collaborative research), WALInnov (university research), and FIRST (scientific staff) frameworks were launched in 2016, with a stronger focus on smart specialization sectors, partner projects, and interdisciplinary projects. An external jury will help determine who can receive R&D aid.

In 2014, the Walloon Region's R&D government funds amounted to 380 million euros and show a rising trend (they totaled 140 million euros in 2004). Provisional data for 2015 show that the total of these credits remained stable. Over the 2014-2020 period, an amount of 440 million is spent on innovation within the framework of the co-funded EFRO program, while the Marshall plan sets aside 642 million euros for innovation (2015-2019), mainly for its competitiveness poles policy. The strategic framework of the Competitiveness poles policy was renewed in line with the new strategy. For the upgrading of R&I-projects new impulses are given. Since the end of 2014, 35 new projects were funded (budget: 67 million euros).

The government has approved her Digital Plan in December 2015. This plan covers the various relevant areas, namely the territory's connectivity, the digital economy and industry 4.0, administration 4.0, and digital competences, for which a total budget of 503 million euros has been allocated. This plan is supported by EFRO. The Big Data platform, a private-public initiative launched in February 2016, is simultaneously a "partnership for technological innovation" (aimed at bringing about innovations and breakthroughs for big data projects) and a commercial structure to which the management and commercialization of research results are entrusted. In the competitiveness poles, the first four research projects were identified in the area of health, aviation and aerospace, and ICT.

The Walloon government, moreover, has decided -- on the basis of an evaluation -- to maintain the Creative Wallonia plan, a plan that gives priority to the development of a creative economy of SMEs, to creative companies or to creativity as a pedagogical theme. In that context, various projects were continued, such as boost-up/Crossmedia, creative hubs, and living labs.

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

4.3. Education and training

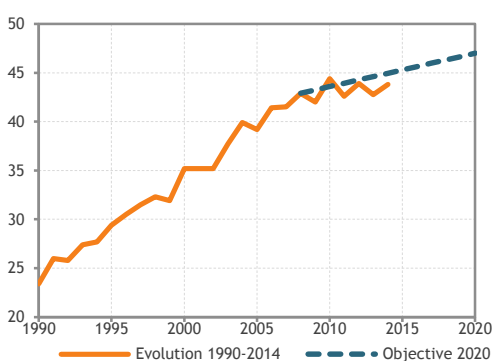
Table 4: Education targets

	BE2013	BE2014	EU2014	BE2020	Required change 2014-2020
Percentage of 30-34 year-olds with a higher education degree	42.7	43.8	37.9	47.0	+3.2
Percentage of early school leavers	11.0	9.8	11.2	9.5	-0.3

Source: Eurostat

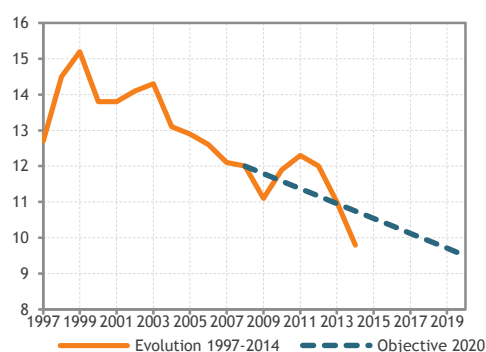
Graph 3: Education and training indicators
Percentages

30-34 year-olds with a higher education degree



Source: Eurostat.

Early school leavers



4.3.1. Higher education

Belgium has made the commitment to raise the share of people aged 30-34 years with a higher education degree to 47% by 2020. This objective is more ambitious than the global EU target (40%). In 2014, Belgium ranked 10th in the EU with 43.8 %.

The Flemish Community wants to maximize students' chances of success. In order to put a stop to the trend of the extended duration of studies, the regulation regarding study progress has been adapted. As a result, higher education institutions will be able to monitor from the academic year 2015-2016 onwards the study results of students across institutions and study programmes through the Higher Education Database. This will also enable them to take the necessary counselling and reorientation measures in a more adequate and quicker way and impose possible study progress monitoring measures. The study credit system – which is also used to monitor study progress – is currently being examined. A generic and institution-neutral orientation instrument that is made compulsory at the end of secondary education (test version around Easter 2016), should support young people's choice process and make sure that they gain a clear view of the higher education courses that best suit their own talents and interests. Besides orientation at the end of secondary education, emphasis is also placed on a good diagnosis when starting higher education through non-binding admission tests. In 2016, work continues on developing higher vocational education as an integral part of higher education.

In order to cope with the increase in the number of students, the French Community adopted a preliminary draft decree on 1 February 2016 that provides for a refinancing of higher education between 2016

and 2019 for a total amount of approximately 107.5 million euros, which is divided between the institutions as follows: 10 million euros in 2016, 17.5 million euros in 2017, 39 million euros in 2018 and 41 million euros as from 2019. In addition to the existing work-linked master's programmes, the French Community adopted a preliminary draft decree on 24 February 2016 that generalises work-linked education at the level of university colleges and universities. These are mainly scientific, technical and economic study courses aimed at students or adults resuming their studies. The preliminary draft also relates to second chance education in fields such as economics, the art of building or biomedical sciences. Adults will be able to complete a course or reorientate themselves professionally by following short courses that combine customized timetables and education aimed at professional practice.

In May 2015, the Ministers for Education of the Benelux adopted a decision leading to the automatic recognition of higher education degrees in the three countries.

4.3.2. Early school leaving

By 2020, the rate of early school leavers in Belgium should be reduced to 9.5%. This objective is also more ambitious than the global EU target (10%). In 2014, the Belgian rate was 9.8%, compared to 11.0% in 2013 and 12.0% in 2012.

Under the decree adopted by the Parliament of the French Community on 14 July 2015, the number of half days that a student may be unlawfully absent, when the directors of secondary education have to report students to the administration, is reduced from 20 to 9 half days. This measure is accompanied by a mobilisation of existing services for early school leavers, which can be reinforced. In the framework of the Youth Employment Initiative (ESF), 80 million euros have been allotted to NEETs through actions taken by education institutions and youth services to combat early school leaving and actions concerning vocational training programmes, the validation of prior experience, the transition to the labour market or raising awareness for technical professions. Additional funds will also be allotted to additional measures. New rules will be drawn up for decisions relating to the orientation of students towards specialised education. The decree thus explicitly envisages that a lack of proficiency in the teaching language or the membership of a disadvantaged social group does not constitute a sufficient reason to be orientated towards specialised education.

In the Brussels Capital Region, the Youth Guarantee scheme for young people provides for resources that can be used specifically for actions to help prevent and combat early school leaving, in synergy with the regional measure in place since 2000. The fight against early school leaving is a competence of the French and Flemish Communities. However, within the context of the 2025 Strategy, the Brussels Capital Region, the French Community and the community commissions have decided to launch a coordinated action plan against early school leaving, in order to be able to use the whole range of co-existent instruments within the Region's territory in the best possible way. Brussels's most important instruments are the annual call for projects of the School Absenteeism Prevention Programme and the prevention programmes (16.5 million euros).

In order to combat early school leaving, the Flemish Community has drawn up a new action plan 'together against early school leaving'. This includes actions related to the right to education (the right of every student to have access to quality education and pupil guidance), truancy and early school leaving, and aims to ensure that as many students as possible leave secondary school with an education qualification. The concept memorandum of the action plan will take further shape in the beginning of 2016 in consultation with the professional field. The plan is – in accordance with the European recommendation on early school leaving – both preventive and remedial in nature. The roll-out of the plan will be mainly spearheaded by the local education actors and authorities. Finally, the plan provides for actions that make it possible to stimulate 'information-rich environments', so that all actors concerned have access to the necessary information to execute and monitor policies (examples can be found in the

development of the indicator 'early school leaving' in Flanders and the website 'my education' where schools can look up information about themselves).

All schools of the German-speaking Community currently have as their mission, on a daily basis, to integrate pupils with a migration background (second and third generation immigrants included) or newly arrived pupils. It is essential to involve these pupils and their parents in the process of educational development.

4.4. Energy and climate

Table 5: Climate-Energy Targets

	BE2013	BE2014	BE2020	Required change 2014-2020
Greenhouse gas emissions - non ETS (scope 13-20)(Mt CO2 eq) ⁽¹⁾	74.1	69.9	67.7	-2.2 ⁽³⁾
Share renewables (%) ⁽²⁾	7.5	8.0	13.0	5.0 pp
Primary energy consumption (Mtoe) ⁽²⁾	48.6	45.0	43.7	-1.3

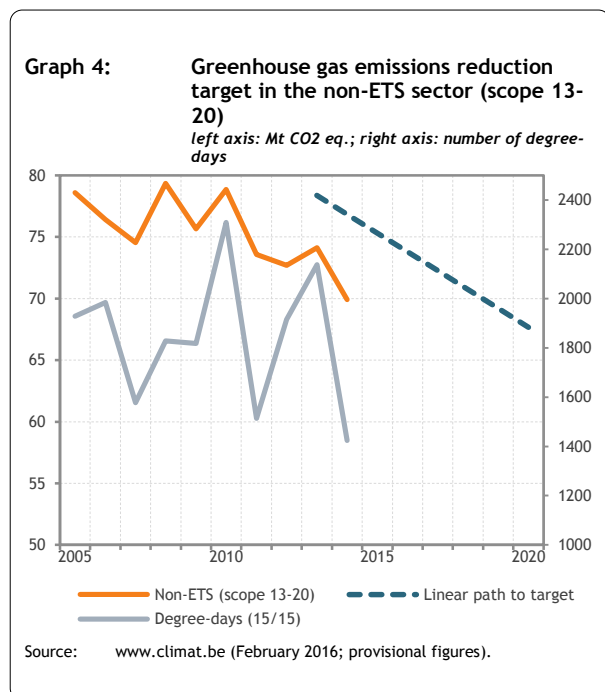
pp: percentage points.

⁽¹⁾ Figures published on www.climat.be (February 2016 ; provisional figures).

⁽²⁾ Figures published by Eurostat (energy balances and SHARE2014, February 2016).

The climate and energy topic of the Europe 2020 strategy encompasses the following three targets for Belgium: (1) a 15% reduction in greenhouse gas emissions by 2020 compared to 2005 in sectors not covered by the EU Emission Trading Scheme (i.e. non-ETS sectors), including emission ceilings for the period 2013-2020 (referred to as linear path to target), (2) a 13% share of gross final energy consumption from renewable energy sources by 2020, and (3) an indicative target of reducing primary energy consumption by 18% compared to projections for 2020. The table and the following graphs illustrate the three targets and show where Belgium stands today with respect to each of them.

The responsibilities regarding energy and climate policy are divided between the federal authority and the three Regions. As concerns the allocation between the Regions and the federal authority of climate-energy targets and the corresponding opportunities, a political agreement was reached on December 4th, 2015 and a cooperation agreement is being drafted. The main political measures determined and decided in the different entities are summarized below.



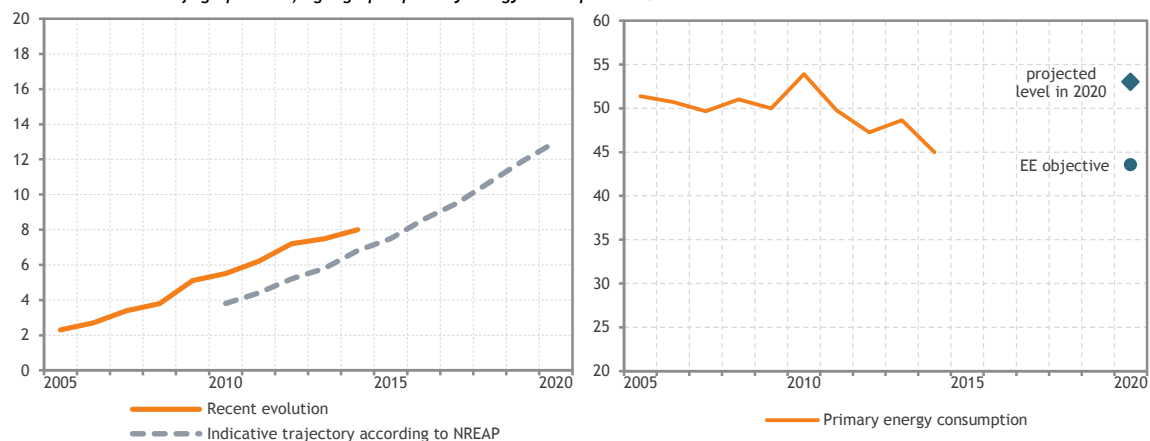
Greenhouse gas emissions in the non-ETS sectors decreased in 2014. They were below the 2005 level (-11%, i.e. 4 percentage points away from the 2020 target) but also below the reduction path for the 2013-2020 period. To a large extent, these emissions depend on heating needs¹². Yet, 2014 was a particularly warm year and is the warmest year since 2005.

After a strong increase between 2008 and 2012 (see graph 5), the share of renewables in gross final energy consumption grew at a more moderate pace between 2012 and 2014. Still, this share remained above the indicative path mentioned in Belgium's national renewable energy action plan sent to the European Commission in November 2010: 8.0% compared to 6.8% in 2014. In 2014, the gap to the 13% target by 2020 was 5 percentage points.

¹² In Belgium, one third of non-ETS greenhouse gas emissions come from the residential and tertiary sectors of which the emissions are mainly generated by the heating of buildings (cooking and production of domestic hot water being the other emission sources). Nevertheless, this breakdown varies significantly from Region to Region.

Finally, primary energy consumption, which is one of the two indicators selected to set the indicative energy efficiency target, decreased in 2014, reaching its lowest level since 2005. In 2014, primary energy consumption (45.0 Mtoe) remained some 1.3 Mtoe above the Belgian objective of 43.7 Mtoe in 2020.

Graph 5: Target for the share of renewable energy sources in gross final energy consumption (left) and energy efficiency objective (right)
left graph : in %; right graph : primary energy consumption in Mtoe



Sources: Eurostat (February 2016), NREAP, EC (DG Energy, PRIMES baseline 2007).
 NREAP = National Renewable Energy Action Plan (November 2010); EE = energy efficiency.

The *Brussels-Capital Region* (BCR) develops an ambitious Air-Climate-Energy Plan that was adopted in second reading on April 2nd, 2015. It was subject to a public inquiry in June and July 2015 and will be permanently adopted by the Brussels government very soon. In its current version, the draft plan contains some 60 measures and 130 actions. This plan has its legal basis in the Brussels Code for air, climate and energy management (COBRACE). Both of these instruments aim at contributing to the greenhouse gas emissions reduction target by 30% in 2025 (compared to the 1990 level) set by the BCR through a multitude of measures, mainly in the building and transport sectors which are the largest energy consumers in the BCR. On December 17th, 2015, the government of the BCR adopted a new decree on the promotion of green electricity and quality cogeneration. Several changes were made compared to the old decree of May 6th, 2004, such as the adjustment of the legislation to the European framework, the simplification of the green certificates management and of the certification and issuance of green certificates for electricity-producing installations with total power exceeding 40MW that recover heat from the incineration of biodegradable industrial and household waste. Finally, on December 18th, 2015, the government of the BCR adopted a new decree determining the green certificates quotas for 2013 and the following years. Several strategies are also being elaborated: a strategy for the renovation of buildings, a strategy for low carbon development by 2050 as well as a strategy specifically dedicated to renewable energy sources.

In the *Walloon Region*, the Marshall Plan 4.0 provides the general political framework. The fourth pillar of the plan is dedicated to energy efficiency and transition and to the circular economy whereas the transport emissions reduction is pursued through actions of the third pillar. As concerns housing, a new system of housing-energy bonuses is in place since April 1st, 2015, new zero or reduced interest loan schemes came into force on January 1st, 2016 and the Walloon government adopted a decree on the energy efficiency of buildings on January 28th, 2016. This decree introduces an adjustment of the calculation method for the energy performance of buildings (EPB) that are not residential and provides for the coming into force of new EPB requirements for new buildings and of "system" requirements for renovation. As regards transport, different infrastructure works continued: the Trilogiport was inaugurated and the modernization works for the autonomous port of the central and western zone were

finalized. It was also decided to set up a Task Force in order to federate all the stakeholders of the project Seine-Scheldt for a network of wide-gauge waterways. Finally, the Walloon government adopted the Infrastructure Plan 2016-2019 (budget of EUR 640 million) covering highways, regional roads and waterways. As concerns renewable energy sources, the Walloon government adopted updated targets in November 2015 (13% and 20% by 2020 and 2030 respectively). The effort is distributed between sectors, making it possible to determine the green certificate envelopes, as well as the green certificate quotas that electrical power suppliers will return to the CWaPE for the 2017-2024 period.

In the *Flemish Region*, The Mitigation Plan 2013-2020 describes the path and measures taken to reduce the GHG emissions from sectors not covered by the ETS. As regards transport industry, the reform of the Flemish taxes on vehicles and the adoption of the Flemish action plan supporting clean vehicle technologies ('Actieplan Clean Power for Transport') can be mentioned. The most important measures in the action plan are aimed at promoting electricity-, CNG-, LNG- and electricity-powered vehicles and the fast development of the necessary infrastructure and a modulated premium for "zero emission" vehicles. Turning to the buildings sector, measures are taken to improve the energy efficiency and the energy performance of all types of buildings (December 18th, 2015). With regard to the non ETS industry, the policy provides for a new generation of energy policy agreements (January 1st, 2015), the compulsory energy audit for large companies (December 1st, 2015) and measures to reduce the both the N₂O emissions from the caprolactam production and the F-gas emissions. To facilitate the implementation of energy-saving investments, especially in small and medium-sized enterprises, the government of the Flemish Region has decided to examine the feasibility of setting up an ESCO fund. In 2015, the government of the Flemish Region took new steps to improve the investment climate for renewable energy. A number of measures aiming at optimising and simplifying the support mechanism for green power and combined heat and power have been adopted by means of an amendment to the Energy Decree on July 17th, 2015. A path has been drawn to speed up the construction of wind turbines and map their technical and socially acceptable potential. A charter on group purchases of solar panels is elaborated and support is provided for the generation of green heat from deep geothermal sources.

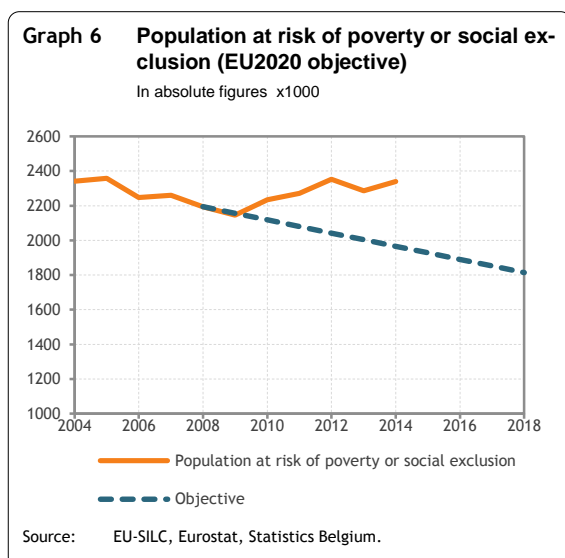
Finally, it should be recalled that a kilometre charge on heavy trucks (over 3.5 tonnes) has been introduced in the three regions and will be levied as from April 1st, 2016.

4.5. Social inclusion

Table 6: Social inclusion target (absolute figures x1,000)

	BE2008	BE2014	BE2018	Required decrease 2014-2018
Population at risk of poverty or social exclusion	2,194	2,339	1,814	525

Source: EU-SILC, Eurostat, Statistics Belgium.



Between 2013 and 2014, the 'at risk of poverty or social exclusion' indicator increased slightly, but both this recent evolution and the evolution since 2008 remain within the margins of statistical significance. The stability of the total number of persons in poverty or social exclusion is the result of, on the one hand a decrease among the elderly (from 22,9% to 17,3%) and, on the other hand an increase among low educated people at active age (from 32,1% to 35,0%).

4.5.1. Ensuring the social protection of the population

By means of the tax shift, the *federal government* wants to ensure the sustainability of the social system by strengthening the economic base and the creation of jobs. The salary costs for the employers decrease, also for the low salaries, so that employers are encouraged to hire low-skilled people. The net salary of low-wage workers is raised. Within the context of the social correction of the tax shift, the government has made 50 million euro (on an annual basis) available in order to increase social assistance and to raise minimum pensions for persons with a full career, in addition to the increases in the context of the welfare envelope 2015-2016. It remains the intention to raise the minimum benefits (in social security and social assistance) up to the European poverty threshold. In August 2016, the minimum pensions for self-employed workers will reach the level of those of salaried workers.

In the *Walloon Region*, the introduction, on 1 January 2017, of a compulsory autonomy insurance will allow an important development of the services offered and the harmonisation of policies. Within the *Flemish social protection*, existing benefits, such as the care insurance, are integrated into the financing of healthcare for the elderly and of home care (this financing has been transferred recently from the federal state) with a view to a maximum social participation of persons in need of healthcare, by offering them affordable, high quality and accessible care and support. A new benefit, the basic support budget, makes it possible for a person with disabilities to organize home care with the help of regular services, voluntary workers and informal caregivers. This monthly budget will be granted as of September 2016. In the *Brussels Capital Region*, the Joint Community Commission (COCOM/GGC) is carrying out a study for the creation of an autonomy insurance in order to support the choice of staying in one's home.

In July 2015, the *Flemish government* approved the action plan against poverty whose objectives relate to all fundamental social rights. The goal is to deliver accessible and quality services, involving the maximum automatic granting of rights, to strive for administrative simplification and to give proactive information. The poverty impact test will be rolled out. At the beginning of 2017, a progress report will be published. In September 2015, the *government of the Walloon Region* adopted the first Walloon action

plan against poverty, which contains measures on housing, food, energy, water, health, family policy, mobility, leisure activities, digital techniques and access to rights. It will be translated into action programmes, devised together with the stakeholders active in the field, and it will be subject to an independent assessment. In the *Brussels Capital Region*, the COCOM/GGC is finalising a general policy document on the fight against poverty 2014-2019, which describes the objectives of the Brussels governments. It will be translated into operational plans. The *French Community* is preparing a specific action plan to make the poverty issue a transversal priority. The plan will also focus on the reduction of inequalities. It is expected to be finalised in June 2016. The third *federal action plan against poverty* is currently being prepared.

4.5.2. Reduction of child poverty

In 2016, the *federal authority* will develop a national action plan for fighting child poverty in consultation with the federated entities. In the *Brussels Capital Region*, the Flemish Community Commission (VGC) adopted in 2015 a plan for fighting child poverty 2016-2020 and the French Community Commission (COCOF) approved a draft decree aiming at creating new places for child care and at making care facilities accessible to children of vulnerable families. In the action plan against poverty of the *Walloon Region* an emphasis is placed on single-parent families. They will be taken into account in the Walloon scheme of child benefits. The government has decided to review, from now on, the income ceilings for the granting of social supplements to those families. In the new *Flemish action plan against poverty*, the emphasis is put on the prevention and on the fight against child poverty. 72 municipal administrations receive subsidies for the development of a local action plan, supported by a learning network. By the end of the parliamentary term, in all municipalities, partners must be gathered around the Houses of the Child, offering quality basic services. In the Flemish Region, the adjustment of child benefits will be supported by a poverty impact test.

4.5.3. Active inclusion of persons far from the labour market

As provided for in *the federal government agreement*, the Individualised Project for Social Integration (IPSI) has been reformed. The compulsory IPSI has been extended to all new beneficiaries of the integration income and a community service has been implemented within the IPSI. Moreover, the tool has been simplified in order to ensure that social workers can turn the IPSI into a real guidance instrument. The aim of the guidance is, thanks to certain objectives and specific actions determined in mutual consultation, to take steps to empower the beneficiaries of public centre for social welfare support and to make them gradually more independent, so that they can fully participate in society and be integrated into the labour market. In addition to this, a pilot project has been launched in order to offer single mothers receiving the integration income an intensive support towards social and socio-professional integration. For long-term job seekers, a framework will be put in place in order to establish a community service and, for people on work incapacity benefit, a reintegration programme will be implemented with a view to favouring the return to an activity in combination with an enhanced training. In the *Flemish Region*, the implementation of the “made-to-measure work decree” is on hold. However, the objective remains to switch to made-to-measure work, where the individual workers receive a ‘back-pack’ according to their detachment from the labour market. All workers of the target group within the social economy are supported in their personal development. In 2015, the *Walloon government* adopted a draft decree on integration companies, with an objective of simplifying procedures and strengthening the sector’s capacities. It should come into force in early 2016.

4.5.4. Fight against inadequate housing and homelessness

The results of the ‘Housing First Belgium’ experiment *at federal level*, within the framework of which pilot projects have been conducted in 8 cities, will be submitted to the federated entities to continue their structural development. In the *Walloon Region*, the principles for reforming private housing have

been adopted, with the aims of combating inoccupied dwellings and discriminations and facilitating life in the dwelling and the exit from it through the reform of the lease contract. The creation of the regional rental guarantees fund (in 2017), which will enable the spreading in time of the payment of the guarantee, and the establishment of an indicative reference grid of rents are planned. The government has adopted a decree on the index jump for the rents, which makes it possible to offset the automatic increase of rents for one year. In July 2015, it approved the reform of the public housing sector, which is intended, among others, to optimize the financing of the sector through the creation of a public housing investment fund in 2017. The aim is to build 6.000 housing units. The Walloon government has decided to intensify the loan policy for the acquisition, the renovation and the energy efficiency of a dwelling, starting in January 2016: zero-interest loans to finance the works eligible for the energy and the renovation subsidies and reduced rate loans to allow access to ownership and conservation of a first home within the framework of the social mortgage loans. The government has decided to secure the financing of night shelters and to create 5 additional shelters (at least + 60 places no later than 2018). In return, the stakeholders in the field commit themselves to opening the night shelters at least 8 months per year (currently 5 months). In the *Brussels Capital Region*, a global action plan for fighting homelessness takes the form of a general policy document which will result in a legislative act enabling to configure, in an integrated way, the assistance to homeless persons by including in it the transversal approach of social actions. The COCOM/GGC has taken the concrete decision to already strengthen financially the social emergency support and the sheltering of homeless persons, as well as the supported housing (through Housing First). In the *Flemish Region*, an action plan on energy poverty is being finalised, geared to a better protection against power cuts and to a structural reduction of the power consumption in the homes of vulnerable families. Vulnerable groups should be better able to benefit from energy loans and bonuses. Through a collaboration between the entities Housing and Welfare, a global approach is implemented in order to avoid and combat homelessness.

4.5.5. Reception and integration of people with a migration background

In 2016, in the *Brussels Capital Region*, the COCOF will provide for means to open two reception offices for newcomers with a total capacity of 4.000 persons per year. This will allow the reception of any adult foreign person who is recorded in the register of foreigners of the Region's municipalities for less than 3 years and has a residence permit for a period exceeding 3 months. These persons will go through a social and linguistic assessment (knowledge of languages, social and professional situation, situation with regard to vocational training,...). The first office, with a reception capacity of 2.000 people, has been opened on 23 March 2016. It will offer modules dedicated to rights and duties (10 hours), citizenship (50 hours) and French lessons (250 hours). The COCOM/GGC is preparing an order which will establish an obligation to take part in the reception programme. The *Flemish plan against poverty* is aimed at all persons experiencing poverty and social exclusion. In doing so, the starting point is an inclusive approach, integrated into the regular policy areas where possible, custom-made where necessary. Since the Flemish integration policy strives for a full socio-cultural and socio-economic participation of persons of foreign origin, this contributes totally to the poverty-reduction policy. The integration programme that is offered by the Agencies for Integration and Inclusion into Society accompanies the newcomers' first steps into their integration process and contributes to their independent and proportionate participation. The Flemish action plan against poverty 2015-2019 contains several specific measures for the benefit of persons of foreign origin (for example by putting an emphasis on the sharing of expertise and on the development of methods, so that frontline professionals get a better support when coping daily with poverty among persons of foreign origin). The *Walloon government* has adopted a draft decree aiming at establishing a compulsory integration path for all foreign persons or persons of foreign origin who settle in the Walloon Region. More specifically, beyond the reception assessment, three additional axes will be made obligatory: the study of the French language, the training in citizenship and an orientation to the necessary socio-professional integration services for those who need them. The *government of the French Community* has decided to create from September 2015 new reception and schooling

arrangements for newcomer students to cope with the arrival of new migrants. The *government of the German-speaking Community* is planning the development of an integration path and the adoption of a decree on the integration of newcomers by the end of the parliamentary term. A concept of the integration path is due on 1 July 2016.

5. Creating a favourable framework and measures supporting investments

Strengthening the economic base by focusing on smart growth and by eliminating barriers to investment is part of the efforts the regions and the federal government make. These efforts are in straight line with the Europe 2020 Strategy and with the priorities put forward in the Annual Growth Survey 2016.

5.1. Industrial Policy

The regions have incorporated the industrial policy as an important pillar of their economic policy, by emphasising competitiveness poles and clusters. The three regions have all taken the route of smart specialisation in support of the economy and the employment, where the circular economy is growing in importance and is in line with an enhanced energy efficiency.

In the *Walloon Region*, the Competitiveness clusters policy, which produced positive results, has been renewed as part of the Marshall Plan and the smart specialization strategy. New impetus will be given to it, including innovation at large (in connection with services, creativity, etc.), ICT, circular economy, internationalization or involvement of SMEs or industrial valorisation. The Société régionale d'Investissement de Wallonie - SRIW (Wallonia Regional Investment Company) has pursued its participation policy in specialized sectoral funds, linked to the priority areas of the clusters. Additionally, the Walloon government has developed a policy to support redeployment strategies implemented in territories affected by industrial restructuring. Within the framework of Industrie 4.0 (Industry 4.0) 7 companies in the *Flemish Region* were awarded the logo "Fabriek van de Toekomst" (Factory of the Future) in February 2016. In recent years these companies have invested in the modernisation of their equipment, in digitisation and in their employees to such an extent that they now belong to the world's top level as regards production. The new strategic research centre Flanders Make vzw (non-profit organisation) aims at the long-term strengthening of the international competitive position of the Flemish manufacturing industry, and the Flemish government decided by the end of 2015 to add € 5 million to their allowance so that the Total Budget for 2015 amount € 13.2 million. In order to strengthen the industry transition through innovation, the Flemish government launched the TINA fund in 2011 (Transformation, Innovation and Acceleration). TINA reached cruising speed in 2015, having made by the end of 2015 already 15 investments for a total (actually spent) amount of € 80.2 million. Including the commitments (the currently undrawn amount of the investment commitment) these 15 investments amount to € 128.4 million, against a private investment of € 313.1 million. In the *Brussels-Capital Region*, the 2025 Strategy, adopted in June 2015 brings all the skills and the social partners together around 18 goals to revitalize the Brussels economy over a period of 10 years. It takes into account the particular structure of the Brussels economy, such as the importance of small and micro businesses, etc. A new Regional Plan for Innovation should be adopted in 2016. Furthermore, a new strategic platform (Bridge programme) - dedicated to computer security - was launched in mid-2015 to promote the academic and industrial collaborations and focus for 2016 on energy autonomy. The spatial planning policy will also strengthen the economic development, in particular through the development clusters and the future competitiveness clusters dedicated to catering professions, communication and image, logistics and wholesale and knowledge and digital economy.

As far as circular economy is concerned, the NEXT programme is being operationalized in the *Walloon Region*, with support from the ERDF, which will among others deploy a cross-cutting action aimed at Competitiveness Clusters, and at SMEs in particular. A new financial product (budget of € 46 million) will enable to support SMEs in their low-carbon economy projects (energy efficiency of the productive

assets, auto-consumed renewable energy, smart grids and innovative projects). Moreover, the Walloon Region will benefit from European support in 2016 and 2017 to develop a coherent strategy and a concrete investment plan in the field of sustainable chemistry and biobased economy. A dialogue platform on chemistry and biopharmacy has also been established. Finally, the Walloon government will adopt in 2016 its second Sustainable Development Strategy, which is currently subject to public consultation. This strategy will define an action plan around 3 themes: strengthening self-sufficiency for food, energy and resources. On March 25th, 2016, *the Flemish government* gave its definitive approval to the concept paper 'Visie 2050' (Vision 2050¹³) with 'circular economy' as one of the seven transitions at which it intends to work in the coming years, across policy boundaries and together with all relevant actors in society. In *the Brussels-Capital Region*, a Programme Régional en Economie Circulaire - PREC (Regional Programme for a Circular Economy) should be adopted in the first half of 2016 and aims to boost environmental policies in a cycle logic. In addition to regional policies, federal ministers of Economy and Environment will develop in 2016 a joint roadmap on Circular Economy. The product policy and the consumer protection will be highlighted.

5.2. SMEs and entrepreneurial environment

A transversal *federal* plan for SMEs and self-employed persons has been approved by the Council of Ministers. The plan aims to promote entrepreneurship and to provide an optimal regulatory framework for SMEs. There are 40 concrete measures aimed at 6 priorities : competitiveness, taxation and fight against social dumping; improvement of social status and promoting entrepreneurship; access to financing, bankruptcies prevention, support for second chance schemes; promoting administrative simplification actions ; facilitate the internationalization of SMEs; support high labour intensive sectors (a.o. construction, hotel and catering, transportation ..). Regarding the social status of self-employed persons, the plan includes the assessment of the reform of social security contributions for self-employed (this reform allows the self-employed to adapt the amount of contributions to his revenue), the authorized activity of people unable to work and disable, the progressive levelling of the minimum pension for self-employed persons, etc. A reflexion on the introduction of a student-entrepreneur status is underway. Within the framework of the "Think Small First", a new category of micro-businesses and an increase of the thresholds regarding small companies entered into force on 1 January 2016. Meanwhile, the publication costs in the Official Gazette have been removed and the costs related to the deposit of the annual accounts for micro businesses have been reduced. The *Brussels government* continues meanwhile, with its initiatives for the inclusion of women in the entrepreneurial world (Women in Business) and for the promotion of entrepreneurship for job seekers. The *Walloon government* adopted the guidelines for its new SME Plan for the period 2015-2019, which will be provided on the basis of a participative approach. Four priority areas have been defined: entrepreneurship, internationalization, funding and innovation, supplemented with a transversal axis dedicated to administrative simplification. Several measures have been initiated with regard to women's entrepreneurship, support to firms in difficulty, support for students-entrepreneurs and reorganization of SME support services. An entrepreneurship promotion programme (2015-2020) within education has also been adopted. The *Flemish government* has approved a concept paper about entrepreneurship, the guiding principle of which is encouraging ambitious entrepreneurship. It is actively working at an inspiring policy on entrepreneurship in education through a new action plan 2015-2019.

Facilitating access to funding for enterprises remains a major priority at the federal level and for the three regions. In 2015-2016 the Participatiemaatschappij Vlaanderen (PMV) (Participation Company Flanders) classified its company financing instruments under one of the four main themes of its activi-

¹³ This note is available online at: <http://www.vlaanderen.be/nl/publicaties/detail/visie-2050-een-langetermijnstrategie-voor-vlaanderen>.

ties: capital, loans, guarantees, investments in funds. In doing so, the PMV simplifies access for entrepreneurs and also becomes more customer friendly. The PMV has replaced the Starteo, Optimeo and BA + loans by one single new, simplified loan formula for companies intending to cooperate with a business angel or any other cofinancier: the new SME cofinancement, managed together with the BAN (Business Angels Network) Flanders. *The Flemish government* has decided to increase the capital of the ARKImedes Fonds II by € 100 million and the PMV is also adjusting the functioning of the fund. The maximum investment amount per investment round has been increased in the ARK decision up to € 20 million. In *the Walloon Region*, various measures were launched in 2015, such as the adoption of a draft decree aimed at mobilizing private savings of citizens in favour of young SMEs and a new support programme for the introduction of SMEs on the stock exchange. The government has also stopped the allocation of resources allocated to the various provisions managed by public financial institutions as part of the Structural Funds and the Marshall Plan, for a total budget of € 750 million.

As announced in the NRP 2015, *the federal government* adopted a plan to promote innovative young start-ups, which includes a series of promotion measures for risky investments, such as the “tax shelter” in favour of alternative financing (crowdfunding, business angels, ...), the exemption from payroll tax, exemption from withholding tax and exemption from the personal income tax for interest on bank loans. In the *Brussels-Capital Region*, the business incubators allow enterprises to benefit from a support structure containing all the tools needed to launch and develop their innovative potential. In 2015, many projects, such as the construction of a centre d’entreprises et d’innovation (EEBIC) (business and innovation centre) have emerged. The introduction of a “seed-funding” loan for financing the necessary steps to bring a project on the market is expected in 2016.

At the international level *the Flemish government* has appointed the PMV as the contact point at the European Investment Bank (EIB) for projects applications in the Flemish Region within the framework of the European Fund for Strategic Investments (EFSI). In *the Walloon Region*, the SOWALFIN has concluded two agreements with the EIB/EIF within the scope of the EFSI (InnovFin, COSME).

As a priority of the 2025 Strategy, the *Brussels Small Business Act* is being finalized and aid to companies are being rationalized around three poles (advice and support, development and financing). The simplification of aid also continues in *the Walloon Region* at different levels: reform of the investment aid for SMEs, reform of the internationalization aid for SMEs and restructuring of the SMEs aid landscape by creating an integrated portfolio and the establishment of a one-stop shop for companies, virtual and integrated, which will be operational in 2019. In July 2015 *the Flemish government* launched a new cluster policy within the framework of innovative entrepreneurship (see R & D and Innovation in section 4.2.). The SME portfolio will also be transformed into a simple and accessible instrument (a generic tool for all SMEs to get training and advice) and a new instrument will be introduced: the KMO-groeisubsidie (SME growth subsidy), focused on companies having growth plans.

Regarding the internationalization support, the regional EEN consortia have been selected.

Belgium is one of the countries having the fastest growing e-commerce right now. In 2015, 25% of the Belgian enterprises were engaged in online sale, against 23% in 2014. In this area *the Flemish authorities* launched a campaign (“Het internet. Ook uw zaak”) (“Internet, it is also your business”) in 2015 to convince traders of the importance and potential of online purchases. Within the scope of the Plan numérique wallon (*Walloon Digital Plan*) (see Section 4.2), a digital Fund has been created; it has a public capital of € 50 million, which may be supplemented by private capital. In order to ensure the digital transition of *the Brussels-Capital Region* towards a Smart City, the government is committed to continue and develop the policy of joint IT tools. Through the development of the generic platforms of the Computer Centre for the Brussels-Capital Region, accessibility to services for citizens and enterprises will be strengthened. While at the federal level, a new deduction for digital investment has been foreseen to encourage SMEs to use electronic transactions. Moreover, the federal government launched on May

5, 2015, an “e-commerce” platform for the development of e-commerce activities, which will serve an action plan.

5.3. Regulatory and investment framework

The energy costs are an element of cost competitiveness, which becomes increasingly important for companies. Early 2015, when the new distribution tariffs for electricity and natural gas came into force, the *Flemish* energy regulator VREG opted for revenue regulation as methodology. On 17 July 2015 the Flemish government also adopted a number of measures to eliminate the built-up certificates surplus and to finance the future green electricity policy. The historic debt mountain will be passed on through an adjustment of the energy tax (as from 1 March 2016), which will be charged per electricity supply point, depending on the electricity consumption. The financial support for new small-scale PV installations (under 10 kW) has been cancelled. As a consequence new PV installations inspected since 14 June 2015 can no longer qualify for support through green certificates. In *the Walloon Region*, a draft decree on the pricing method for gas and electricity distribution system operators, adopted in September 2015, will provide for a stable and predictable regulatory framework. The new methodology will enter into force on 1 January 2018.

As far as the modernization of the road and rail infrastructures is concerned, the missing connections between the major economic centres are being analysed. The Antwerp mobility problem will be tackled vigorously. Furthermore *the Flemish government* will also carry out other major road projects such as the A11 project and the refurbishment of the Brussels ring-road (R0). Thanks to the toll for trucks it is expected that the Flemish government will increase the budget for road construction (€ 350 million in 2015) by at least € 100 million in 2017. In addition € 36 million will be granted to preliminary operations for the Oosterweel project in Antwerp, getting started in 2016. In *the Walloon Region*, an Infrastructure Plan 2016-2019, with a budget of € 640 million, was adopted in January 2016. This plan is divided into 4 axes: continuation of the rehabilitation of highways, renovation and securing of regional roads of the secondary network, development of Employment routes and investment in hydraulic channels. In *the Brussels-Capital Region*, a long-term investment plan 2016-2025 of the regional public transport operator (STIB) will allow the STIB to meet its commitment to increase its transport capacity by 22,4% by 2017 and to extend the subway offer to the North-East of the region by 2024 and to create a direct North-South connection. Meanwhile, the STIB will be given the necessary resources to enhance the security of road marking on its subway lines.

Administrative simplification is an important element of the investment framework. In addition to the specific SME measures mentioned above, other measures can be identified. In *the Walloon Region*, a genuine database over “Companies” and the development of Open Data will be implemented in 2016. The Plan Ensemble Simplifications 2010-2014 (Let’s simplify together) has been extended until the end of 2015 and has been the subject of an evaluation that showed significant gains. In *the Flemish Region*, the former urban planning permission, including the allotment permit, and the environmental permit have been integrated in the new environmental permit. The decree Integraal Handelsvestigingsbeleid (Integral trade business establishment policy) (planned for 2016) will also integrate the current socio-economic permit for larger retail trade projects in the new environmental permit. As to projects with major social and spatial impact the decree Complexe projecten (Complex projects) came into force on 1 March 2015. In *the Walloon Region*, a revision of the Code wallon du développement territorial (Walloon Code for Territorial Development) is ongoing. Its objective is to facilitate the implementation of urban projects of the citizens, governments and Walloon companies (more flexible tools, improved decision-making process and reduced administrative burdens).

There are in Belgium 134 regulated professions of which most are concentrated in three areas: health, education and safety. More generally, regarding intellectual professions, the gap between the level of

knowledge of professional and customer justifies the need for specific qualifications. A study was commissioned regarding the enforcement of share ownership requirements and legal form for several professions. As a result of the 6th State Reform, the competence Access to the Profession of the federal government has been transferred to the regions. In order to ensure the continuity for entrepreneurs and stakeholders and to offer the regions the opportunity to get acquainted with this matter, the federal regulations have been adopted and applied unchanged. The evaluation of regulated professions in 2015 was carried out on the basis of the federal law and within the framework of a common continuation of that policy. For reasons of consumer protection and public safety and health regulated professions have been maintained. On the basis of the experience acquired in 2015 the regions will thoroughly analyse the transferred federal legislation. This detailed analysis will start in the first quarter of 2016¹⁴.

5.4. Structural and investment funds

The programming of Structural funds is now in its implementation phase in the different regions and communities, with the approval and the start of co-financed projects. As explained in the various sections of the NRP, these are part of the implementation of the objectives of the Europe 2020 Strategy and of the answer to recommendations made by the Council. Regarding the ERDF, these include supporting competitiveness of the economy and particularly SMEs, entrepreneurship, R&D and innovation, in line with regional smart specialization strategies, the development of renewable energy and efficiency in the use of resources, but also the development of social and training infrastructures. Particular emphasis is placed on investment, technology diffusion and commercialization of innovation. The priorities developed within the scope of the ESF focus on lifelong learning (particularly through the development of alternated training and further education, teacher training, validation of skills and gained experience, ...) and integration into the labour market, especially for young and vulnerable people, entrepreneurship, social inclusion and the fight against discrimination, the fight against school dropout. Youth Employment Initiative and EU Youth Guarantee are currently being evaluated. Regions finally focus on urban development and revitalization of priority areas, and Flanders and Wallonia have implemented the delegation of certain projects to local entities (cities).

¹⁴ In their analysis the Flemish authorities will examine how the access to the profession can be organized in a more modern and qualitative way. The aim of the modernization is first and foremost the removal of barriers to entrepreneurship and administrative simplification in order to make entrepreneurship more efficient in the Flemish Region. In the Walloon Region, a consultant was appointed in the end of 2015 by the competent Minister to conduct a thorough review of recently transferred professions. The aim of this study is to verify the adequacy of access criteria and conditions to the professions, to estimate the effectiveness of procedures and to consider possible ways of simplification.

6. Contribution and involvement of the Regions and Communities and of the other stakeholders

The programme is the result of a close collaboration between the Federal government and the governments of the Regions and the Communities. On several occasions, the social partners and the civil society were also involved in drafting the programme and monitoring its progress. Belgium is well known for its social dialogue, ensuring constructive relations between employers' and workers' organisations. The permanent dialogue and mutual collaboration with the various branches of our economy are a priority to the different levels of government.

The contributions of the Central Economic Council, the National Labour Council, the Disabled Persons' Council and the Federal Council for Sustainable Development¹⁵ (annexes 9, 10 and 11) are enclosed to this NRP.

The governments of the federated entities also involve the different stakeholders in the drafting of their own programmes (annexes 1 to 5).

The cooperation between the Federal government and the governments of the Communities and Regions is also reflected by the bilateral meetings between the European Commission and Belgium in the framework of the European Semester.

¹⁵ The opinion dates from 2014 but remains topical.

7. Annexes

Annex 1: Reform programme of the Brussels Capital Region

1. Introduction

2015 ended on a positive note, with a drop in unemployment (-6.7%), particularly among young people (-9.7%). The latter dropped for the 33rd consecutive month in March 2016, to its lowest rate since 1992. However, although it is essential to continue this policy of massive investment in employment, and despite the successful and rapid implementation of the Youth Guarantee, the Government of the Brussels-Capital Region remains convinced that the situation of young people and the most vulnerable citizens remains a matter for concern and requires greater effort.

Despite budgetary constraints and an uncertain environment, the Brussels-Capital Region has a balanced 2016 budget, in accordance with its commitment, and has managed to provide significant resources to support sustainable, inclusive and smart growth so it can pursue the objectives of the Europe 2020 Strategy. The investments in mobility, the funding guarantee for new housing, the corporate tax reform and the major infrastructure projects, as well as all the work to promote employment, the economy, the environment and innovation, will accentuate the actions taken by Brussels as part of a forward-looking approach that responds to the seven challenges that guide the majority agreement:

Demographic expansion, which is more dynamic than in the country's other regions and heightened by migratory flows that tend to bring down the average age of the population, is both a challenge and a blessing. The Government plans to create ten new neighbourhoods as a response to this demographic issue. The aim is to build accessible and suitable housing, satisfying the objective of social diversity, new public spaces and facilities in the public interest, while encouraging new companies to establish themselves in Brussels and ensuring a good public transport service.

Economic development, employment, training and education: the Government has adopted the 2025 Strategy. The 2025 Strategy aims to stimulate the Brussels economy with a forward-looking 10-year vision. To do so, the employment, economy, research, training and education policies must be implemented in synergy. This is why the Strategy is translated into 18 commitments across all these areas. The principal objectives of these commitments will be to make Brussels the Belgian and European capital of entrepreneurship and innovation and reverse the paradox of the Brussels economy, which makes it the country's main source of jobs, but with the highest unemployment rate among its inhabitants. The 2025 Strategy will be implemented across three time periods: by 2025, in order to embrace an ambitious, early time-scale which exceeds just the legislative deadline; within the legislative period, in order to plan the execution of the commitments over this legislature and to produce an appraisal after 5 years; and annual, in order to determine priorities and ensure regular monitoring of the Strategy's implementation. Finally, this Strategy will be implemented in close cooperation with the social partners of the Economic and Social Council.

Mobility has been reorganised by the Iris 2 plan which aims to reduce road traffic by 20% by 2018 compared with 2001 levels. Developed in synergy with the "Air-Climate-Energy" Plan, this is also reflected in the new STIB (Société de Transports Inter Bruxellois) management contract which targets a 22.4% increase in transport by 2017, partly through expanding the network, purchasing rolling stock, creating new tram lines and extending the metro to Schaerbeek and Evere.

The fight against the fragmentation of the city and poverty is being managed based on 34 strategic objectives designed to invest in the promotion and consolidation of social policy. The Government has a preventative policy designed to prevent poverty situations, a plural policy for combating inequality and discrimination and a participatory policy which involves all the stakeholders concerned.

Quality of life, which is closely related to the policies for mobility, public cleanliness, planning, environment and energy, is a common theme in the Government's action. In addition to socio-economic elements, it must be noted that the Brussels-Capital Region has set itself the ambitious target of reducing its greenhouse gas emissions by 30% from 1990 levels by 2025.

The housing policy has set ambitious objectives, aiming in particular to create 6,720 social and medium-sized homes through the Housing Alliance and renovate existing housing. This policy includes an "energy" section in line with the EU 2020 targets and these new homes will have to satisfy the new energy performance regulations for buildings (PEB 2015), closely linked to the Directive 2010/31/EU which requires energy consumption to be almost zero for all new buildings after 2020.

The *internationalisation* of the Brussels-Capital Region, by developing a host nation policy for the Region, but also by strengthening the tourism sector - an economic lung for Brussels - as well as improving Brussels' attractiveness to international companies.

In the light of these specific challenges, this document aims to set out the Brussels-Capital Region's contribution to the objectives of the Europe 2020 Strategy and the measures it contains in response to the specific recommendations made to Belgium in the context of its competences.

It was submitted to the social partners for comments and was adopted by the Government on 24 March 2016.

2. The Brussels macro-economic and demographic context

Economic activity

Generally speaking, economic activity in the Brussels-Capital Region developed in a similar way to the previous year throughout the first half of 2015. This development seems to mean that we are heading towards stagnation in the growth of economic activity rather than towards a marked acceleration of the recovery as seen in 2014. This result is in line with the national forecasts. The positive factors, such as the decrease in oil prices, accommodative monetary policies and continued global growth, will most probably be counterbalanced by factors that have a negative impact. This is due primarily to a business structure in which sectors that are less sensitive to economic trends have a relatively high impact. Although the data on turnover shows an improvement in the situation of certain sectors of activity, such as "retail" or "other non-financial services to businesses", other sectors are experiencing stagnation ("information and communication", "transport and storage"), or even deterioration ("wholesale" and "industry"), confirming mixed the fortunes seen during the first half of 2015.

Service activities dominate the production process due to the essentially urban nature of the economy of the Brussels Region. In nominal terms, according to 2015-2020 economic forecasts, the proportion of market services is due to reach 72.1% in 2020, compared with 70.9% in 2013, while the proportion of non-market services is due to reach 19.1%. Among the market activities, apart from the "other market services" (29%), which remain the foundation for the creation of total added value as they do in the other two Regions, the Brussels economy should remain heavily specialised in the "credit and insurance" sector, which accounted for 17% of the economy in 2020.

Domestic employment

The increased economic growth in the Region was accompanied by a moderate increase in recruitment for the second year in a row, which led to a relatively stable number of jobs (+0.1%).

According to forecasts, job creation is due to speed up until the end of 2016. In the medium term (2017-2020), the average rate of net job creation should lead to an increase in domestic employment of 0.8% a year, in line with the gradual recovery of economic growth.

This means that net job creation should be an average of almost 4,300 people a year in the period 2015-2020 (i.e. almost 26,000 jobs in total).

The "health and social action" and "other market services" sectors (including service voucher jobs) should remain a driver of job creation in the medium term, as has been observed in the recent past. In terms of contribution to growth, the highest employment growth was noted in the "professional, scientific and technical activities and administrative and support services" sectors and in the "human health and social action" sector.

Finally, the number of self-employed workers is due to increase in Brussels (1.3%) over the 2014-2020 projection period.

Labour market

The Brussels Region experienced a substantial drop in its unemployment rate in 2015 thanks to the growing economy and greater support for the unemployed. In 2015, there was an annual average of 103,212 unemployed job-seekers (UJS), a drop of 7,124 compared with the previous year (-6.5%). The administrative unemployment rate was 18.8% in 2015 (18.5% for men and 19.1% for women), compared with 20.1% in 2014. Based on annual averages, there has been a decrease in youth unemployment (-1,721 UJS, or -12.8%) compared with the 2014 average. The administrative unemployment rate for young people aged under 25 dropped from 31% in 2014 to 27.1% in 2015, a decrease of 3.9%.

Over the 2013-2019 period, household disposable income should increase slightly faster in Brussels (2.8% per year on average, in nominal terms), than in Flanders and Wallonia (2.7% and 2.5% respectively).

Since the early 2000s, Brussels has experienced a demographic change which has been considerably more dynamic than that in Flanders and Wallonia, mainly due to the significant contribution of international immigration. These international migratory flows have drastically changed the age structure of the Brussels population, through a pronounced rejuvenation of its residents, the reverse to what has happened in the other two Regions. The combination of these changes has been reflected by a noticeably faster growth in the Brussels working age population (15 to 64 years old). However, demographic growth in Brussels has been slowing since 2012, primarily due to lower external net migration, with the growth of the working-age population dropping from 2.5% to 0.64%. In the medium term, the growth in the working-age population will continue to slow at almost the same rate, to 0.43% in 2020. Internal net migration in Brussels is traditionally negative compared with the two other Regions and, according to demographic forecasts, should stabilise in the medium term. In 2014, the overall contribution of all the migratory movements (internal and external) to the growth of the working-age population had already fallen to a level slightly higher than that of the other two Regions; it should be slightly lower from 2017. This change is the first since the early 1990s and is a major contrast with that registered during the last decade. According to forecasts, the working-age population of Brussels is due to increase more quickly (0.48% a year) than the working-age population of Flanders (-0.09% a year) and Wallonia (0.05% a year) during the period 2015-2020, but this growth rate is entirely due to the increased natural growth

in the population of Brussels and no longer by the migratory flows. As a result, the difference in growth with the other two Regions is dropping significantly compared with the last ten years.

Inter-regional mobility

As in both the other Regions, the trend in the employed population in Brussels is dependent on the demand for labour (i.e. domestic employment), but unlike in Flanders and Wallonia, it is also more greatly influenced by the flow of inter-regional commuters.

In terms of projections, commuter arrivals from the other two Regions are increasing in nominal terms but their share in Brussels employment, which is also on the rise, will continue to drop (relatively more for Flemish commuters) to 30.7% and 17.1% respectively in 2020. As a result, the people of Brussels will hold a constantly increasing share of Brussels jobs (52.1% in 2020). More and more Brussels residents are working in Wallonia and, more particularly, in Flanders. In 2013, 8.8% of the employed working population of Brussels commuted to Flanders and 4% to Wallonia. In terms of projections, these percentages will reach 10.3% and 4.5%, meaning that 20.8% of the employed working population of Brussels will work outside Brussels in 2020.

3. The Brussels-Capital Region's responses to the specific recommendations made to Belgium

3.1 Budgetary objective

CSR 1: to make a budgetary adjustment of at least 0.6% of the GDP towards the medium-term objective in 2015 and 2016; to use exceptional revenue to put the government debt ratio on an appropriate downward path; to complete the pensions reform by aligning the legal retirement age with changes to life expectancy; to agree to a break-down of budgetary objectives between all the different levels of power, which would be binding;

This is a recommendation by the Council of the European Union to the Belgian Stability Programme, which sets the budgetary policy guidelines and objectives for the period 2015-2018.

This Stability Programme was approved by the Federal Council of Ministers on 24 April 2015 after consultation with the Communities and the Regions during the Consultation Committee on 29 April 2015. This Consultation Committee noted that the 2015-2018 Stability Programme forecast both a structural budgetary balance for all public administrations in 2018 and a structural budgetary balance in the budget paths of each entity by 2018 at the latest.

In the context of the 2014-2019 government agreement, the Brussels Government has agreed to submit a balanced budget every year, as stipulated in the European context. In execution of this, a balanced budget in ESA terms was prepared for the second consecutive year of this legislature. The Brussels-Capital Region is thus meeting the medium-term objective of a balanced budget as specified by the Stability Pact.

The Brussels-Capital Region's budget has undergone two major changes since the 2015 budget year. Firstly, the scope of action of the Brussels budget is changing: the number of institutions to be taken account of is increasing following changes to European rules. Secondly, the impact of the Sixth State Reform can be clearly seen for the first time. The transfer of a large number of competences has had a significant impact both on the budget of ways and means and on the general expenditure budget. In 2015, the Brussels Government decided to check and constantly assess expenditure linked to the transferred competences, so that it could correctly estimate how they changed at regional level in the future. A Monitoring Committee will be set up in 2016 and will carry out a detailed assessment of the overall

budget implementation using the multi-annual simulator that has been developed; this should allow an accurate estimation of the multi-annual changes to income and expenditure.

With regard to the debt situation, Standard & Poor's, considering "the financial management of Brussels-Capital to be very good, based on the Region's managerial and political strength, a reliable budget, careful and sophisticated debt management, highly effective and optimised cash management and the effective monitoring of the entities linked to the Region and to other possible risks, including a well-structured guarantee management system", confirmed the long-term AA reference rating awarded to the Region. The forecasts remain stable. Given the solid budget situation, the Brussels-Capital Region's debt has been on a downward curve since 2014.

The Government has made the introduction and consolidation of the new dynamic guarantee management system and increased monitoring by the Region one of its priorities for the 2014-2019 legislature. The debt agency (Bruxelles Finances et Budget), which is responsible for optimising the management of the direct regional debt, has been entrusted with implementing this objective.

3.2 Tax reform

CSR 2: to adopt and implement a global tax reform that widens the bases for income tax, moving the tax burden on labour towards other sources and eliminating ineffective tax expenditure;

The Sixth State Reform modifies the financing mechanisms of the Regions and Communities. In the name of accountability, the federated entities can now pursue a real tax policy.

It is with this in mind that the Brussels-Capital Region Government's agreement specifies a major tax reform, which is also one of the strategic objectives of the 2025 Strategy. This primarily involves a shift from labour taxation (additional 1% on personal taxation established by the Brussels Agglomeration) and the taxation of occupants of buildings within the Brussels-Capital Region (regional flat-rate tax of €89) towards land taxes (property tax), which should significantly expand the Region's tax bases.

Taxation will be restructured so as to encourage the middle classes to remain in the Brussels Region and new tax-paying residents to move here. Consequently, the reform plans to:

- promote access to property, including by reducing registration fees linked to home acquisition;
- retain companies (by relaxing the existing favourable statute for transferring family businesses by gift or inheritance).

The property tax rate has been increased from 2016 in order to offset budgetary losses. More generally, the property tax will be reformed.

In concrete terms, the tax reform will involve the following:

- 1) the fixed tax of €89 is being abolished in 2016;
- 2) for Brussels property owners, the increase in property tax is offset or avoided through a €120 reduction for the home which constitutes their main residence;
- 3) in 2017, the abatement of registration fees will be €175,000 for homes worth less than €500,000;
- 4) a reduction in registration fee rates for gifts of property from 2016;

- 5) the abolition of the housing bonus for contracts signed after 31 December 2016 - this measure will enter into force in the 2018 tax year (2017 income);
- 6) income tax will gradually decrease by 1% in the 2017 tax year (2016 income) and by an additional 0.5% in 2018 (2017 income);
- 7) the Government is committed to environmental taxation and is also lowering the price of the first school subscription from €120 to €50;
- 8) the relaxation of inheritance rights for blended families.

The Government has also taken important decisions relating to environmental taxation, which will also be implemented in 2017. An analysis has begun of the operational impact of the administrative procedures for recovering all the existing tax tools by the end of the legislature, including car tax and road tax services. Furthermore, the Government will soon adopt a guidance note on environmental taxation with the two-fold aim of guaranteeing optimum air quality in Brussels and ensuring a fair ecological transition that does not affect the weakest members of society.

In addition to the aforementioned measures, it should be noted that on 17 July 2015, the Brussels-Capital Region Parliament adopted the ruling that aims to create a kilometre levy for heavy-goods vehicles intended or used for the road transport of goods, replacing the Eurovignette road user charge, as published in the Belgian Official Journal on 12 August 2015. This levy is due to enter into force by 1 April 2016 at the latest.

3.3 Labour market

CSR 3: to improve the functioning of the employment market by reducing the financial disincentives to work, improving access to the employment market for certain target groups and finding a solution to the shortage of qualified labour and the skills mismatch;

As is stated in the 2014 follow-up report, in 2015 the Brussels Government finalised the objectives, projects and working methods of the 2025 Strategy for Brussels, in close consultation with the members of the Economic and Social Council of the Brussels-Capital Region and with the collaboration of the relevant Ministers of the French communities and the community Commissions, (see section 4). It was signed by all the partners on 16 June 2015 during an extraordinary meeting of the Brussels Committee for Economic and Social Consultation extended to the community authorities. Its commitments include decompartmentalising the competences for Brussels residents, principally with regard to the operation of the labour market, by accentuating employment-training-education policies.

Furthermore, the priority projects for implementation in 2016 were decided during the Social Summit of 28 October 2015 between all the members of the regional Government and the Brussels Economic and Social Council; 93 priorities were identified. A substantial amount of work will be required, as at the end of its budget review the Government estimated the budget envelope for these 93 priorities at €87 million. With regard to the organisation of the labour market, these priorities include:

- the assessment of the schemes for activating and reducing social contributions for target groups so they can be redefined;
- the adoption of a common taxonomy for employment and skills (ROME v3);
- the roll-out of training-employment expertise centres, mainly in the most promising sectors for the Region (eight sectors defined);

- the improvement of business-focussed language learning;
- the introduction of a joint action plan for combating early school-leaving for students aged 15 or over;
- the introduction of an integration contract (young job-seekers aged under 25, unemployed for 18 months after leaving their studies).

In addition, as mentioned above, the Brussels-Capital Region saw a drop in the administrative unemployment rate in general and that of young people in particular between 2014 and 2015, by 6.5% and 12.8% respectively. There are several explanations for these positive developments, including the roll-out of the Youth Guarantee since January 2014, greater support for job-seekers (including the unemployed) from Actiris, the redeployment of Actiris services to Brussels employers, although there have unfortunately been successive changes to the unemployment legislation since 2012. The situation of some young Brussels residents remains worrying, whether in terms of access to employment, qualification levels, early school-leaving or poverty. Access to employment by young people, as well as other groups such as under-qualified job-seekers and the long-term unemployed, clearly remains a priority. Although the joint work carried out by all the partners in the area of aid for young people, education, training and employment aid as part of the implementation of the Youth Guarantee is starting to bear fruit, many projects are still underway or due to start soon to expand and perpetuate this work.

3.3.1 Policies and measures targeting young people

Brussels Youth Guarantee Scheme

The Brussels Youth Guarantee Scheme is based on a solid partnership approach and is coordinated by the Minister-President of the Brussels-Capital Region, assisted by the Minister for Employment. A Steering Committee brings together the different Ministers responsible for Training, Education and Youth Action, the functional administrations and the social partners (via the CESRBC) as well as the local authorities (via a representative of the communes and the Public Social Welfare Centres). Forming a compulsory part of a set of cross-sectoral (education, employment, youth information and aid, staying on in school, middle-classes, etc.) and multi-level (European, Federal, Regional, Community, local) policies, it aims to help combat unemployment and underemployment in young people aged between 15 and 25 and to improve their skills (in a broad sense). It aims to reposition the policies targeting the young people of Brussels so that the latter can be sustainably integrated into the employment market.

In addition to its affiliation with the targets of the Europe 2020 Strategy, the scheme actively purses the objectives of the programme tools implemented by the Region and by the cooperation agreements between the Region and the French and Flemish Community institutions relating to cross-cutting employment-training policies. Given the context of the Brussels intervention, remedial actions (especially education/second chance training type initiatives) are promoted alongside prevention.

Six priority themes are used to implement the schemes' objectives through a range of practical initiatives based around: (1) information and guidance, (2) education and youth action, (3) informal training and education, (4) training, (5) business internships and (6) employment.

Among these actions, the following priority measures were implemented in 2015 and will continue in 2016:

- the continued implementation of local platforms for providing information and first-line reception for young Brussels residents (St-Gilles and Forest in 2015). Two new communes will become partners in 2016 (Molenbeek and Anderlecht);

- the creation of a working group on the issue of business internships and training led by the Economic and Social Committee of the Brussels-Capital Region, which in March 2016 drafted a strategic policy paper setting out the recommendations to be implemented to increase the volume and quality of business internships and training for job-seekers. This work will be completed in 2016;
- the conclusion of the two calls for projects led jointly by compulsory education and youth aid on the prevention of early school-leaving and combating school drop-out (around 15 projects in progress since the end of 2015);
- the introduction in late 2015 of external assessments of the "citizen service" experiment before its possible expansion;
- the introduction of actions to train young apprentices (prevention of drop-out) and young people registered for sandwich education as well as, from 2016, the implementation of the actions relating to the regional strategy to make young people aware of entrepreneurship;
- from January 2016, Further Education will experiment with personalised educational workshops within the Brussels CPAS in order to support young people in their desire to continue their studies or undergo training;
- the personalised action plan (PAP) the reform of the CPP, as mentioned in 2014, led to the introduction of the personalised action plan as part of Actiris' services. This has been in force since 01/01/2015. The new methodology aims to set clear objectives within a deadline set in advance by the job-seeker aged under 30 and their adviser. Meetings are held at regular intervals. In addition to face-to-face interviews, the PAP allows remote follow-up meetings by email or telephone;
- Brussels Formation and its partners have seen more and more young people taking part in professional training since 2013: 2,037 young people aged under 25 in 2013 (18.8%), 2,202 in 2014 (20.6 %) and 2,304 in October 2015 (22.6 %);
- the integration contract: as mentioned in the Regional Policy Declaration, the aim of this contract is to offer high-quality initial work experience to job-seekers aged under 25 who have been registered with Actiris since the end of their studies, unemployed for 18 months and unable to find work despite all their positive efforts. It is due to be implemented by July 2016.

3.3.2 Policies and measures for other vulnerable groups

Equivalence of diplomas

Many job-seekers in Brussels do not have an equivalence statement for a qualification obtained abroad (40.2% of the job-seekers registered with Actiris in October 2014).

The CIRE (French-speaking) and BON (Dutch-speaking) associations, which specialise in reception and support for newcomers, are partnering Actiris in a project designed to ensure that a greater number of job seekers in Brussels request and obtain an equivalence statement for a qualification obtained abroad from one of the two Communities; this will improve their chances of entering the labour market.

In addition to information and support sessions for the application, the mondiplome.be website has been launched.

Non-discrimination and Diversity Council

The Territorial Employment Pact has been restructured and become the Non-discrimination and Diversity Council. The Council was officially established on 3 July 2014.

It is made up of employer and workers representatives, as well as representatives from public institutions and experts.

Its core mission is to fight discrimination and promote diversity in the Brussels Region with a view to improving equality in accessing and continuing in employment for those targeted by the legal framework.

This mission has been broken down into three priorities:

- 1) Incorporate the fight against discrimination and promotion of diversity into regional policies;
- 2) Increase the impact of the diversity policy and target investments;
- 3) Organise a network of stakeholders to discuss and act on equality in accessing and continuing in employment for the target audience in the Brussels Region.

The Diversity Plan is still the Council's main tool regarding employers.

Another of the Council's missions is to make proposals that target non-discrimination and promote diversity on the labour market in Brussels and consequently, it may issue recommendations for the Actiris Management Committee.

The Council fights against discrimination based on ethnic origin, age (younger and older people), disability and being low skilled, with the issue of gender being cross-cutting (gender mainstreaming).

The Council is a partner of the Interfederal Centre for Equal Opportunities and the Institute for the Equality of Men and Women.

Validation of skills and certification

The aim is also to increase the skills validation offer in Brussels, in its own right or in partnership and to increase the transferability of skills; the Brussels skills validation operators' coordination has set a global objective of 1,100 skills qualifications by 2020 (an increase of 40% compared with the start of the programme).

Finally, certification is a major challenge, particularly for people with little education who have undergone qualifying professional training. Since 2015, both CECAF and Skills Qualifications have legally opened the way to integration allowances for young people aged under 21. Skills Qualifications can already be used to obtain access to a profession.

Diversity policy of the Brussels civil service

In March 2015, the Brussels Government decided to support regional bodies with an active diversity policy, 10% of whose new recruits are job-seekers from districts with an unemployment rate equal to or higher than the regional average. 398 job-seekers from disadvantaged districts were employed in 2015 thanks to diversity subsidies of €750,000.

3.3.3 Cross-cutting measures designed to activate target groups

Regional guidance following the transfer of employment measures as part of the Sixth State Reform

A more significant shift in the policy of Subsidised Contractual Agents (SCA) is planned by the Government following the Sixth State Reform. In January 2015, the Government released the necessary resources for a post-by-post analysis of all ACS currently assigned (over 9,000 FTEs). The aim of this analysis is to maintain a policy of SCA in the Region, while refocusing it towards a policy that activates the target audiences in the places where they are most needed (such as for example, early childhood services) as well as potentially reallocating budget resources towards the more general activation policy. This refocusing will be defined during the last half of 2016.

Transfer of the activation policy and reduction of social security contributions for target groups

The "target groups" policy is one of the schemes transferred to the Regions by the Sixth State Reform. It should lead to a real improvement in access to the labour market for Brussels residents, by reducing employer contributions for specific groups of workers and employers and creating activation allowances for groups of workers with certain characteristics. An in-depth study was carried out in 2015 and led to a clear analysis of the mechanisms to be reformed, with regard to both relevance to the Brussels context and current and future budget flows. This study revealed the current key transfers towards the other two Regions. Within the current systems, 38% of Brussels resources involve workers living in Flanders and Wallonia. One of the shared priorities of the 2025 Strategy is a "target group" working group that includes the government and the social partners; it was created at the end of 2015 to develop a specific strategy for the Brussels-Capital Region, which will be presented in spring 2016. Young people (linked to the introduction of the integration contract), under-qualified workers and the long-term unemployed are priority groups that require support to access the labour market. The activation instrument will be preferred for this purpose.

3.3.4 Skills shortages

The consideration of the employment and training needs expressed by the socio-economic world is increasingly important in regulation.

The Brussels Employment Observatory (BEO) produces sector-based Focus reports in coordination with the public training services. The annual analysis of critical functions carried out by the BEO (explained not only by a skills gap, but also by problems with employment conditions or recruitment discrimination) is re-used by training bodies which regularly compare it with their training offer.

In addition, over the last few years the Brussels Region has committed to equipping technical and professional secondary schools with infrastructures that could improve the training of young people in relation to the needs of Brussels businesses; this should allow young Brussels residents still at school to acquire the qualifications they need to enter the job market.

The Flemish Community Commission (VGC – Vlaamse Gemeenschapscommissie) continues to promote the advantages of Dutch-language education in Brussels, with particular emphasis on knowledge of technical and professional guidance. The schools that are part of this initiative work with professional federations, while the VGC and the VDAB (Flemish employment public service) hold days when students can try out different jobs (Doe dagen).

The asbl (non-profit company) Tracé Brussel also carries out actions to encourage young Brussels residents and young Dutch-language school drop-outs to enter the employment market or training to improve their position on the labour market. Tracé Brussel organises these and other events via "Jump naar Werk" (Jump into Work), "Schakels naar Werks" (Link to Work) and training fairs.

The "Brussels Education Programme" objective of the 2025 Strategy includes the desire to improve the equipment found in schools, particularly through funding, renovating and fitting out schools through the different existing community and regional levers and launching equipment calls for projects for technical and professional colleges. The Government is also working to improve the technological and industrial equipment available in establishments by ensuring a consistent amount of equipment in reference centres (future Training & Employment Skills Centres) and ATC (Advanced Technology Centres). The aim is to implement a consistent and effective policy by linking the investment project in technical and professional colleges to the Government's economic and employment policy. From 2016, calls for projects will be joint, linking regional and community priorities at a more in-depth level. The Region's resources are targeted as a priority and regional priorities are guaranteed through the involvement of regional bodies in the community selection procedures.

A clear definition of these promising priority sectors with regard to job creation will continue to develop from year to year based on a needs analysis. The methods for implementing these analyses are currently the subject of proposals from the Training and Education Task Force (informal body for consultation between the Brussels-Capital Region and the Communities on "education", "training" and "employment" for some of the objectives of the 2025 Strategy. They are based on the initial work carried out by Actiris in conjunction with Bruxelles Formation and the VDAB since 2015 and will be supplemented by IBSA (public policies) and BBP (territorial policies) analyses and those carried out as part of a sector-based round-table methodology in conjunction with the Training and Employment Basin. These analyses also help to define/adapt professional training offers.

Finally, as stated above, the roll-out of Training and Employment Skills Centres in priority sectors is one of the major projects for employment-training-education policies.

Business internships

The Brussels-Capital Region Parliament approved the new ruling on internships for job-seekers in January 2016. This means that the legal basis, which was not transferred by the Sixth State Reform, will be created so that the Government can modify the conditions for accessing existing internships for which the Region pays an allowance. This will make the access conditions for business transition internships more flexible so that more young people can experience them and there can be more interns. This also allows the creation of new types of internship linked to the need to improve qualifications, whilst ensuring the availability of high-quality internships and naturally avoiding the pitfall of counter-productive opportunity effects that are harmful to employment.

Furthermore, a working group led by the CESRBC was created in 2015 to consider the issue of business training and internships for job-seekers. In the 1st quarter of 2016, it will result in the production of a strategic policy paper containing the recommendations to be implemented to increase the number and quality of business internships and training for job-seekers in the Brussels-Capital Region. These recommendations come under three areas: adaptations of existing legal texts, abolition of some of these texts and creation of new business internship and/or training mechanisms through the adoption of new regulatory texts.

4. The Brussels-Capital Region's measures for achieving the EU2020 targets

4.1 Economy and employment

The first extraordinary Social Summit of 10 October 2014 also provided an opportunity to assess the previous Social Summit held in 2013 and to lay the foundations for the implementation of the future 2025 Strategy with the Brussels social partners. The second Social Summit in 2015 prioritised the Strategy's projects (see section 3.3).

As a reminder, the 2025 Strategy aims to stimulate the Brussels economy with a forward-looking 10-year vision. To do so, the employment, economy, research, training and education policies must be implemented in synergy.

This is why the Strategy is translated into 18 objectives across all these areas. These objectives aim:

- to make Brussels the Belgian and European capital of entrepreneurship and innovation (global objective of priority 1 - regional priority - of the 2025 Strategy);
- to reverse the paradox of the Brussels economy and improve the quality of life of Brussels residents, primarily through greater participation in the employment market (global objective of priority 2 - priority involving the Communities); to increase employment for Brussels residents by promoting the socio-economic dynamism in the Region and improve the living environment (housing, mobility and air quality, regional development, society and health, etc.); this also means making the City Region more attractive for both workers and businesses.

The 2025 Strategy for Brussels is being implemented in accordance with three deadlines:

- by 2025, to adopt an ambitious prospective deadline which goes beyond the legislative period;
- by the end of the legislature, to plan the execution of commitments during the legislature and assess the situation after five years;
- annually, to determine the priorities and regularly monitor the implementation of the Strategy.

Each of the 18 objectives is led by one or several Government members supported by the administrations in question and is broken down into several operational projects. One of these 18 objectives concerns the implementation of the Brussels Youth Guarantee Scheme through 6 projects/themed priorities and one project/cross-cutting priority (see previous section).

The other objectives concern:

- the implementation of the "Brussels people in the Public Sector" ("Bruxellois dans la Fonction publique") action plan: this plan specifically includes creating a single portal, strengthening diversity plans, enhancing the benefits offered by public employers both internally and externally, improving the attractiveness of Brussels public employers on the local market, keeping low-skilled services in-house, increasing the training offer in line with the demands of the public service, increasing the number of Brussels residents in the Dutch-language service, implementing retention measures for officials, organising joint communication for Brussels public employers, expanding the internship and sandwich course training offer and individual professional development to young residents in Brussels...

- the implementation of the 6th State Reform, employment section: an exercise to evaluate the schemes and their suitability to the Region's needs will be a priority, with particular attention paid to the schemes for activation, reducing employer contributions and the service-voucher systems. A Brussels' "target-group" approach will be central to future strategies.
- The implementation of a regional circular economy programme: involving transforming the linear economy into a circular economy by developing a strategic and operational vision of the environment as a resource for creating local jobs, this includes the relocation of economic activities via short distribution channels, in particular to obtain a value chain which is as complete as possible across the Region.
- The strengthening of cross-cutting employment-training policies: the synergies between the skills will be improved through the Employment-Training-Education-Business Task Force following the evaluation of what has been implemented under the cooperation agreements on cross-cutting policies. This same process will be started at municipal level with the various stakeholders in employment, training and integration. The Government has also decided to create the position of sector-based facilitator in the Economic and Social Committee of the Brussels-Capital Region in order to mobilise all the partners within Brussels to achieve the objectives of the 2025 Strategy.
- Increase the professional training offer: an essential medium for the smooth running of the labour market, professional training (including training of the middle-classes) remains one of the legislature's challenges. Led by the Employment-Training-Education-Business Task Force, this commitment's objective is to improve access to qualifications and subsequently employment for those living in Brussels.
- The implementation of one of the government's priorities, i.e. a Brussels Education Pact: pool all the regional and community levers to improve the quality of education in Brussels. This involves improved monitoring of supply and demand, language-learning, combating school drop-out and the quality of infrastructure and equipment, particularly improving the technological and industrial equipment in establishments by ensuring a consistent level of equipment in reference centres (future Training Employment Skills Centres) and ATC (Advanced Technology Centres). The ultimate aim is to sign a cooperation agreement with the two Communities in order to match educational policies to regional policies with the aim of encouraging the social rise of young residents in Brussels.
- The promotion of sustainable, quality employment: combating job insecurity and working towards quality employment is a priority for all public employment policies. Within this framework, in order to encourage a process of actively promoting quality employment within the entire economic fabric in Brussels, this commitment aims to deploy continuous training efforts within companies and initiatives for equal treatment, diversity (the fight against discrimination) and a work-life balance.
- The deployment of common action within the future Metropolitan Community in terms of economy and employment, particularly by improving workers' mobility, coordinating economic and logistics activity zones.
- The drafting of a Brussels Small Business Act: this involves improving relations between public authorities and SME/VSE to create a business-friendly administration (welcome, efficiency, public contracts, administrative simplification, etc.). The aim is to provide a financial, institutional and administrative environment that is more attractive for the development of SMEs.

- The rationalisation of the bodies supporting and providing services to businesses: creation of a one-stop shop for businesses to provide economic stakeholders and citizens with a simplified and accessible tool. The Government has already decided on the bases of this reform. All the stakeholders working to support businesses have been brought together in a one-stop shop (called 1819) that offers services covering the entire business development chain (innovation, funding, support, marketing, export, etc.).
- The detailed examination and redirection of business aid, including aid for economic expansion, for research and innovation and for export. This involves reforming these three tools so they can be coordinated and prepared for the creation of jobs, among other things, hosting interns and training.
- The establishment of a strategy to strengthen exports and promote foreign investments within the Region: the objective is to intensify economic and commercial relations with foreign partners in high value-added sectors for the BCR economy or those bringing jobs for Brussels residents.
- The implementation of major investments: an effort to ensure that it maintains the major investments across its Region that are required for its development and serve as important levers in supporting its economy and its role of economic driving force for the country (regional development and mobility).
- The implementation of tax reform with a view to retaining business and encouraging new companies to set up in Brussels: the tax levers favourable to the development of economic activities, as well as reforms designed to simplify and standardise perceptions and administrative procedures across the Region have been analysed and incorporated under the tax reform, a first aspect of which was adopted in 2015 and the second of which will be adopted in 2017.
- The development of future trade, integrated into the city: in connection with the major options that will be released in terms of development, the development of a local business offer will be continued in residential areas. This commitment also aims to increase the employment rate among Brussels residents in the sector and promote entrepreneurship.
- Support for research and innovation: a new 2015-2020 Regional Innovation Plan will be drafted in consultation with the stakeholders in question (Scientific Policy Council, Innoviris, etc.), ensuring the gradual increase of loans provided by Innoviris in order to work towards the objective of 3% of regional GDP dedicated to R&D. Innoviris' aid mechanisms will also be better adapted to the reality on the ground in Brussels.
- Specialisation of the economy in fields that bring jobs for Brussels residents: to continue the specialisation of the Brussels economy in those fields that bring jobs to the Region, whether in terms of business volumes and the number of jobs, positive development and opportunities for Brussels workers or even a strategic choice for Brussels, demographic change or sustainable development.

Each of the objectives and the corresponding projects has already started. This year, a budget of €87 million is devoted to the priorities determined by the Government and the social partners at the start of the year. A progress report is scheduled for early March.

A tool for monitoring the Strategy's achievements will be set up and the new Brussels Planning Office given responsibility for it. This tool, an essential prerequisite to the assessment process, will be used to

provide information on the progress made with regards the objectives set by the Strategy and its different projects. Finally, a network made up of references in each administration responsible for the implementation of the projects has been set up. A coordination unit manages the entire process within the regional public service.

Working towards equal opportunities and promoting diversity

In addition to the measures given in the previous chapter, there have been other Brussels equal opportunities initiatives. Within the Region, there are many initiatives ensuring equal access to employment for all. The Government has drafted a regional gender-mainstreaming plan that contains objectives on gender equality in every political domain of the Government. The update will be the subject of a report to Government. The actions contained in it include the collaboration of the Brussels Regional Public Service with the Top Skills project developed by Selor; encouraging women to test their managerial skills during a simulation selection interview for a top management role. It should also be noted that a gender-mainstreaming ruling already exists, and that a disability mainstreaming ruling is currently being prepared, in which the Government will have to take account of disability in all political areas. A team of aldermen responsible for equal opportunities has also been set up within the Region in order to promote cooperation between municipalities and create a resources centre for the Brussels municipalities in terms of equal opportunities and diversity. Furthermore, in order to help women return to the workplace after a long-term absence due to family commitments, a new open platform for the employment of "women returning to work" has been created within Actiris. In terms of accessibility, the recently-created "Accessibility by Design" platform aims to bring together different regional partners in order to discuss and propose various projects related to the issues of accessibility. The Region is also working with an association in order to enable disabled people to register on a list of job vacancies offered by the Region. The Region is therefore trying to promote respect for each other and diversity across the five areas of equal opportunities.

4.2 Research & Development & Innovation

One of the aims of the 2025 Strategy for Brussels is to boost the Region's economy looking forward to the next 10 years, to make Brussels the Belgian and European capital of entrepreneurship and innovation.

Research, development and innovation promote economic growth, job creation and well-being. The Brussels-Capital Region Government is committed to doing everything it can to work towards the European target of 3% of GDP spent on research and development. While the structure of the Brussels economy where the service economy, characterised by a strong presence of low-skilled services and the relative weakness in high and medium-high technology industries explains the relatively large gap to be bridged in order to achieve this objective, the Brussels Region has nevertheless considerably strengthened its support for R&D activities in recent years. In 2014 and 2015, the Government chose to increase the level of the funds allocated to R&D, despite a difficult budgetary environment, thus confirming the importance of this issue in terms of regional policy. These funds have been increased by another 25% for 2016. The Government is aiming to adopt a new Regional Innovation Plan during 2016, to mark its support for research and innovation and endow these areas with a strategic vision that matches the Brussels context. This plan was prepared during 2015 based on a highly participative model that involved all the parties involved in the Brussels RDI ecosystem.

In addition to the research policy in its strictest sense with Innoviris as the central agency, the Brussels Regional Investment Company (finance.brussels, formerly S.R.I.B.) is investing in innovative businesses, the Regional Development Company (Citydev) has created hosting and incubation structures

and Impulse, the Brussels Enterprise Agency, is leading several sector-based centres and helping businesses to become involved in European programmes. The latter has also seen its budget increase this year, by 15%.

In early 2015, Innoviris, Impulse - the regional enterprise agency - and Atrium - the regional trade development agency - as well as the non-profit association, Research in Brussels, moved into a new building. This project, called "Uno", provides the best synergies between these bodies and give users a single entry point to various services and aid. It is the precursor to a wide-ranging exercise to rationalise business aid around three centres dedicated to consultancy and support, development, particularly real estate, and finally, funding. This rationalisation exercise should lead to greater collaboration between Innoviris and finance.brussels (funding centre) and also to the merger of Impulse, Atrium and Brussels Invest and Export in the coming years (consultancy and support centre); this merger should simplify access to entrepreneurship and innovation support centres.

The Brussels-Capital Region is studying several administrative simplification measures. There are plans to speed up the digitisation of finance application procedures for R&D projects. In addition, a pilot project was launched for the use of flat-rate payments for expenses related to certain small R&D projects, in order to reduce the administrative burden.

An important component of aid mechanisms for innovative companies concerns incubators. Indeed, incubators allow companies to benefit from a support structure that brings together all the tools necessary to launch and develop their potential innovation. 2015 will be marked by the second EEBIC business centre, a centre for companies and innovation and by the launch of Greenbizz, a business incubator for the eco-construction, renewable energies and eco-products sectors based in the Tivoli district in Laeken.

In terms of eco-innovation, Innoviris has also launched the co-create initiative as part of the Regional Circular Economy Programme in order to bring the Brussels population and the worlds of research, innovation and business closer together. This initiative targets applied research and innovation projects that will be integrated into a co-creation process and produced in the living labs that they will form with end users as partners. The 2015 programme round focused on sustainable food systems and projects began on 1st January 2016. In view of the success of this action, a 2016 round was organised and aims to fund social innovation projects to create urban resilience in the Brussels-Capital Region.

Grants for knowledge institutes, universities and higher education establishments will be improved in order to enable them to conduct more comprehensive research providing a better understanding of the challenges specific to the Region.

In order to ensure the digital transition of our Region to a Smart City, the Government has committed to continue and further develop the policy of pooling computer tools by grouping network infrastructures through IRISnet in order to achieve economies of scale and allow the necessary investments. By developing the generic platforms of the Brussels Regional Informatics Centre (BRIC) used by regional bodies and local authorities, citizens and businesses will have greater accessibility to services, both over the network and WIFI.

The smartcity.brussels portal was created in 2015 to spread good practice across the board and to promote citizen involvement in the prioritisation of projects. The regional open data portal opendatas-tore.brussels was launched in 2016. On this portal, administrations can provide data for reuse, which can produce an economic boost for innovative applications. The aim is to place Brussels at the top of the rankings for smart cities.

Furthermore, continuing its strategy of smart specialisation, a new strategic platform (Bridge programme) was started in 2014 and launched in mid-2015, dedicated to IT security and complementing other platforms focused on the promising niche markets specialising in eco-construction and e-health identified by the update to the Regional Innovation Programme. These platforms encourage academic and industrial cooperation and aim to shorten the paths between research and economic value. In 2016, The Bridge programme is focusing on energy autonomy (energy harvesting, storage and management).

Similarly, the pilot "innovation vouchers" programme, started in late 2013 in order to enable SMEs to benefit from strategic advice about innovation and technology guidance services given by the regional research centres, was extended for new collaboration in 2015 and expanded to MAD Brussels, the fashion and design centre, in order to widen the range of services available to the industrial design sector.

"Education cheques" will also be studied in 2016, to support schools and associations working to raise awareness of RDI.

New support instruments have been created to take account of and support new forms of innovation. Innovation can no longer be described simply as industrial or academic R&D. It now covers a very wide range of stakeholders and project types that all contribute to the development strategy that is encouraged at European level.

As well as the above-mentioned actions, Innoviris has also launched a major project to rewrite the legislative texts that govern its operation so that it can adapt to these new forms of innovation and integrate the changes that result from the publication of new European texts on state aid. The new rulings are due to enter into force in January 2017. This exercise supports the redrafting of the above-mentioned Regional Innovation Plan.

Under the implementation of its current Regional Innovation Plan, the Brussels-Capital Region has also increased its support for regional RDI actors wanting to take part in European programmes and partnerships co-funded by the Region.

Furthermore, Brussels-based SMEs can be given individual support through the "Enterprise Europe Brussels" for the creation of transnational partnerships or access to the COSME programme and by the Brussels Contact Point with a view to facilitating their access to the Horizon 2020 programme and in particular its SME instruments in order to support innovation and their international growth. In Brussels, 353 projects have received funding as part of H2020 since January 2014, for a total amount of €102.7 million, i.e. 33% of the total amount granted to Belgium. The average success rate for the submission of a project involving Brussels operators is 17.4%, compared with 14.1% for Belgium as a whole and 12% for the programme.

In order to strengthen cooperation between the Regions, Brussels has taken part in a joint call with the Flemish Region as part of the "Zorginnovatie Ruimte Vlaanderen" programme. The objective of this programme, organised in the form of Living Labs, is to boost innovation in the field of health care for the elderly by supporting innovative projects focusing on all the aspects related to this field, including prevention, awareness, diagnosis and care.

2015 also saw the launch of the first BEL-SME call for projects. This programme, organised jointly by Brussels, Flanders and Wallonia, aims to fund collaborative projects between SMEs in the different Regions of Belgium. The pilot call made it possible to fund certain projects and it was decided to repeat the programme and launch a new call in 2016.

These different initiatives show the desire to increase regional innovation-based collaboration by facilitating the emergence of trans-regional projects.

In addition to these financing initiatives, several support projects (without direct funding for the researchers) were developed in 2015, particularly by Impulse in priority areas for the Region.

This led to the creation of the BE.VR virtual reality community, which aims to create an ecosystem of Brussels and Belgian stakeholders with regular forums during which entrepreneurs, technicians and advertisers would meet to discuss this new medium.

Brussels Environment has prepared a Regional Circular Economy Plan with the collaboration of all Brussels innovation stakeholders. This Plan can be broken down into several actions, including an acceleration program for innovative start-ups in the area of environmental preservation and a social economy centre.

In the area of health, since 2015 the Brussels Health Network has acted as a secure digital platform for sharing medical data and thus as a link between all hospitals and non-hospital doctors in Brussels. An accelerator programme for health-related start-ups/SMEs (e-health & medical devices) has also been funded.

Some of these projects have received part of their funding from the European Regional Development Fund (ERDF), during either the current or the previous programme.

The ERDF attached a great deal of importance to research and innovation and to the competitiveness of SMEs during the 2014- 2020 programming period. A total of more than €36 million over seven years will be devoted to strengthening applied research skills and improving innovation within SMEs (20% of the total programme amount). In addition, 10% of the total programme resources (approximately €19 million) will be reserved for the ICT sector, which will receive a large number of applications for the Brussels Region. This part of the programme will be monitored in detail, as its aim is to help to increase gross internal R&D expenditure and create more innovative businesses in Brussels. A total of 30 new researchers could start work in entities that receive support and 245 businesses or entities should benefit from these measures. These objectives will be closely monitored via the Innoviris RDI performance indicators.

4.3 Education and lifelong learning

The "Brussels Education Programme" objective of the 2025 Strategy indicates the authorities' and their partners' desire to reorganise collaboration in the area of education.

As stated in section 3.3.4, the Region is working to improve equipment in schools, particularly through funding, renovating and fitting out schools through the different existing community and regional levers and launching equipment calls for projects for technical and professional colleges. The Government is also working to improve technological and industrial equipment in establishments by focusing on a consistent concentration of equipment in benchmark centres (future Training Employment Skills Centres) and ATC (Advanced Technology Centres).

The Brussels-Capital Region does not aim to provide structural funds for vocational education colleges within its territory, but it can invest in schools that develop their links with its specific needs. It should be noted that the 2014-2020 ERDF programme is providing €762,000 of co-funding a year for these investments.

4.3.1 Combating early school-leaving

The French and Flemish Communities are responsible for managing measures to combat early school-leaving. However, as part of the 2025 Strategy, the Brussels-Capital Region, together with the Wallonia-

Brussels Federation and the community commissions, have decided to launch a coordinated plan to combat school drop-out so that they can make the best possible use of all the existing tools in the Region. The Brussels tools are essentially the annual call for projects of the school drop-out plan and the prevention programmes.

Prevention

This scheme concerns a very young target audience, school-age or not, enrolled at school or early school leavers. School mediators working within this scheme fulfil one or several of the following missions as part of the priority to keep children at school and the local prevention and community plans started in the 19 Brussels municipalities and financed by the Region:

- for diagnostic purposes, gather together all the qualitative and quantitative data used to measure absenteeism and school drop-out across the municipal area;
- obtain an up-to-date overview (observations, needs and expectations) of all existing schemes in the municipality and the work of each organisation concerned, regardless of their identity or the level of power supporting them;
- develop projects in partnership with the schools;
- in cooperation with the competent community services, provide individual support to address the situations faced by students with recurring absenteeism and define suitable support measures;
- as part of monitoring compulsory schooling, the school mediators, in association with the municipal population service and the police district will identify compulsory school-age children who are not enrolled or have left school entirely in order to provide access to education for any student registered on the population register.

The regional subsidy dedicated to this priority amounts to 3.5 million euros, with 88 people affected by these missions.

Alongside the specific work on early school leavers, the community plans also include a "street work" priority which consists in increasing the number of officers on the home-school journey in order to meet young people who are early school leavers and offer them guidance. The total annual subsidy for municipalities under the Brussels' Prevention plan amounts to 16.5 million euros.

With regard to the French Community Commission (Cocof), regular resources are granted to 138 subsidised non-profit organisations as part of social cohesion contracts for school support. This activity makes it possible to bring students back into education and to turn younger students into active citizens.

Staying on at school

In September 2015, the Government of the Brussels-Capital Region granted a subsidy to almost 400 projects as part of the School Dropout Plan for all French- and Dutch-language educational establishments in all networks.

In 2000, the Brussels Government has launched an annual call for projects to combat drop out since 2000. In the 2015-2016 school year, some 22,000 students will benefit from 387 projects that meet the eligibility criteria. The Region supports these initiatives through the communes, providing a total of €2 million.

The 327 French-language basic and higher education projects will provide students experiencing difficulties with different forms of aid to help put them back on the track to success. Each project aims to provide a targeted and effective solution to the problems encountered by certain Brussels students, from tutorship for older students to speech therapists, via regular schooling for Romany children.

On the Dutch-speaking side, most of the 60 selected projects will be devoted to customised coaching for children liable to drop out of education. The Time-Out/Abrusco non-profit organisation leads a preventive and remediation programme for young people who have exhausted all the guidance possibilities. Its aim is to catch students prone to absenteeism and help them avoid exclusion by putting them back on the path of regular schooling and helping them to access training or the employment market.

During the first half of 2015, within the general framework of the Brussels Youth Guarantee Scheme (one of the 18 projects of the 2025 Strategy), a joint action plan between compulsory education departments and public services and the youth action of the Communities was finalised to be operational at local level by the start of the 2015-2016 academic year.

It should also be noted that the Flemish Community Commission (VGC) aims to provide qualitative supervision of the educational content of lessons in order to take preventative action against truancy. There are several regular local partners that support the schools here, including the Centra voor LeerlingenBegeleiding (CLB) and the educational support services. The Onderwijscentrum Brussel (OCB of the VGC) works with schools in the areas of languages and multilingualism, parental and local involvement and the management of diversity and poverty. Thus, since 2011, the VGC has invested in developing Brede Scholen (open schools), schools that pay attention to the broader development and the life chances of all children. Twenty-eight "Brede Scholen" have been identified within the Region. These are also being supported by the OCB.

The VGC is also organising "Taalkot", where young people from "Leren en Werken" or "Leertijd" (sandwich education) centres can learn basic Dutch in an attractive and enjoyable way; this is in collaboration with the Huis van het Nederlands and aims to stimulate alternatives to traditional forms of schooling.

Finally the Leerwinkel of the Tracé non-profit organisation supports and guides Brussels students (aged over 15) who have an interest in a Dutch-speaking education path, while "Jump naar werk" (Jump to Work) coaches Brussels students as they take their first steps in the labour market.

On a five-year basis and under the Decree of Social Cohesion, the COCOF subsidises 230 active associations in 13 Brussels municipalities in terms of educational support, literacy, learning French or the reception of newcomers. 8.8 million euros have been allocated in 2015 to support these associations under social cohesion.

Finally, for the period 2014 to 2020, six ESF sandwich projects (including Youth Guarantee) have been selected for a total of more than €6 million; these projects will assist the SFPME and the EFP in combating school drop-out and the abandonment of training by our young people. There will be more support for guides in business and more training for tutors in businesses.

4.4 CLIMATE/ENVIRONMENT/ENERGY

The Brussels-Capital Region has set itself the ambitious target of reducing its greenhouse gas emissions by 30% (40%/capita) from 1990 levels by 2025.

With this in mind, the regional Air-Climate-Energy Plan was adopted by the Government at its second reading in April 2015 and submitted for a public enquiry in summer with a view to its final adoption during the first half of 2016. This plan is stipulated in the Brussels Air, Climate and Energy Management

Code. It defines the regional objectives and the 5-year actions linked to energy and climate, including renewable energy, adapted to climate change and even air quality.

The measures introduced by the Region have now led to a 25.6% reduction in energy consumption (per inhabitant and at a constant climate) between 2004 (peak consumption) and 2013 (latest energy consumption data available). Greenhouse gas emissions decreased by 17.5% between 2004 and 2012 (latest data available on greenhouse gas emissions), There was an 11% reduction compared with 1990.

In the Brussels-Capital Region, 2016 will also be dedicated to food and to implementing the Good Food Strategy "Towards a sustainable food system in the Brussels-Capital Region". Our food has a significant environmental impact, particularly in terms of the loss of biodiversity, water and air pollution and the production of greenhouse gases. This strategy, developed in collaboration with hundreds of stakeholders representing the Belgian and Brussels food chain, was adopted by the Government on 18 December 2015. It covers the next five years and the strategy is organised into seven areas. Its priority is to develop local production that respects the environment, to raise awareness and involve citizens from a very young age, to reduce food waste and to develop actions that take account of the social and multicultural nature of our capital.

The Government adopted the Regional Circular Economy Programme on 10 March 2016.

A Brussels Environment exhibition centre will be created to improve environment-related education in Brussels, particularly for school-age children.

A new information threshold on air quality will be created for citizens. The introduction of low emission zones is being analysed.

While awaiting the end of this adoption process, the Brussels Government has already implemented certain measures which are covered in the code:

- In April 2014, the Government set up a certification system intended for work by installers on small-scale installations using renewable sources. Certification is awarded on a voluntary basis, after a training course delivered by a recognised body and concluded by an exam. This system is common to the three Regions.
- In accordance with the 2014-2019 Government agreement which plans to promote clean vehicles, a study on the real development potential of electric and natural gas vehicles in an urban context such as that of the BCR was carried out in 2015. This study will also serve as an input into the Brussels section of the national policy framework for the development of alternative fuels and their infrastructures which is the subject of article 3 of the "Clean Power for Transport" Directive.
- In May 2014, the Government also adopted an implementing decree to establish the environmental performance of regional and local captive fleets, notably according to vehicle type. This decree permits four developments:
 - Regional and local services can no longer purchase diesel vehicles and MPV (Multiple Purpose Vehicles);
 - The public authorities have defined an ambitious Ecoscore threshold for all new purchases (cars and MPV) as well as environmental criteria to be taken into account in the log books (including for vans and lorries);

- With regard to their business travel plan (PDE), the public authorities in question must analyse the use of their vehicle fleet in order to rationalise its use and size;
- With regard to their PDE, a percentage of electric vehicles (25% from 2015 and 40% from 2020 for regional bodies and 15% (2015) and 25% (2020) for local authorities) is imposed for new cars.

As mentioned in section 3.1. "Tax system", the Brussels-Capital Region Government approved the ruling that aims to create a kilometre levy for heavy-goods vehicles intended or used for the road transport of goods, replacing the Eurovignette road user charge. This taxation will enter into force in April 2016.

In addition, the off-road parking aspect of COBRACE, which entered into force in February 2014, will become increasingly important. 2016 will be the first year in which "excess" spaces will be subject to tax. This legislation will rationalise parking spaces at workplaces when environmental permits are being renewed or extended, in order to reduce the number of cars used in home-to-office travel.

Finally, the Air-Climate-Energy plan also provides for the adaptation of regional car taxation according to environmental criteria. It will be created on the basis of a standard on pollutant vehicle emissions (including NO_x, CO₂ and fine particles), encouraging users to purchase less polluting vehicles and contributing to sustainable mobility in the Region. It will also take account of the financial realities of Brussels households and will not come at the indirect cost of the poorest households. It will be gradual and voluntary so that users have the time to adapt to the system. Finally, it will be introduced on the basis of experiments carried out in other cities.

4.4.1 Mobility planning

The 2nd priority of the Air-Climate-Energy Plan is dedicated to transport and reinforces the Regional Mobility Plan (Iris 2) which establishes guidelines in term of mobility. It provides a series of steps intended to improve the daily life of residents, commuters and visitors to Brussels by establishing a balance between mobility requirements and the quality of life within the Region. Its objectives are to control and optimise car use, develop public transport and adapt urban development to pedestrians, cyclists and public transport. The principal targets of the Iris 2 plan are a reduction in the volume of traffic by 20% from 2001 levels by 2018 and a reduction in the number of on-street parking spaces by 16% from 2010 by 2020.

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

For this reason, the Government has agreed to fund a multi-annual investment plan for 2016-2025 to be implemented by the regional public transport operator. It is unique in that for the first time in the Region, the €5.2 billion that the Government is putting on the table for STIB investments are fully funded. This new investment plan will allow the STIB to invest almost €5.2 billion in total over the next 10 years and to meet its commitment to increase its transport capacity by 22.4% by 2017. These significant resources will make it possible to prioritise the extension of the current metro service towards the communes of Schaerbeek and Evere in the north-east of the Region by 2024. This network extension is necessary and will create a direct link between the north and south of Brussels. As well as extending the existing network, the STIB will receive the resources it needs to improve signalling safety on its metro lines, and also to increase the service frequency on these lines. The Government has also decided on a new Bus Plan. This plan must not only create faster links, better connections and an improved service, it must also create links between districts that are too isolated. The vehicle fleet will be made more ecological. In 2016, the STIB will start work to launch the priority worksites quickly so that soft mobility

becomes a palpable reality in every district of Brussels from 2024. Furthermore, STIB prices will be frozen in 2016 and school subscriptions for the first child will be reduced by €70. And this is just the first step...

During 2016 it will also be necessary to defend the development of public transport before the other levels of power. First of all at Federal level, with the updating of the SNCB Multi-annual Investment Plan and the definition of the next transport plan in 2016. Concrete investment requests will be put forward to strengthen the metropolitan offer and promote the entire Brussels network, with Brussels at the heart of the SNCB network.

Then with the other two regions, particularly the Flemish Region, with which a common vision should be shared for more sustainable mobility in the metropolitan area. The future of the Ring, the creation of transit car parks, the inter-regional public transport network and the cycle network are all projects that the Brussels authorities would like to move forward to reduce road problems caused by its role as Regional Capital.

With regard to the development of active mobility, the budget for the creation of cycle paths doubled to €12 million in 2015 to allow the provision of safe and separate paths. This investment aims to make cycling in the capital safer and to encourage more users to cycle, particularly women, who are under-represented among regular cyclists. An increase in shared electric bikes is also being studied.

Urban projects such as the ten priority areas for urban development are also helping to reduce the demand for travel.

The shared vehicle systems also represent interesting alternatives to individual cars, allowing many citizens to do without and only use this means of transport for specific needs. On 9 July 2015, the Brussels Government approved, at its first reading, a Car-sharing Plan which aims to change the legal context and allow one-way car-sharing (ability to take vehicles to a different station, as is allowed by the Villo! system) and free-floating (ability to park cars outside stations), in addition to the current round-trip car-sharing. This plan intends car-sharing to become electronic. A study into this will be launched in 2016 to define the infrastructure and charging service requirements.

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

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

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

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

4.4.2 Development of the circular economy

The Brussels-Capital Region is part of a dynamic sector-based and cross-sector European movement that aims to transform our local linear "extract-manufacture-consume-throw away" economy into a circular economy in which the resource cycles occur in a loop and are rationalised (reduce-reuse-recycle).

Since 2015 and as part of the 2025 Strategy, the Region has been developing a strategic vision of the environment as a resource that can create local jobs by transforming our linear economy into a circular economy.

The objectives of the circular economy are fundamental and go beyond the accounting of tonnes, hectares and cubic metres:

- environment: the looping of flows to reduce the wasting of resources and the digital footprint;
- economy: transform environmental objectives into economic opportunities, particularly through new business models in order to stand out and not be subject to increasing raw materials prices;
- social: relocation to promote the creation of semi-skilled local jobs.

The Regional Circular Economy Programme (RCEP), adopted on 10 March 2016, aims to expand environmental policies in this cyclical system. This involves working within an integrated, cross-functional policy linked to the different administrations, including the environment, the economy, innovation, training and professional integration, as well as public and private local stakeholders.

The RCEP includes 111 measures divided into four strategic sections:

- The first section is cross-sectoral, as it involves all the economic stakeholders and aims to create a favourable regulatory framework, economic aid, develop innovation, sustainable and innovative public contracts and create or direct new training for new professions adapted to the profile of Brussels job-seekers.
- The second section is sector-based and is intended to be extremely practical for sectors chosen according to their job-creation potential, their impact in terms of greenhouse gas emissions and their position at the heart of the most important challenges facing Brussels, namely construction, resources and waste, logistics, trade and food (which is the subject of the Good Food Strategy).
- The third section is territorial. In addition to the cross-functional and sector-based approaches, the RCEP will attempt to mobilise all the stakeholders within the territory, from the districts to the metropolitan area.
- The fourth and last section is aimed at governance. Finally, the objectives attributed to the Regional Circular Economy Programme cannot be achieved unless specific attention is paid to its implementation and to the resulting governance. The RCEP will be managed by three Ministers and will bring together at least 13 partner administrations that will need to be coordinated.

4.4.3 Reduction of energy consumption and improvement of energy efficiency

The Brussels-Capital Region has made energy efficiency one of the objectives of the Air-Climate-Energy Plan. As the construction sector is the main consumer, this is its main target. A number of measures are

planned, including encouraging and developing alternative funding solutions for energy efficiency, stimulating exemplary behaviour by public authorities in this area, regulation (PEB, PLAGE, energy audits, etc.), support for professionals and individuals, training and innovation.

In addition to the Air-Climate-Energy Plan, in April 2014 the Brussels Region announced its third Energy Efficiency Action Plan (EEAP) imposed by Directive 2012/27/EU of 25 October 2012 on energy efficiency. The indicative target of the EEAP measures is to make energy savings of 9% in 2016 compared with 2007. The forecasts are as follows:

	Primary energy savings (GWh)		Final energy savings (GWh)	
	Objective	Results	Objective	Results
2012 - Achieved	-	80	-	851
2016 - Forecasts	-	2514	2199	2465
2020 - Forecasts	Not defined	4731	Not defined	4617

Table 3: estimated regional energy savings in 2020

There have been several initiatives targeting individuals, companies, communities and the public authorities.

In 2014, a project was launched by the Distribution Network Operator (DNO) in order to develop a new concept for a remotely-controlled and monitored high-voltage/low voltage station.

In 2014, decisions were made on the implementation of various projects related to the installation of smart meters. The Brussels DNO decided to launch a new Smart Metering pilot project that aims to validate the technologies chosen and implement all business processes. The DNO hopes to install 5,000 smart electricity meters and 500 smart gas meters in 2017.

Furthermore, the Directive 2012/27/EU on energy efficiency requires Member States to install in all new buildings or buildings undergoing major renovations, "individual meters that accurately reflect their actual energy consumption and provide information on actual time of use" from the 1st January. In order to meet this obligation, the DNO has decided to install 13,200 smart meters from 2016 to 2019 (installation of approximately 3,300 smart meters per year). These will be electronic meters with local access to detailed consumption data.

The Brussels Government also adopted a new "energy" bonus system following an audit of their management. This entered into force on 1st January 2016 and will apply throughout the legislature. A transitional system will be implemented until February 2016 so that Brussels residents who have already invested in better energy performance are not penalised.

The new system has been created on the basis of the guidelines of the majority agreement, an evaluation carried out by Brussels Environment and consultation with all the stakeholders in question (Maisons de l'Énergie, Réseau Habitat, Federation of Social Services, Home-owner trade unions, Tenants' trade unions, Federation of Social Housing Agents, Construction Sector, Plate-Forme maison passive, Gas-Electricity-Water coordination, Brugel and the communes).

The budget allocated to Energy bonuses in 2016 is € 22 million and will focus on three categories of priority measures for energy efficiency in buildings, as identified by the Air Climate Energy Plan and its environmental impact report, namely audits, insulation and heat (heating and solar water heating).

Focusing efforts on the most efficient investments makes it possible to increase the clarity of the bonus program on the one hand, and the windfall effect on the other.

One of the major new features is opening up the preferential system to a series of stakeholders working in the education and personal assistance sectors.

Tenants and joint owners will also benefit from measures that promote the implementation of works to improve the energy and heat performance of their housing:

- joint owners will also be able to access the highest level of bonus. This measure aims to encourage joint owners to carry out useful and necessary insulation and heating work, which is often still lacking today, particularly in complex joint ownership systems, to the detriment of all residents whether owners or tenants.
- furthermore, tenants (60% of Brussels residents) will also benefit from the strengthening of the system through access to the most favourable system for home owners and landlords. This access will be subject to conditions, namely the presentation of a registered lease and proof that the bonus being applied for corresponds to one of the first three recommendations of the PEB certificate for the building being leased.
- These measures are backed up by a mechanism that is currently the subject of a pilot project. Its aim is to test a mechanism for passing on home-owners' energy-saving investments to their occupying tenants, who will benefit from the energy savings; this system will be tested with 20 pairs of owners and tenants.

The exemplary nature of public authority buildings is reflected by their compliance with at least the new PEB regulation (PEB 2015, very close to the Directive 2010/31/EU which requires that energy consumption is almost zero for any new building from 2020) for property investments for any of the Region's agencies. The potential for reducing the sector's emissions is very significant with an annual saving of 15,000 tonnes of CO₂ expected, for example. As part of the Housing Alliance (see below), the planned construction of 6,720 new social, affordable and medium-sized houses (for rental and purchase) will have to satisfy the new energy performance regulations for buildings (PEB 2015) (600 million euros).

Finally, householders are offered a support service to help them save energy at home, in regards to both technical and equipment choices and access to incentives.

4.4.4 Public cleanliness and waste recycling in a circular economy

With regard to cleaning, the framework agreement that will implement the Sixth State Reform was approved by the Government in July 2015. It provides new collaboration prospects for public property stakeholders. In addition, 150 additional cleaning agents have been or will be hired. They will supplement the existing teams and improve the cleaning frequency of the regional roads in each commune. The regional cleaning subsidy for communes will also be doubled. The local results will also stem from the policies carried out upstream. Both awareness-raising and enforcement of this area will be strengthened.

Although the dossiers creating new container parks are progressing well, campaigns for mobile container parks will be continued in the meantime to provide an adequate service for the collection of bulky items.

In addition, there are two projects under consideration concerning the collection and treatment of waste:

- the appropriate response to the issue of organic waste treatment in Brussels and more specifically the issue of the opportunity for a new facility and the technological choice to be made (composting, co-composting, biomethanisation, etc.);
- the creation of a heating system (district heating) using the heat currently lost in the Brussels-Capital Region incinerator, due to its temperature which is too low for any other use. This network would be used to supply heat to users based near the incinerator.

The Brussels-Capital Region has prepared a multi-year re-use strategy in addition to the resources-waste actions set out in the RCEP. The development of a reuse and repair industry in the BCR can be justified at a number of levels: optimal waste and resource management (reuse is higher in the waste management hierarchy), creation of local jobs and improvement of social cohesion.

The Brussels Region has also developed a range of packaging reduction actions. As a result, pilot projects on bulk packaging, on reusable packaging in the catering sector and on customised packaging coaching for households have been implemented and also feed into a multi-year strategy in this area. The Brussels Region has also supported pilot projects in the areas of waste and construction materials. Pilot projects on reusing and recycling on work sites have been developed and will be rolled out on a greater scale via the RCEP. The Brussels Waste Management Plan is currently being prepared. It will complement the RCEP and will make raw materials from our waste while improving the life cycle of products marketed by companies through a policy supporting and promoting the principles of the circular economy.

4.5 Social cohesion and poverty reduction

4.5.1 Initiatives to promote social cohesion

The French Community Commission (Cocof) subsidises local social cohesion initiatives. It also supports more than 230 associations working in Brussels as part of the Social Cohesion Decree. Social cohesion can be understood to mean all the social processes that help to guarantee equal opportunities and conditions and economic, social and cultural well-being to all individuals or groups of individuals, whatever their national or ethnic origin, their cultural, religious or philosophical background, their socio-economic level, their age, their sexual orientation or their health, so that everyone can play an active role in society and be recognised within this society.

These processes target primarily the fight against all forms of discrimination and social exclusion through the development of policies on social integration, inter-culturalism, sociocultural diversity and cohabitation between different local communities. They are implemented principally through the development of local community action and networking.

The priorities have been redefined by the College of the French Community Commission (COCOF) for the new five-year period 2016- 2020.

It is based on assessments carried out by the Regional Social Cohesion Support Centre (CRACS) and on a range of work and recommendations by communal coordinators responsible for social cohesion, community operators, the COCOF administration, etc.

A call for projects has been launched and non-profit organisations have entered into an agreement to implement their actions from 1st January 2016.

The projects include one or more types of diversity (gender, cultural, social or age), including that of gender as a minimum.

Social cohesion aims to enhance the experience of living together in our territory. It is one of the most important aspects of the fight against withdrawal and negative identity segregation. The projects must therefore help to bring Brussels residents closer together to promote the positive integration of all sections of the public in the region. The projects must promote communal living, as it is too often the case in Brussels that citizens live next to each other and not with each other; the projects must take account of the inclusive dimension of social cohesion.

The four priorities defined by the Cocof College for the new five-year period 2016- 2020 are:

- 1) Assistance and support for schooling
This must involve homework support as well as activities to promote the social integration of young people, particularly through learning about citizenship and openness towards the world. Parenting support will also be one of the objectives of this priority, so that parents can be involved in the development of their children by taking part in the association's programme.
- 2) The learning and acquisition of the French language as an active citizen
The aim is to allow learners to communicate better and fit in more with their social, cultural and professional environment.
French lessons should be backed up by citizenship activities and expression workshops. It is essential to create different workshops that will allow students to practise their French.
- 3) Inter-cultural citizenship
This priority is a reworking of the third priority for 2011- 2016 (reception of newcomers) based around a theme dedicated to modules providing an introduction to civic life in Belgium. These modules remain necessary in order to maintain the work carried out with a broader public of migrants and immigrants than that targeted by the reception offices for newcomers (see below).
- 4) "Living together"
This priority relating to living together aims to produce dynamic and positive interaction between residents and create a strong community partnership.

The budget for this project will come from communal and regional contracts in order to guarantee consistent support for projects that fit with other priorities.

4.5.2 Measures to promote social inclusion

At COCOF (French Community Committee) level, the implementation of the Decree of 18 July 2013 stipulates the opening of reception offices for new arrivals. The budgetary allocations of the 2016 COCOF budget include new resources for opening two reception offices with a total capacity of 4,000 people a year. This will make it possible to welcome all adults who have been listed on the aliens' register of a commune in the Brussels-Capital Region for less than three years and have a residency permit of over three months. These people will have a social and linguistic review that will focus on their language knowledge, their social, professional and training situation, etc. The aim of this review is to provide better support for new arrivals so they can flourish in our region.

The COCOM (Communal Community Commission) is considering creating an obligation to monitor the reception procedure. A preliminary draft ruling on this subject is currently being prepared.

The VGC (Vlaamse Gemeenschapscommissie - Flemish Community Commission) has written a report and the 2016-2020 Kinderarmoedebestrijdingsplan (plan to combat child poverty); in 2015, the COCOF voted to adopt a draft decree that, among other things, aims to improve the accessibility of reception structures for children from vulnerable families and thereby continues the objective of creating new

reception places in the Brussels Region. Efforts are focusing on opening up new places and the accessibility of reception structures for children from vulnerable families.

COCOM is preparing a study with a view to supporting home care for the elderly and improving their quality of life; this should create a guarantee of autonomy to support the choice of home care and COCM has begun to consider and analyse in detail the alternative to care homes and home care for the elderly through Maison Kangourou initiatives and collective housing funded by the public authorities.

4.5.3 Access to housing and the fight against homelessness

In 2015, the BCR continued its housing development policy, particularly in terms of social and medium-sized housing production (both for rental and purchase) within the framework of the Regional Housing Plan - 5,000 units including 3,500 social homes - and the launch of the Housing Alliance decided by the Regional Government in 2013.

Following its budget conclave of October 2015, the Government guaranteed the funding for this Alliance, which provides for the creation of 6,500 units of public housing (of which 60% social housing and 40% medium-sized homes) and which also prioritises the renovation of social housing buildings (budget of €3 M for the 2014-2017 period), contributes to a genuine economic upturn in the Brussels-Capital Region by creating many direct and indirect jobs over the coming years in the construction sector.

Furthermore, in its Regional Policy Declaration (DPR), the Government has bolstered this strong focus of the housing policy in terms of investment. This priority will be achieved in particular by implementing 10 new neighbourhoods identified across the Region's area. The Region also intends to step-up its fight against empty homes and set up an ambitious, global supervised rent allowance.

In 2015, the continued development in the stock of social housing agencies (AIS) was officially confirmed and now exceeds 4,000 housing units. The AIS sector has also seen its resources increase in 2015 in order to multiply the number of homes managed by these agencies, particularly for the student market. A first student AIS has been operational since early 2016.

With regard to combating homelessness, in December 2015 the Region acquired a 5,000 m² space that will significantly increase its ability to provide shelter for the homeless. The building, acquired by the Region for €5 million, has been able to accommodate up to 500 people in difficulty for 12 hours a day, seven days a week, throughout winter from January 2016 until the end of April.

This acquisition will also support a structural approach to combating homelessness, because the number of places managed by the Samu Social will double from May thanks to this building. There will be accommodation for 110 people throughout the year. The Samu Social will also be able to transfer its administrative headquarters and its patrols Department to this building in accordance with certain operational modalities that will be defined once approval has been given.

The Region will therefore be able to guarantee almost 303 reception places a year for the homeless (220 Samu Social places, 35 places for the "Pierre d'angle" non-profit association and 48 "Ariane" non-profit places).

The Brussels approach will then move towards a type of integrated work that will allow the creation of strong operational links between emergency reception and the structural policies for getting people off the street. The reception system must be linked to the structural mechanisms for accessing housing and social inclusion. It is in this context that the Region has also launched an ambitious housing-first type

programme and that it will work to prepare an integrated action plan in which day centres will play an important role, together with the other stakeholders in the homeless sector.

4.5.4 Combating housing discrimination

A series of measures are planned to combat housing discrimination, as part of the approval of the guidelines linked to the regionalisation of tenancies, particularly:

- the creation of a list of information or documentation that can be requested of a candidate tenant, provided that the private and family life of the tenant is respected.
- the introduction of sub-tenancy and transferable leases,
- the promotion of the use of an irrevocable mandate mechanism for CPAS users,
- the increase in the work of the communes in terms of checking compliance with signage obligations

The legislation on tenancy contracts for main residences is the subject of a gender-mainstreaming study within the meaning of the ruling of 29 March 2012 integrating the gender dimension into the Region's policies. Additional measures will be integrated into the reform following the conclusions of this study.

4.6 Cross-cutting elements contributing towards the EU 2020 targets

4.6.1 Industrial policy and entrepreneurship

The Brussels-Capital Region's 2025 Strategy, as mentioned previously, aims to translate the socio-economic priorities across the legislative period but also to develop a forward vision of the policy to stimulate the Brussels economy over a ten-year period.

It envisages primarily the adoption of a Small Business Act in the form of a Charter, with a view to facilitating the institutional, financial and administrative environment of SMEs, VSEs and potential entrepreneurs, including at international level.

In terms of SMEs and VSEs, the region will sharpen its tools providing a hosting strategy and the presence of foreign investors across its area.

The regional development policy must of course also work towards economic development. So, more specifically, regional competitiveness clusters will be set up by the Government in consultation with the sectors concerned. Using a consultancy and partnership approach, these will bring together companies, training centres and research facilities in the following sectors: the food industry, communication and image, logistics and wholesale distribution, knowledge and digital.

In the tourism sector, which for Brussels represents significant development potential, the Government will work in partnership with social partners to enhance training courses across all the sector's professions.

The Government will also ensure the development of a circular process in its business parks and raise awareness among business centres to adopt this same process.

Rationalisation of aid to businesses

An in-depth analysis of the institutional landscape for supporting businesses in our Region was carried out in 2015, in accordance with the commitments of the Regional Policy Declaration. Following this, the Government decided on several major measures to optimise the instruments and ensure greater efficiency and clarity in the public mechanism for supporting businesses. The reform of the Brussels economic tools and structures adopted during the October 2015 budget conclave will be implemented in 2016. It is based on the following three major principles:

- a coherent and integrated strategy that makes use of the synergies between public and private stakeholders
- an assessment that makes it possible to analyse the impact in terms of sustainable and innovative economic development, job creation and social inclusion
- a distribution of responsibilities that facilitates access to services, avoiding duplication and maximising the lever effect of public interventions in economic development

In terms of the rationalisation of public instruments, the single free telephone number "1819" will be turned into a real one-stop shop for businesses. The public support offer will also be structured around a Regional Business and Trade Agency that will include Impulse, Atrium and Brussels Invest & Export. Its role will be to coordinate the public and private partners working to support businesses based on an accreditation framework that guarantees high-quality service, integrated objectives and ongoing reporting.

A funding centre will also be created to focus the public offer around finance.brussels/SRI (Brussels Regional Investment Society) Group as a central stakeholder. The Brussels Guarantee Fund will also be integrated into finance.brussels to complete the product range. Functional coordination will also be set up between Innoviris and the SRIB Group.

Finally, the infrastructure location and development centre will be consolidated by refocusing Citydev's mission on defining a public housing chain that includes deliberation on the modalities and duration of reception and develops a real estate lever in the area of commercial spaces that will be based on all property.

Two platforms will also be created. One of these relates to business centres that aim to provide housing and support at a more local level and the other relates to incubators for innovative start-ups. These two platforms will also be part of 1819 to ensure the optimum harmonisation of the services offered to businesses throughout the Region.

This extensive reform will be supported by the creation of a real results evaluation and monitoring system to ensure that the regional business support strategy is effective and complies with the Government's economic policy.

Entrepreneurship

Brussels is experiencing an entrepreneurial drive greater than the national average with the creation of many start-ups, but also a high failure rate. In order to encourage entrepreneurship and support the longevity of companies, particularly start-ups, VSEs and SMEs, the Region is continuing to develop and consider a range of measures.

A programme of concrete actions to raise the awareness of young people regarding entrepreneurship was implemented in 2016 as part of the Youth Guarantee mechanism.

I. Training

The inclusion of women in the entrepreneurial world is a priority, reflected through the "Women in Business" platform hosted by Impulse, which aims to unite all the Brussels organisations offering services for female entrepreneurs. It has increased its initiatives, such as the production of a study on female entrepreneurs in Brussels, the unification of the structures, the organisation of themed round tables on female entrepreneurs, women and ICT, exporting for women, the barriers and solutions to female entrepreneurship, the drafting of recommendations with a view to reducing the risks of entrepreneurship and even launching the "Women in Business" award.

Various measures have also been taken to encourage job seekers to start their own company, particularly through the *Accompagnement à la création de son emploi (ACE)* (Support to Create your Job), the Business Cooperatives included within the non-profit association Job Yourself and the Business Centres and local economy help desks.

The Region also supports a range of training courses designed to boost entrepreneurship, particularly for target groups, such as for example:

- Cap'Ten & Boost your Talent are awareness programmes in schools that have already reached thousands of young people in order to energise their entrepreneurial spirit;
- The *Passeport pour la Réussite* (Passport for Success) offers free training (HR, management, marketing, legal, strategy, web tools) to freelancers and company bosses in the Brussels-Capital Region.

II. Support

The availability of support processes speeds up growth for companies. With Impulse Brussels (the Brussels Enterprise Agency) as a leading institutional partner which offers bespoke advice during the various stages of a company's life cycle, the Region promotes mentoring support through informal networks.

The Brussels-Capital Region also wants to strengthen its position on niche segments and markets that match the strengths of its actors and offer potential for economic activity and jobs. The instrument used to support these niche markets is the cluster that develops promotion and competitiveness on a defined sector. It provides a network for a collection of business and research centres based in the Brussels-Capital Region that have complementary activities. To date, the Region has 5 sectoral clusters since the launch of *screen.brussels* in October 2013 dedicated to the creative industries and multimedia, complementing the clusters already existing in the fields of new ICT, eco-construction, the environment and life sciences. After evaluating the positioning of these clusters in terms of degree of maturity and results, the Brussels clustering policy will be strengthened and structured and the role of clusters reaffirmed. The Region is therefore continuing its transition towards a services and knowledge economy by encouraging RDI and bringing companies, universities and research centres that are able to play an international role, closer together.

Furthermore, in order to strengthen synergies, the Brussels-Capital Region Government decided to bring together the competent institutions in terms of trade (Atrium Brussels), entrepreneurship (Impulse Brussels) and innovation (Innoviris and Research in Brussels) under the "UNO" project. This unique gateway will facilitate the procedures surrounding the important target market of start-ups and improve multidisciplinary support for Brussels companies.

Access to finance

Access to finance is essential for a company's survival and development, but is becoming increasingly difficult to obtain, particularly due to the recent financial crisis. Indeed, the banks are taking fewer risks and are reluctant to finance small companies. The Region is trying to resolve this situation by developing the Fonds Bruxellois de Garantie (Brussels Guarantee Fund) and supporting alternative funding sources such as crowdfunding, Brusoc, seed capital for innovative companies and even grants for the creation of social economy enterprises. Increased interactions between private and public institutions need to be further explored in order to offer tools helping to facilitate access to finance for entrepreneurs.

As part of the regionalisation of the Fonds de Participation Fédéral (Federal Participation Fund), existing solutions, primarily micro-credit and co-financing mechanisms have been restructured and incorporated into a new instrument of the Brussels Regional Investment Company, Brupart, the purpose of which is to promote the creation, development and transfer of the business of freelancers and SMEs.

Internationalisation

Thanks to its status as "Capital of Europe", Brussels enjoys an international reputation. This reputation is an undeniable asset for promoting Brussels exports and attracting foreign investment to Brussels, but must be completed by strategic and dynamic thinking that addresses current issues.

According to figures from the National Bank of Belgium, Brussels exports of goods increased by 3.2% in 2014 compared with 2013. The Region therefore exported goods worth €6.289 billion in 2014 compared with €6.092 billion in 2013.

With regards to geographical distribution, 86% of the exports of goods from the Brussels-Capital Region go to countries within the European Union, primarily Germany, France, the Netherlands, the United Kingdom and Switzerland. Exports outside the EU are much lower at only 14%. They have increased (+2%) compared with 2013, but there is still room for growth. In order to encourage and support the internationalisation of SMEs, in 2015, Brussels Invest & Export launched a new series of training and coaching sessions for potential exporters and those new to exporting: BEST (Brussels Export Starters Program), E-marketing and e-commerce and sending out expats and Customs procedures in Belgium.

Sustainable economy

The "sustainable" aspect of industry has undergone significant growth in recent years. The Brussels-Capital Region has set up or supported several economic stimulus initiatives on sustainable development, including:

- Brussels Sustainable Economy which defines, develops and implements a strategic development plan for economic sectors in the environment field;
- Greenbizz, a business incubator in the environmental sectors of eco-construction, renewable energies and eco-products;
- EMOVO is a research and training centre which focuses on energy and environment technologies;
- Ecopôle is a social economy centre in the field of waste re-use and recycling;
- EcoBuild (sustainable construction and renovation) encourages the creation, growth and sustainability of companies active in these sectors;

- Brussels GreenTech, which supports many start-ups and companies working in environmental sectors using the Brussels-Capital Region's innovation and development tools;
- Irisphère de Citydev, which develops an industrial ecology project in several of the Region's economic business parks. Waste and surplus energy from businesses are used by others in their production systems and these companies develop synergies between their different environmental management policies.

As part of the Regional Sustainable Development Plan, the Region plans to implement a sustainable economic development strategy based on the Smart City concept.

4.6.2 Structural and Investment Funds

The ERDF and ESF structural and investment funds active in the Brussels Region act as an important lever for establishing an effective link between the Europe 2020 Strategy, the National Reform Programme, the Brussels Region's policies and the demographic, environmental and socio-economic issues faced by the Region.

The funds complement the Region's public policies to give structural, sustainable, inclusive and innovative strength to the Brussels economy and support social integration by organising training, professional reintegration, active inclusion and even the promotion of equal opportunities.

With a total budget of nearly €190 million, including ERDF funding of almost €95 million, the Brussels-Capital Region has chosen to structure its ERDF Operational Programme around four priority areas:

- Increase research and improve the transfer and promotion of innovation,
- Strengthen entrepreneurship and improve the development of SMEs in promising industries,
- Support the development of a circular economy through the rational use of resources in promising industries,
- Improve the quality of life in the neighbourhoods and for vulnerable populations.

In line with the recommended principle of concentration, the Region has also chosen to limit the Programme's intervention for the first three areas to projects which:

- Either make an effective contribution to resolving a limited number of issues considered as priorities for the Region, namely:
 - the economic and societal optimisation of RDI activities
 - improving the competitiveness of SMEs
 - the sustainability of certain projects launched under previous programmes
 - improving energy performance within companies, public buildings and housing; the energy and environmental transition of companies
 - soil remediation

- improving the living conditions in deprived neighbourhoods or even improving the capacity for professional integration, the fight against discrimination and developing the potential for creating businesses and jobs in vulnerable neighbourhoods.
- Or support the development of specific economic sectors: media, creative sectors and tourism, resources and waste, sustainable food and hospitality, sustainable construction and renewable energy, health and personal services.

Keen to combine the benefits of these projects with its regional revitalisation policies, the Region has also provided that property investments made through the ERDF Programme will be used in renovation or demarcated development areas.

The OP was approved by the European Commission on 18 December 2014, a call for projects was issued in May 2014 and closed on 25 July 2014. At the end of the evaluation and selection process, 46 of the 196 application files were selected in the four Programme Priorities:

- 10 projects funded as part of Priority 1,
- 12 projects funded as part of Priority 2,
- 12 projects funded as part of Priority 3,
- 12 projects funded as part of Priority 4.

An ex ante evaluation mission for financial instruments has been launched and should allow the Government to select instruments relating to the Programme priorities.

The operational programme for the implementation of the European Social Fund's (ESF), employment section in Brussels over the 2014-2020 period aims to increase the rates of employment and social inclusion across the Brussels Region. Its total budget is €98 million, €52 million of which is from the EU budget, including €6 million from the Youth Employment initiative.

Among other things, this programme will attempt to foster access to employment for all, combat discrimination and allow better integration of the most vulnerable groups, targeting young people in particular. The strategy and investment priorities chosen are in line with the Region's significant socio-economic challenges. These investments cover three main areas:

- 1) On the one hand, the sustainable integration of young people into the labour market to increase support for the rapid and sustainable integration of young people into the employment market through awareness-raising and coaching. On the other hand, it aims to propose a high quality offer involving employment, training, and internship apprenticeship (Youth Employment Initiative), where the target audience is the so-called NEET group, i.e. young people living in BCR who are Not in Education, Employment or Training and who are aged between 15 and 29.
- 2) Access to employment for all: this priority aims to improve support for job-seekers through customised support mechanisms, to improve the match between the needs of employers and the skills of Brussels job-seekers in order to increase the employment rate, to improve support for self-employment (ACE) through the creation of a network and tools that meet the needs of ACE stakeholders in Brussels and finally, to improve the transnational mobility of workers through the qualitative strengthening of EURES with tools that meet identified needs.

- 3) The inclusion of the most vulnerable groups: the Region has a strategy for this issue that pays particular attention to the most vulnerable groups on the labour market, including people with a migrant background, but also women and recipients of social integration.

The Brussels aspect (Cocof) of the ESF "Wallonia-Brussels 2020.eu" operational programme has an ESF envelope of €152 million for the period, of which €6.88 million is for the YEI.

The programme is based on a four-part strategy based on an assessment of the weaknesses of the Walloon and Brussels economies (low entrepreneurial culture, low level of qualifications of the working population and social exclusion). The four priorities of the ESF OP meet coherent objectives that complement ERDF operations and the Brussels political strategies. These four priorities are (1) support for business founders, (2) the development of lifelong training, (3) social inclusion and (4) the sustainable integration of young people into work. The OP strategy is based on the dynamic of innovative professional training and is targeted primarily at jobseekers, particularly those with few qualifications, and young people.

The ESF is funding a range of actions to support the development of businesses (priority 1). In Brussels, this involves training entrepreneurs and the self-employed, particularly in management and HRM.

The ESF is also continuing to invest in the development of a knowledge society by improving human capital (priority 2). Skills validation tests are integrated into the programme to promote lifelong training. This also involves developing high added value training, i.e. training that meets qualification needs and provides access to or keeps people in employment. Priority 2 also involves training the trainers and tutors in order to guarantee the quality of the training provided.

Access to training and knowledge can under no circumstances be restricted to the people closest to the labour market or those who are the most qualified. One important aspect of the OP aims to strengthen social cohesion, primarily through actions to integrate and support the most vulnerable people (priority 3).

Finally, young people are a key priority of the OP, which may use the YEI to strengthen its actions in the area (priority 4). The ESF supports sandwich education and apprenticeships throughout the Wallonia-Brussels Federation, as they allow young people to structure their educational and work training. The main aim of these mechanisms is to avoid school drop-out. Other specific actions to prevent school drop-out (socialisation, guidance, etc.) are also being jointly funded. The ESF funds the transition to employment, professional training and business internships for all young people aged under 25.

These mechanisms are supported by additional targeted YEI actions (in collaboration with the Brussels Youth Guarantee Plan). This involves ensuring that young people become part of the integration mechanisms, preventing drop-out and improving the provision of information on professions.

Finally, the European Territorial Cooperation develops the exchange of good practices and innovation with other European regions, which may then be transposed into regular policy if they are successful.

Annex 2: Reform programme of the Walloon Region

1. Introduction

The strategic orientations of the Walloon Government adopted in the Regional Policy Declaration (RPD) in 2015 resulted in the adoption of a set of major reform projects. End May, the Walloon Government adopted its strategic economic restructuring plan, the Marshall Plan 4.0. It has a budget of € 2.9 billion over the whole legislature; the 2016 budget was set at € 452 million, plus specific funding for infrastructure projects.

Defining priorities of this new Plan was based on the experience and the evaluation of previous plans, as well as work to identify long-term priorities. Like in the past, the Plan's implementation is subject to monitoring and regular and rigorous evaluation, with the support of the Department of transversal Strategies and the IWEPS (the Walloon institute for evaluation, prospective and statistics). The programme for the evaluation that will be conducted by IWEPS was approved, and the plan was first monitored by the Walloon Government in December 2015.

The Marshall Plan is structured around five priorities:

AXIS 1. Make human capital an asset – € 304.5 million

This axis, which will be implemented in close collaboration with the Federation Wallonia-Brussels, will target the development of skills related to socio-economic needs, from a lifelong learning perspective. It involves cooperative actions, qualifying education, guidance of learners, language learning, support for entrepreneurship, ...

AXIS 2. Support the industrial development through an innovation and business growth policy - €850.5 million.

This is, on the one hand, aimed at developing an industrial innovation policy to consolidate the Region's intelligent specialization strategy. The Competitiveness Cluster policy is continued and expanded with increased focus on innovation and industrial development of innovative projects, creativity, internationalization, SMEs. The circular economy is also integrated transversally.

On the other hand, the emergence of new "champions" and business growth is supported by a set of innovation, internationalization, support and finance measures. An SME Plan is being developed, and business support is being reorganized.

AXE 3. Land mobilization for economic development – € 374 million

The objective of this axis is to strengthen the economic attractiveness of the region, by providing infrastructure that suits the need of the enterprises: business parks, ports, multimodality, brownfield redevelopment, accessibility of development clusters, ...

AXIS 4. Support efficiency, energy transition and the circular economy - € 1.1 billion

This aims to actively support the industries' transition to an eco-efficient model and ensure companies' access to energy resources at affordable costs, either through support measures or a suitable regulatory framework. The efforts on energy efficiency are pursued, including through a refocused Employment-Environment Alliance focused on building renovation, and various measures supporting public and

private investment. Finally, the development of the circular economy and the functional economy will be supported, particularly through industrial pilot projects.

AXIS 5. Support digital innovation – € 244.8 million

An integrated digital transition plan was adopted to support the digital transition in Wallonia and meet the challenges of the fourth industrial revolution. This plan is aimed at different parts of the problem: development of skills and digital culture, development of the digital economy, deployment of the Industry 4.0. An important part will also be dedicated to the development of the Administration 4.0, focusing on administrative simplification. Finally, actions regarding smart cities and smart mobility are developed (especially in new neighborhoods).

Regarding the implementation of the 6th State reform and the transfer of competences, a number of reforms has been implemented, aiming at efficiency and simplification. This is the case for employment, housing and energy aid.

These priorities will also be supported through the 2014-2020 Structural and Investment Funds programmes, which are now implemented.

The following chapters detail the main measures adopted or being developed in line with the Council recommendations and the objectives of the Europe 2020 Strategy.

2. Response to the specific recommendations by country

2.1. Recommendation 1: Clean up public finances

The Belgian draft budget plan for 2016 estimates the nominal balance for 2015 at -2.6% of GDP, which corresponds to a structural balance of -2.0% of GDP. In 2016, the Belgian budget balance is expected to be -2.1% of GDP, for a structural balance of -1.2% of GDP.

Wallonia participates in the effort to clean up public finances in order to meet the planned objectives. It has reviewed the planned balance for 2015 from € -685 million to € -555 million. This new target represents an improvement of € 232 million compared to 2014.

For 2016, the budget balance target is reduced. Initially set at € -375 million, it has, however, been re-evaluated to € -386 million, € 11 million having been allocated to radicalism prevention measures. New recipes emerged through various tax measures (kilometer levy, encouraging donations, higher registration fees on third buildings, rising rates on the transmission of large agricultural properties, raising the age for a vehicle to enter the "ancestor" category), but the effort mostly comes from spending cuts (prolongation of the measures decided at the beginning of the term, technical corrections, debt management).

In terms public finance sustainability, the Walloon Agency for Health, Social Protection, Disability and Families (AviQ - Agence wallonne de la Santé, de la Protection sociale, du Handicap et des Familles) was created on 1 January 2016. Beyond the transfer of skills, it is also aimed at ensuring greater consistency and a real simplification of the protection mechanisms. It is responsible for the following policies:

- policies on welfare and health: the reimbursement of social security benefits in health and nursing home care, the organization of first aid and care, health prevention and promotion;

- disability policy: aid for adapting homes, financing work policies, policies for the reception and accommodation of persons with disabilities, awareness and information on disability, ...;
- family policy: primarily the definition of family allowance benefits, the payment of these allowances and controlling the funds relating thereto ...

Moreover, the government decided to set up a compulsory autonomy insurance, open to the entire Walloon population to strengthen the support capacity for longer life and, more broadly, the autonomy loss due to disability, age or health, regardless of the stage of life. It will be implemented by 1 January 2017 through mutual funds. This reform helps to harmonize policies for dependent persons after the regionalization of certain policies. Based on a single, common scale, shared with the federal level, the autonomy insurance will guarantee a right to aid and home care. It will allow a significant development of the service offer.

2.2. Recommendation: Tax reform

The modalities for the kilometer levy for lorries were approved. The system will come into force on 1 April 2016. The base price approved by the Government is 11,3 cent/km. A differentiated tariff will be calculated from this base price, depending on the maximum allowable mass (MAM) and Standard Euro Class of the vehicle. The rate was standardized with that of Flanders. This kilometer levy will generate between € 200 and € 220 million of additional annual net revenue in a full year.

In Wallonia, the kilometer levy consists of a fee charged by the toll collector, according to the Walloon decree of 16 July 2015, namely SOFICO (Walloon company for additional funding of infrastructure). This fee will be fully allocated to the rehabilitation, securing and developing regional roads and highways entrusted to SOFICO, through the current budgets of the latter (for ordinary and extraordinary maintenance of the network) and through the Infrastructure Plan 2016-2019, presented in paragraph 3.4 below.

The Government has decided to increase the registration fees for the purchase of a third building from 12.5% to 15%, to increase the rate on the transmission of large agricultural properties and to extend the age of the vehicles eligible for tax advantageous rates under the “ancestor vehicles” from 25 to 30 years.

Following the regionalization of the competence, the Walloon Government has adopted the housing bonus reform. This results in the creation of the housing cheque, which will apply to loans completed after 1 January 2016. The aim is to further support families, including single parents, to help low and middle income families, to individualize the rights and to end the deadweight of the current system. For contracts concluded until 31 December 2015, the current system is maintained, but the limitations will not be indexed. The system takes the following terms: grant an individual tax benefit in the form tax reduction convertible in tax credit, for a maximum of 20 years. The advantage is granted only for net taxable incomes below € 81,000, and consists of a flat rate of € 125 / child and a variable amount based on the taxpayer’s income. The annual cost of this measure is estimated at € 66 million. This reform is part of the broader framework of the reform of housing policies in Wallonia, aimed at facilitating access to housing and to develop an adequate supply and quality, including through support for the renovation and energy efficiency (cf. the section on thematic objectives).

Finally, the Walloon Government in July 2015 adopted a draft decree aimed at mobilizing citizen’s private savings in favour of young SMEs through a tax-efficient lending mechanism (see Section 4).

2.3. Recommendation 3: Improve the labour market operation and skill matching

Improving access to the labour market

Based on proposals made by the social partners regarding the reorganization of the employment aid, the Walloon Government adopted a reform plan in January 2016. This should enter into force on 1 January 2017. The relevant budget is € 1.6 billion. The reform aims at making the devices more readable, more coherent and more effective. This leads to a drastic reduction in incentives (from forty to ten), and integrates the material transferred following the sixth state reform. The main target groups are low or medium skilled young people under 25, long-term unemployed and older workers (over 55 years):

- The least qualified young people (without a higher secondary school certificate) may benefit from the activation of aid spread over 3 years, amounting to € 500 per month the first two years and of € 250 per month for 6 months during the third year, then € 125 per month in the last 6 months. Medium-skilled young people (with, at most, a higher secondary school certificate) may enter this system after 6 months of vacancy;
Furthermore, the integration contract will provide the first real work experience to young people who, 18 months after leaving school and despite their determination, have difficulty integrating into the labour market. The aid will amount to € 700 per month for a year to the hiring company. The young people will also benefit from support for the duration of their employment contract.
- For the long-term unemployed (over 12 months of vacancy), a decreasing aid can be activated when they find a job. It will cover a period of 2 years (€ 500 per month for the first and second year, € 250 per month during 6 months, then € 125 per month in the last 6 months).
- The employment of older workers (as from 55 years), whether vacant or not, will be supported through a reduction in employers' contributions, that will be higher depending on the age of the worker: € 400 per quarter for those aged 55-57, € 1,000 for those aged 58-61 and € 1,500 for those aged 62-67 (salary cap for the granting of such reductions: € 13,400 per quarter).

The SESAM system, dedicated to Very Small Businesses (VSB), is maintained. This is a decreasing rate aid granted over a period of 3 years for hiring workers in TPE. The possibility of expanding it to growing and expanding SMEs (R&D, digital, ...) will be examined.

The Aid for the employment promotion (APE), for local authorities and non-market services will be maintained, but will evolve into a fixed system. The articles 60-61 of the public welfare centres (CPAS) will be maintained but simplified, as well as the aid for specific sectors such as childcare, social economy (SINE) and artists.

In parallel, the Government launched the reform of employment incentives for VSB in July 2015, in order to limit the deadweight effect. Specifically, the bonuses granted will be limited to the first 5 jobs, and the accumulation of aids will be limited. The reform will generate an estimated budget saving of € 4 million/year.

Following the sixth State reform, the Regions received the full decision and execution power in monitoring the job search efforts beneficiaries by unemployed jobseekers benefitting from unemployment or insertion benefits. FOREM (the Walloon employment agency) ensures this control since 1 January 2016.

A profound reorganization of FOREM is also being prepared, including a single point of contact, for faster service and more suited to individuals and businesses and the integration of missions and agents transferred as part of the 6th State reform.

Skill matching

On the occasion of the reform of the employment aid, an incentive mechanism is proposed to promote internship places for cooperative learning. This mechanism will be detailed in the Pact for Employment and Training, which is being developed.

Various reforms initiated in collaboration with the Federation Wallonia-Brussels were conducted:

- The reform of the contract between cooperative teaching and cooperative training was completed through the implementation, since 1 September 2015, of the cooperative contract. This is aimed at more than 10,000 young people in Wallonia and Brussels. The cooperation agreement on cooperative training also provides for the establishment of the Office of Francophone Cooperative Training (OFFA), the only Francophone cooperative support structure in Belgium. This was officially inaugurated on October 12, 2015. The Government has also, through the Marshall Plan 4.0, entrusted eWBS to develop an interactive cooperation platform with the help of cooperation training operators. This will aim to manage supply and demand in business internship and will be managed by OFFA.
- The new cooperation agreement for Francophone service for trades and qualifications was approved in the third reading in October 2015. In order to simplify and clarify it, and after five years of operation of this service, it was necessary to make changes in 2009. Although the new agreement does not fundamentally change the dynamics or structures of this service (SFMQ), it consists of three main objectives:
 - 1) Integrate the new tasks entrusted to SFMQ by the Cooperation Agreement on the establishment of the Francophone Qualifications Framework;
 - 2) Clarify and, where possible, accelerate the procedures within the SFMQ, in order to increase the production rate of training profiles;
 - 3) Update the text to reflect the evolution in the structures, practices and glossary, which came about naturally in the interest of efficiency within the SFMQ.
- The 10 Vocational education - Training – Employment pools have been implemented since September 2015. Each pool instance should provide a yearly analytical and forward-looking report, with the support of IWEPS and IBSA, collecting, crossing and contextualizing the analysis of employment needs, vocational education and professional training offer and, in the light of these analyses, suggest Walloon and Brussels regional strategies and a list of common education and training priorities.
- In July 2015, the Government approved the implementation of the programme "Unique multi-partner lifelong orientation device" hinged on the implementation of 3 Walloon Cities of Trades in connection with the City of trades of the Brussels Capital Region. This device will allow all stakeholders (young people, parents, students, workers or unemployed, businesses, trainers, teachers, ...) to develop a lifelong policy approach so that everyone becomes a part of a dynamic training and education bringing together both the needs of businesses and personal aspirations.
- Finally, the three Cities of Trades (Charleroi, Namur, Liege) will be certified soon. The concept of the Cities of Trades, developed as part of the Marshall Plan 4.0, consists in the sharing of

space, facilities and activities for different audiences, in a lifelong training approach, and as part of a multi-operator partnership.

With the support of the Walloon Regional Government, FOREM is launching a forecast built on a dual approach: a sectoral forecast identifying trades and skills needed in the future and a forecast for each identified craft needed to collect the future skills. This approach complements the analysis of jobs vacancies and the study of the critical recruitment functions.

In parallel, a monitoring framework is being developed in Wallonia by bringing together the experts of the competitiveness clusters and the clusters involved through the competence centers experts for each Strategic Activity Area (DAS - Domaine d'Activité Stratégiques): Biotechnology and Life Sciences; Transport, Logistics and Mobility; Agribusiness; Environment and sustainable development; Mechanical and Industrial Engineering; Space and aerospace; Construction; ICT digital heart.

These cells and prospective approaches complement the usual information relating to recruitment difficulties and feed industry roundtables to deduct analysis of training needs which will serve as a base for the development of strategic plans in the coming years.

It is planned to spread sectoral summaries on the effects of the digital transition on skills from the summer of 2016 on, 10 business summaries in spring and end of 2016, then 3 times 20 trades in 2017, 2018 and 2019.

In January 2016, a framework cooperation agreement in education, training and integration into employment has been concluded between the Walloon Region, the Wallonia-Brussels Federation and the construction sector in January 2016. This type of agreement between sectors and training and employment operators, on the one hand, and education, on the other hand, can develop concrete projects involving the company and training, integration and education operators focused on strengthened training, immersion of cooperative training, teacher training in businesses, workers' training in the centers of competence

As part of the Initiative for Youth Employment, implemented with the support of the ESF, the Walloon Government and the Wallonia-Brussels Federation approved the projects in the 2nd call for proposals, for a budget of around € 11 million. Overall, the projects have been approved for an amount of € 80 million. The target audience are young people (15 to 24) who are neither employed nor following education or training, whether or not registered as job seekers at FOREM, and especially the young having at most a certificate of lower secondary education.

The first results of the implementation of the Youth Guarantee, especially following the enhanced individualized support and coaching are:

- Amongst the 82 511 young people who met the coaching requirements between early 2014 and March 31, 2015, 30.8% found a job within 4 months, 16,984 of them fixed-term (CDD) and 8391 of them for an indefinite duration (CDI). In addition, 3,600 young people have received skills training or pre-qualification or a business training within four months of their entry into the programme.
- Six months later, among the young people who could benefit from individual support during the analyzed period, 33.1% found a job. Among them, 10,637 young people found a CDI (38.9% of those who found a job)

- For all the coached youth, the share of CDI increases within time and the job is increasingly stable. In 2014, after 12 months of support within the youth guarantee framework, at least 1 out of 2 young people finding a job obtain a CDI.

The actions developed within this framework and with the ESF involve the development of training in connection with the corporate world or allowing acquired knowledge validation so that young people can continue their school education. Social guidance projects are also funded, as well as transition plans for employment or technical jobs awareness to guide young people into promising sectors. FOREM has also launched an action plan in line with the trades promotion for those who have already left school, but who require additional training. It also conducts info sessions for school careers, which should also contribute to a better knowledge of the market and an enhanced orientation in the training offer.

The Youth Guarantee is implemented in close cooperation between Regions and Communities. Together with the Initiative for Youth Employment, it is currently the subject of an assessment.

FOREM was involved in the EURES reform, not only as a coordinator towards the European Commission for Belgium, but also in its transposition in Wallonia. Creating a link between supply and demand for labour at a European level has been integrated into the supply of FOREM services, through the organization of specific recruitment actions (Job days, Jobdating) and the interoperability of its website with the European portal. At cross-border level, job placement and recruitment is organized under two border partnerships: EURES Meuse-Rhine and EURES Greater Region. The possibility of an internship on the other side of the border will be analyzed in both partnerships.

Connected to mobility support, the Plan langues (Language plan) remains a Marshall plan priority. In terms of language training, the Wallangues platform, which registered 328,000 users in March 2015, now includes 'business' courses, offering specific content for the 25 most requested trades (eg, commercial, secretarial, automotive, transport and logistics...). Furthermore, the 'French as a foreign language' will be strengthened to better meet the needs of low-skilled learners, including newcomers. The reform of the languages plan scholarships is considered for 2016.

Finally, as part of its technological and economic revitalization policy, the Walloon Government adopted the 2015-2020 Entrepreneurial generations programme, which provides a consistent set of actions for the promotion of entrepreneurship in education (see below).

2.4. Recommendation 4: Restoring competitiveness

The Marshall Plan 4.0 adopted in May 2015 aims to consistently address a series of competitive factors considered crucial for the revival of the Walloon economy. This involves cost and non-cost factors, and aims to improve workers' productivity through training.

Cost competitiveness will in particular be addressed through energy costs, an essential element for many industries in Wallonia. In this respect, the draft decree on the tariff methodology for gas and electricity distribution system operators was adopted in first reading in September 2015. This project will establish a stable and predictable regulatory framework enhancing transparency and clarity of costs and enabling a rapid clearance of regulatory balances. Once this decree is adopted, the Walloon Commission for Energy (CWaPE) can implement the new Walloon methodology that will enter into force from 1 January 2018 and thus validate new rates respecting the decree's principles. Until then, rates are based on a transition methodology adopted by CWaPE under the electricity decree of 12 April 2001, amended by the decree of 11 April 2014.

Moreover, following the implementation of the Competitiveness, employment and stimulus pact adopted by the Federal Government in 2014, a cooperation agreement with the Federal Government

was adopted in November 2015, implementing the procedure for the selection of free zones for the geographic areas affected by collective redundancies in Wallonia. The assistance to SMEs consists of a dispensation from advance payment of the payroll tax of 25% for every new job created as a result of an investment with regional aid, for a period of 2 years.

We refer to other sections of this document for a more detailed description of the measures taken in different areas.

3. Thematic objectives of the Europe 2020 Strategy

3.1. Employment and social economy

Concerning employment, beyond the measures developed in response to the CSR 3, various measures have been adopted in the field of social economy. In November 2015, the Walloon Government decided to allocate an additional funding of € 23 million / year to the sector. Means are therefore allocated to the Walloon agency for business and innovation to educate Walloon students to the social economy, and to launch 'citizen' exchanges which will enable future co-operators to launch their projects (max. € 12,500 per project promoter). Moreover, the Creative Wallonia or Digital Plan programme provide subsidies for social economy actors to increase the innovation and digital momentum within these structures.

The Walloon government has also decided to increase the subsidy for the Employment Development Initiatives in the area of social proximity services (IDESS), from € 1.4 million to € 2 million / year.

A new scheme to support cooperatives was finally launched in June 2015 (BRASERO). Every € 1 invested by the cooperative will be doubled by the government. Many sectors are concerned: construction, IT and digital, real estate, environment, fair trade, restaurants, convenience services, food processing, ... The funding can go up to € 60,000 or € 100,000 for social cooperatives. The goal is to help between 70 and 100 Walloon cooperatives a year.

The Government also approved a guidance note on the reform of "Service vouchers - Family Aid Services." The aim is to give as many housekeepers as possible the opportunity to be involved, on a voluntary basis, in training to become either a social housekeeper or a caregiver. Nearly 1,000 housekeepers (646 FTEs) are concerned.

The reconciliation of work and family life remains a priority for the Government; it is one of the work priorities selected under the first Walloon Gender Mainstreaming plan adopted in 2015. In this context, one of the selected actions is the creation of new spaces in subsidized group home environments. Regional action is part of the implementation of the Plan Cigogne III developed together with the Federation Wallonia-Brussels, particularly through aid for infrastructure and employment. Following the second call (2014-2018), 230 projects were selected (including 151 in Wallonia) for a total of 5,133 subsidized spaces (including 2,956 in Wallonia). These spaces are being opened. The third chapter of the plan aims to create 5,200 more spaces between 2019 and 2022. As part of the reform of employment aids, early childhood programmes will be maintained but simplified. With this aid, the goal is to create 650 new jobs over the legislature.

3.2. Research, Development and Innovation

The renewal of the Regional Innovation Strategy is an essential part of the Marshall Plan 4.0. Based on previously initiated discussions, the Government in September 2015 approved the region's Smart Specialization Strategy to target regional efforts on enhancers of its development, in line with regional clustering policies. This was validated by the Commission in November. This strategy is based on close

links between innovation and industrial policies, and will be the only reference for the development of the regional innovation policy.

The reform of the decree on aid for RDI was also finalized. This aims to reinforce excellence, and to ensure the simplification and efficiency of aid granted to all stakeholders by reviewing different processes, in coordination with the regional industrial policy. The revised decree enables the funding of research infrastructures, prototypes and pilot lines as part of industrial research. The implementing order, which reviews the accreditation of research centers, was approved in December 2015. The number of research projects is significantly reduced as they will be limited to "Cwality" (collaborative enterprise research / 8 research centers), WALInnov (oriented research in universities and excellence strengthening) and FIRST (scientific staff), and the administrative procedures will be simplified. The new WAL-Innov programme will be launched in 2016. The focus will be put on smart specialization and partnership and interdisciplinary projects; governance of aid for R&D is enhanced through an external jury.

At the interregional level, the BEL-SME call, aimed at developing joint R&D projects between SMEs in different Belgian regions, is renewed in 2016.

Wallonia's public R&D credits in 2014 amounted to € 380 million, and are clearly rising (€ 140 million in 2004). Preliminary data for 2015 point at a stabilization. During the period 2014-2020, 440 million will be invested in innovation in the ERDF programme, while the Marshall Plan provides € 642 million for innovation (2015-2019), mainly through the competitiveness clusters policy.

According to statistics compiled by the NCP Wallonia, in June 2015, 619 projects involving Walloon stakeholders were filed under Horizon 2020, with a success rate of 12.3%; European funding obtained by Wallonia amounted to more than € 37.7 million. Another agreement was reached by SOWALFIN under the EFSI and the InnovFin instrument of Horizon 2020, for an amount of € 30 million (see section 4.2).

The strategic framework of the Competitiveness clusters policy was renewed as part of the Region's smart specialization strategy; it will be continued, but new impetus will be given in particular in industrial exploitation of research and innovation projects (see section 4). The external jury was also renewed by the Government. Between late 2014 and late 2015, four calls for projects were launched and led to the selection of 35 new projects, with a budget of € 67 million.

Following the proposals of the Digital council filed in September 2015, the Government adopted its Digital Plan in December 2015. It covers the various relevant elements: connectivity of the territory, digital economy and industry 4.0, administration 4.0, digital skills. It has a total budget of € 503 million, funded through regular regional budgets, the Marshall Plan 4.0 and ERDF. The Government adopted the first measures for the implementation of the Plan, which will be driven by the Digital Agency (AND - Agence du Numérique): creating a digital platform, a digital investment fund (€ 50 million), a digital hub in RDI (€ 810 million), awareness actions and support for SMEs (in e-commerce, development of self-diagnostic tools, technological coaching, modernization aid, ...), development of e-government tools (one-stop window, authentic data source, open data, ...), connecting business parks to high speed, digital equipment of schools, developing smart cities, ... Moreover, the Big Data platform developed as part of competitiveness clusters policy was officially launched in February 2016. This private-public initiative, will implement both a "technical innovation partnership"(PIT) responsible for creating innovation and breaking implementations in the field of big data projects, and a business structure that will be entrusted with the management and commercialization of PIT research results. The goal is to let industrial and research stakeholders (universities, research centers) work together to accelerate the marketing of new innovative products, services or processes, oriented towards data use. Four first research projects that are useful for the competitiveness clusters in the areas of health, aerospace and ICT have been identified.

Based on its evaluation, the Walloon government has decided to sustain the Plan Creative Wallonia, and adopted the methodology for preparing the action plan, which should be adopted by June 2016. The programme will be structured around different priorities such as the dynamic of creative economy among SMEs, creative industries or creativity as a pedagogical purpose. A new operator was created to implement the Plan (Creative Wallonia Engine), which will eventually become a subsidiary of the Walloon Agency for Enterprise and Innovation (AEI). Its mission will be to accelerate creative entrepreneurship, disseminate creative principles in learning and raising awareness for creativity and innovation.

For the period 2015-2016, a budget of € 750,000 is allocated to the boost-up/Croosmedia project, with the aim of sustaining investment in the digital promotion of films supported by Wallimage Coproductions, and support transregional collaboration.

Moreover, following the call for projects launched in 2014, 7 creative hubs have been supported to develop their project. These multidisciplinary creative spaces make it possible to accelerate the idea validation process and thus reduce the time-to-market for innovations. After a one-year pilot period, they are perpetuated with support from the ERDF (€ 50 million).

The living labs dynamic is also being developed. Two projects have been supported on a pilot basis, the first in the field of e-health, the second in the field of gastronomy. The WeLL dedicated to e-health has 13 ongoing projects and some first commercial achievements. Contacts are made with the competitiveness clusters. Furthermore, the Government provided a grant (€ 255,000) to a third living lab (Connexences) in manufacturing.

The European Wallonia European Creative District project was closed in October 2015, with a shared event experience at European level and the publication of a policy learning guide.

3.3. Education

As part of fighting school dropout, Wallonia and the Federation Wallonia-Brussels implement the Initiative for Youth Employment and the Youth Guarantee. This involves training and actions related to the business world, alternation, promoting business ... We refer to section 2.3 for a more detailed description of these measures.

3.4. Social cohesion and social action

In September 2015, the Walloon Government adopted the first Walloon plan against poverty. Starting from the European Indicator of "material deprivation", several action lines were identified: housing, food, energy, water, health, family policy, mobility, leisure, digital and access to rights. In consultation with local stakeholders and for each axis, a programme has been developed for the actions that have to be achieved in different time frames. The plan will be subject to an independent assessment by IWEPS. Furthermore, the 2015-2017 action plan of the Walloon Network for the fight against poverty was approved.

Child poverty will be addressed through the plan, including a focus on single-parent families, which will be considered in the future Walloon family allowance scheme. The Government has decided to revise the income limits for social supplements to single parents to avoid threshold effects.

In housing, the Walloon Government approved the sector reform of public housing in Wallonia in July. It firstly aims to optimize the financing of the sector, through the establishment in 2017 of an investment fund for public housing, based on a drawing right. The goal is to create 6,000 dwellings while facing budget constraints. Second, greater autonomy will be granted to public housing companies, and the

rules will be simplified. Third, support for tenants will be strengthened, and finally housing centres will be created to improve information to citizens.

The Government also intends to ensure consistency between public and private housing rules by adopting a single housing code; the draft decree is expected in mid-2016. Private housing reform principles were adopted. The aim is to fight unoccupied dwellings and discrimination, and to make housing and leaving the dwelling easier via the lease reform. The creation of the Regional rental guarantee fund (in 2017) will in particular allow the deposit payment to be spread, and establish an indicative rent grid reference to encourage rent moderation. The Government also adopted the decree on the index jump for rents, to neutralize the automatic annual increase in rents for a year and thus preserve the purchasing power of tenants.

Furthermore, following the reform of the energy and housing bonus, the Walloon government decided to strengthen the lending policy for the acquisition, renovation and energy saving of a dwelling. Three loan schemes are available from 1 January 2016:

- ECOPACK: free loan to finance works eligible for an Energy bonus (reformed in 2015), accessible to households with taxable income under € 93,000;
- RENOPACK: free loan to finance works eligible for a Renovation bonus (reformed in 2015), also available to households with an income below € 93,000;
- ACCESPACK: soft loan to allow access to the property and conservation of a first home under the social mortgage. The rate of this loan now only depends on the taxable income of the applicant, with an income limit of € 51,300 plus € 5,000 per dependent child.

It is also planned, mid 2016, to set up "registration fees" loans for young people under 35 years. The maximum market value of the property that may benefit from the mechanism would be € 150,000 (€200,000 in land pressure area). These measures complete the reform of the housing bonus, to facilitate access to ownership and reduce windfall. The new habitat cheque, in force from 1 January 2016, is granted for income (individual) of up to € 81,000 (see section 2.2).

In the fight against homelessness, the Walloon Government decided to perpetuate the night shelters funding so they can maintain their long-term activities and create an additional 5 to ensure a better geographical distribution, being at least sixty additional spaces that will be available in 2018. Wallonia currently has 8 night shelters for a total capacity of 166 licensed spaces. Now, in addition to the various grants (social cohesion plan, EPA jobs, ...), they will be funded based on a fixed amount per approved space. In total, an additional € 500,000 will be released annually. In return, local players committed to open night shelters at least 8 months a year (instead of the current 5 months), including the months covered by the Cold Weather Plan.

Furthermore, in November 2015, the Walloon Government has laid the foundations of its new city policy, including the strategic framework that should be approved in spring 2016. It is developing an integrated policy framework, taking into account the different dimensions and challenges: demographic changes, economic development, social inclusion, attractiveness and digital development of the territory. A contract with the Walloon cities will be developed in this matter, and the mix of urban development tools will be enhanced. Additionally, the Government launched a first call for interest for the development of new neighbourhoods - new cities with a minimum area of 15 hectares. This is to meet the needs resulting from demographic change but also to fight urban sprawl by developing innovative and exemplary districts, in both rural and urban contexts, relying on a repository developed from the pillars

of sustainable development (governance, economy, social, environment). The new neighbourhood projects will include both requalification of the sites to be redeveloped and integrated urban and rural development operations.

At the local level, the Social cohesion plan 2014-2019 continues in 181 Walloon municipalities, based on simplified procedures and a focus on poverty.

Regarding the integration of migrants, the Walloon Government adopted the project decree to introduce a mandatory integration programme for all foreigners or persons of foreign origin who settle in Wallonia; this should concern 7,800 people in 2016. In concrete terms, three additional areas will be made compulsory: learning French (120h), the citizenship training (20 hours) and a referral to an adapted socio-professional insertion device for those in need. In total, about hundred jobs will be created to implement the activities of the different integration actions. Note that the online language learning platform "Wallangues" will be adapted and that the "French as a foreign language" section will be reinforced, in consultation with the insertion organizations and literacy operators, to better meet the needs of low-skilled audience, including newcomers.

Other specific measures have been taken in terms of social inclusion and support for dependent persons. First, the Walloon Government adopted a draft decree concerning the integration enterprises, to simplify the mechanisms after the regionalization of certain competences, and strengthen the sector average. It should enter into force in the 1st quarter of 2016. Following the 6th State Reform, 250 insertion companies are added to the 113 insertion companies previously approved by Wallonia.

The reform of Service vouchers – Family aid services (see section 3.4) to provide opportunities for the service voucher housekeepers to invest in training to become a social housekeeper or a family-aid will improve home support for the elderly and dependent persons. Nearly 1,000 housekeepers (646 FTEs) are concerned.

Finally, the creation of the Walloon Agency for Health, Social Protection, Disability and Families is also an important reform of services and social protection measures. This unique agency will coherently manage policies on welfare and health, disability and family policies. In addition, the establishment on 1 January 2017 of a compulsory autonomy insurance allows the significant development of services for dependent persons, and will harmonize policies in this area after the regionalization of certain skills (see section 2.1).

3.5. Energy-Climate

The Walloon climate policy is based on the climate Decree adopted in February 2014. It aims to establish goals for reducing emissions of greenhouse gases in the short, medium and long terms and to prepare the tools to ensure they are actually achieved. It provides for the development of five year emission "budgets". The objectives set by the decree are:

- A 30% reduction of greenhouse gas emissions compared to 1990 in 2020;
- A reduction of 80 to 95% of greenhouse gas emissions compared to 1990 in 2050. This level of reduction transposes, at a regional level, the ambition needed to meet the global temperature increase limit of 2° Celsius.

By setting a transparent and long term climate and energy policy, the decree to create a clear framework thus secures our economy by providing market development in the field of renewable energy and energy efficiency, as well as environment-friendly production techniques, generating energy savings and

jobs. It also helps to position Wallonia at the forefront of countries and regions in terms of policies against climate change.

The Energy efficiency component is part of the Energy Efficiency Action Plan 3 as it was notified in April 2014. This plan is part of the implementation of the Belgian voluntary goal of a 13% improvement of energetic efficiency. It is particularly based on measures like the Second generation branch agreements which have been concluded with sectoral federations in 2014, commitments by companies are recorded based on the potential for improvement that has been identified on each plant where a detailed energy audit has been conducted. The targets are determined by taking into account all the measures that the audit has identified and that are considered technically feasible. They also have a payback time of less than or equal to 5 years investment in the framework of existing agreements. In addition to the renewed objectives of improving energy efficiency and emission reduction, the new 2014-2020 agreements include mandatory means to implement an evaluation of the development potential of renewable energy on industrial sites, achieving a "CO2 mapping" on each site or on the company's flagship product(s) and a 2050 energy "trajectory" to achieve the each sector's level.

In terms of energy production from renewable sources, the Walloon Government decided to set the objectives of 13% renewable energy in final consumption by 2020 and 20% for 2030. The Government set a proactive and realistic strategy by establishing green certificate quotas and indicative trajectories by sector and closed green certificate envelopes until 2024. It thus meets the demand of energy producers to have a clear vision on the future, allowing them to plan their investments.

To support the development of green electricity and avoid conflicts of use between biomass energy and biomass material, important work has been done in the biomass sector. A "Wood-Energy" strategy was adopted and a biomass strategy is being adopted. The Electricity decree was adopted to allow the granting of green certificates to a centralized unit biomass and a methodological note regarding the call for applications for this unit has been approved.

A call for POLLEC2 candidates was organized to support local authorities wishing to participate in the Covenant of Mayors and make a commitment to reduce their greenhouse gas emissions by at least 20% by 2020. Methodological support, animation and administration is also provided by the participating municipalities.

The reform of housing-energy premiums was finalized, and the new system is applied since 1st of April 2015.

Three new loan categories are created to replace the old Ecopack (entered into force on 1 January 2016):

- ECOPACK: free loan to finance works eligible for the Energy bonus
- RENOPACK: free loan to finance works eligible for the Renovation bonus
- ACCESPACK: soft loan for access to ownership and preservation of a first housing

On January 28, 2016, the Government adopted the Decree on the energy performance of buildings. The text provides a change in the methodology for calculating the energy performance of non-residential buildings (PEB) and the entry into force of new PEB standards for new construction and "system" requirements for renovation. These measures respond to European taxation. The new method for calculating the PEB for non-residential buildings, called the PEN method, common to the three regions, will apply from 1 January 2017. A new building must today respect the Ew <80 and Espec <130 kWh / m² measures. An intermediate reinforcement, expected in 2017, will require new buildings to achieve Ew

<65 and Espec <115 kWh / m². In 2021, the « NZEB » buildings will have to comply to the Ew < Espec 45 and <85 kWh / m² requirements.

The policy of the new districts and the new urban policy (see section on Social inclusion and the fight against poverty) are part of a sustainable development perspective, and aim to improve the performance of the housing sector.

Axis 4 of the Marshall Plan 4.0 is dedicated to efficiency and energy transition and to the circular economy. In this context, efforts are pursued especially in the area of housing. Reducing emissions is pursued through the transport actions of Axis 3 (multimodality, mobility). We also refer to other sections for all efficiency measures relating to the use of resources in the industry, this concern is particularly integrated transversely in the Competitiveness clusters policy.

Moreover, according to the decree adopted in 2013, the Walloon Government will adopt its second Sustainable Development Strategy in 2016. The project was approved in the first reading, and is the subject of a public consultation (open until 1 May). It revolves around 3 themes: strengthening food self-sufficiency, energy autonomy and resource independence. A set of actions is identified and constitutes a concrete action plan in order to achieve Wallonia's short and medium terms objectives.

Regarding the transportation sector, various and multimodal infrastructure projects were pursued; Triligiport was inaugurated, and the works for the Port Autonome du Centre et de l'Ouest, the bimodal Vaulx and Vaulx II platform were finalized. The Government has also decided to revise the sector plan to register a reservation perimeter and a route project of the E420-N5 to the south of Charleroi. This will relieve the south of Charleroi and include Wallonia in the Trans-European Network Transport (TEN-T, axis Brussels-Reims).

It was also decided to establish a Task Force to bring together all actors involved in the Seine Scheldt project, to facilitate the administrative, technical and financial implementation. This project involves the creation, by 2025, of a large waterway network (4,500 tons) to connect the main industrial, logistic and commercial centers of northern Europe with major ports such as Antwerp, Rotterdam and Le Havre. The project is co-financed by the European Commission under the TEN-T network (decision taken in August 2015).

In terms of improving mobility, the Government in January 2016 adopted the 2016-2019 Infrastructure Plan. The Plan, with a budget of € 640 million, is based on four axes:

- The continued rehabilitation of highways (€ 128 million);
- The renovation and securing regional roads of the secondary network (€ 347.5 million);
- The development of Employment Routes, to reduce congestion around activity centers (€ 89.5 million);
- Investment in hydraulic channels (€ 75 million).

4. Complementary reform measures

Through the Marshall Plan 4.0, the Walloon government intends to deploy an integrated regional development strategy, by activating different levers of competitiveness. This is meant to develop a convenient framework and investment support measures for the development of economic activity. A number of reforms and measures have already been described in previous sections. In this section, we will later describe measures to support entrepreneurship, business creation and growth, particularly for

SMEs. The development of the circular economy and the efficient use of resources by the industry are also among these priorities.

4.1. Industrial policy and resource use efficiency

The policy of Competitiveness Clusters launched in 2006 remains at the heart of the Region's economic conversion strategy, and is the backbone of the Regional strategy for smart specialization (see RDI section). Under the Marshall Plan 4.0 it will benefit from a budget of € 642 million over the period 2015-2019. Through this policy, Wallonia has already achieved significant results, both in terms of private sector mobilization and networking of actors, as the creation of added value and employment. The clusters thus include more than 750 companies, of which 88% are SMEs. Nearly 300 projects have been certified for nearly 1 billion investment (including 522 million public funds), of which 200 are implemented together with university laboratories and Walloon research centers. In terms of results, they include 415 innovations (products, services or processes), 180 patents and the sale of more than 20 licenses. Moreover, since the creation of the clusters, the added value of member companies increased by 59% (€ 3.9 billion), 45% more than the evolution of the added value in the sectors concerned by the clusters (merely 14%). In terms of jobs, the cluster companies represent 35% of employment in their areas, and these companies create new employment at a faster pace: there is a 17% increase in employment (16% more than the industrial enterprises average).

To amplify this momentum, the Marshall Plan and the Smart Specialisation Strategy identify new impulses: accentuation of the innovation dynamics in a broad sense (cooperation with the services, non-technological innovation and creativity, inter-sectoral cooperation, ...) SME involvement, including by developing synergies with the economic and technological events policy, support for internationalization and participation in European programmes and networks, cross-integration of circular economy and ICT, and an emphasis on the industrial development, including through the mobilization of financial instruments. The SRIW has thus pursued its policy of acquiring shares in specialized sector funds, linked to the priority areas of the clusters, eg biotechnology, and ICT.

Wallonia's active participation in the Vanguard Initiative, a European network which now has 31 member regions, resulted in the involvement of two clusters in pilot projects in the field of 3D printing, bio-economy and nanotechnologies. Moreover, in December 2015 Wallonia was selected as demonstrator region in sustainable chemistry by DG GROW. The objective is to develop an ambitious strategy for sustainable chemical production and a bio-based economy by mobilizing all stakeholders, including industry, from the perspective of value chains. The region will benefit from a support service in 2016 and 2017, leading to the establishment of regional financing identifying the concrete investment that has to be developed. Furthermore, together with the industry's stakeholders, the Government in February 2016 launched a chemistry and biopharma consultation platform. Finally, as part of its bio-based activity economy, the GreenWin Pole, in collaboration with ValBiom, became a full member of the BIC consortium (Bio-based Industries Consortium), bringing together the European bio-based industry. The Cluster there represents the Walloon SMEs; 10 SMEs have commissioned it to date. The 2015-2016 objective is that SMEs, research centers and Walloon universities join the European PPP BBI projects.

The NEXT device, which will be financed by the ERDF, is being operationalized. This will support the industrial projects of circular economy, and deploy a cross-cutting action aimed at Competitiveness clusters, and SMEs in particular. A new financial product with a total budget of € 46 million will especially be developed by NOVALLIA to support SMEs in their low carbon saving projects: investments in energy efficiency of production facilities, renewable energy production used in the production process, projects within the development of smart grids, innovative energy projects.

Additionally, the Walloon Government has developed a policy to support redeployment strategies developed in the territories affected by industrial restructuring. The objective is to support structuring

actions deployed by the driving forces and social partners in the areas concerned. The activation of the federal system of free zones is also part of this perspective (see section 2.4).

4.2. SME Policy

The Government has adopted the guiding principles for its new SME Plan for 2015-2019 period, based on the positive dynamics of the previously developed Walloon Small Business Act. 4 priority areas were identified: entrepreneurship, internationalization, finance and innovation, supplemented by a transverse axis dedicated to administrative simplification. A participatory approach was conducted through the SME Council; it resulted in a SME Manifesto supported by the sector, that will fuel the plan.

Without waiting for the finalization of the Plan, the Walloon Government has already launched new measures within the implementation of the Marshall Plan 4.0.

The "Enterprising generations 2015-2020" programme was adopted. It provides a coherent set of actions for the promotion of entrepreneurship in education and will be financed by the Marshall Plan 4.0 and the ESF:

- Setting up a Walloon set of measures to support student-entrepreneurs, and facilitate their project within their academic career; in this context, a budget of € 5.650 million is dedicated to supporting business creation by students (sponsorship and incubator measures);
- The promotion of entrepreneurial Schools and their networking;
- The continued training of teachers in entrepreneurship;
- Rallying outreach activities and entrepreneurship training for young people.

A funding of €1.750 million is allocated to the multi-year 2015 - 2020 programme, dedicated to women's entrepreneurship. Furthermore, a new specific programme to support companies in difficulty was adopted, providing for the establishment of an accelerated procedure for financing SMEs in turnaround. A €10 millions capital increase of SOGEP was carried out for its implementation.

After the creation of the Enterprise and Innovation Agency (AEI - Agence pour l'Entreprise et l'innovation), the Walloon Government developed the unique strategy of economic and technological animation for the 2015-2020 period and set out the markers of the future AEI and subsidiaries management contract. This is to ensure consistency and effectiveness of the support to businesses and the legibility of the devices. The main guidelines concern the creation of a chain of services covering all stages of a business' life cycle in which each public actor has a specific role to play. SMEs will now be accompanied proactively and personally through an "account manager". The objective is the growth of Walloon SMEs and the emergence of new champions in the Walloon economy.

Access to finance for SMEs is a key priority for the Government. This is implemented by developing a comprehensive, coherent and accessible funding for SMEs, either through subsidies, loans or venture capital. In October 2015, the Government adopted a draft decree in second reading, aimed at mobilizing citizens' private savings in favour of young SMEs through tax-efficient loan facilities. The tax credit rate is set to 4% for the first 4 years and 2.5% for subsequent years. The maximum amounts are set at € 100,000 per borrower, and € 50,000 per lender. This will be applied in 2016 and evaluated after one year of operation.

A new system to facilitate stock market listing of SMEs has also been adopted by the Government. The SRIW will specifically support the costs related to the IPO via loans. A budget of €25 million for the period 2016-2019 is provided, with the aim of supporting 7 to 8 IPOs over this period of time.

Still on the subject of access to finance, the Walloon Government in December 2015 adopted the allocation of resources for the various devices managed by the public financial institutions under the Structural Funds and the Marshall Plan; this represents a budget of € 750 million. The devices are aimed at innovation projects (420 million), growth (220 million), support (guarantees to small businesses, business transfers or transitions for 75 million) and internationalization (35 million). Regarding the measures cofinanced by the ERDF, they represent a budget of € 269 million, and will enable interventions in favour of SMEs, in different areas: investment support, finance of start-ups, R&D projects and innovation, micro-credits, innovative projects in the field of low carbon economy. This last component is new, and will fund different types of projects in SMEs (see section 4.1).

As part of the digital Plan, the Government announced the creation of a Digital fund, with a public share capital of € 50 million, which may be supplemented by private capital. A pool of digital experts will also be created.

In September 2015, SOWALFIN also concluded two agreements with the EIB / EIF under the EFSI. First, a two year agreement on InnovFin will enable SOWALFIN to issue guarantees on bank loans over the next two years, to innovative companies in Wallonia, with the support of the EIF's counter-guarantee under the "Horizon 2020" framework programme for research and innovation. Over two years, the EU support for innovative Walloon companies should allow to raise € 30 million of funding for the benefit of some hundred innovative enterprises. Secondly, a COSME agreement through a comparable counter-guarantee mechanism that will enable SOWALFIN to increase, over the next three years, its volumes of guarantees granted on bank credit for Walloon companies who have a difficulty accessing financing. The COSME support should allow SOWALFIN to grant guarantees on bank loans of around EUR 115 million to approximately 500 companies.

The reform of investment aid for SMEs was finalized with the objectives of simplification and increased focus on creating jobs, growth and innovation, and the Government also adopted the decree on the specific programme supported through the ERDF. Moreover, the SME aids are being restructured: the Government has approved an overhaul of so-called "first-level" measures in December 2015 (small economic and technological aid to businesses) in an integrated portfolio organized around the pillars of the company's life cycle, making the system more flexible, simpler and more readable by companies. This will be accessible via a single portal. The new device will be formalized in a decree, with the aim of coming into force in January 2017. A one-stop integrated and virtual window, through which businesses can interact with the administration should be operational by 2019. This single window will enable SMEs to find all relevant information about their situation, to access the services which are available to them and monitor their demands ...

Furthermore, the Government has finalized its reform of the SMEs internationalization aid, which is implemented since September 2015. This aims to consistently simplify the service offer while giving more flexibility and readability to businesses and an accelerated payment of granted subsidies. The aids are combined in a portfolio of five large envelopes, in which the Walloon companies will have the opportunity to compose their own support, based on their project: consultancy support, communication support – support for the participation in fairs and shows abroad, support for mobility outside the EU (market penetration trips), support for opening non-EU representative offices.

Still on the subject of support for internationalization, the Wallonia-Europe 2.0 consortium was selected for the further development of the Walloon network EEN (Enterprise Europe Network).

4.3. Administrative simplification

As mentioned in the previous sections, administrative simplification is at the heart of the strategy of the Walloon Government, which has resulted in different simplification initiatives as part of reforms in Wallonia. Additionally, other measures can be identified.

The Let's Simplify Together Plan 2010-2014 has been evaluated during the first half of 2015. It was extended until the end of 2015. At the end of 2014, the effective gain of administrative burden is estimated at € 38 million, to which a potential gain must be added (linked to the full implementation of measures) of € 26 million. The gains mostly concern citizens (56%), but also businesses (18%) and civil servants (19%). A significant potential gain remains for businesses. The Crossroads Bank for Data Exchange (BCED - Banque Carrefour d'Echange de Données) is the main achievement of the plan; it represents 87% of the actual gain.

Another major project concerns the electronic forms. Between 2009 and 2014, the number of forms rose from 73 to 211, and the number of online steps was multiplied by 6.5 and the number of electronically signed transactions also rose sharply.

Furthermore, work continues on the development of the use of authentic sources. In June 2015, the Government decided to create a database of authentic "company" sources to reduce the administrative burden on businesses and to extend the principle of trust. It will enable a one-stop "business" window. It will also develop a one-stop window for other target groups (citizens, non-profit, local authorities) in a multi-channel approach and the Open Data. The projects will be launched in 2016. These projects, carried by the officers of the Walloon Public Service, are part of the Administration Agreement of this service, in the Walloon digital plan and the plan " Let's Simplify Together Plan 2016-2020".

The draft decree on the Walloon Code for territorial development is being discussed in Parliament; the Government approved the implementing decree in first reading. Its objective is to facilitate the implementation of urban projects by citizens, governments and Walloon companies by creating more flexible land use and urban planning tools, improving the decision making process (smoother procedures, decision predictability guarantee) and by reducing the administrative burden.

On regulated professions, the transfer of skills was made in 2015 to unchanged regulations to ensure the continuity of service. The legislation applies in the three regions based on the principle of mutual recognition. An assessment of the improvement and simplification possibilities is ongoing.

4.4. Structural and Investment Funds

The programming of the 2014-2020 Structural and Investment funds is being implemented.

The thematic priorities are closely coordinated with the objectives of the Europe 2020 Strategy and complement the regional strategy developed in this framework, notably in connection with the recommendations made by the Council. The contribution of the Funds was pointed throughout the previous sections.

Concerning the ERDF, it will include support for the economy's competitiveness and particularly of SMEs, R&D and innovation, in accordance with the Region's smart specialization strategy, the development of renewable energy and efficiency in the use of resources, but also the development of training infrastructure. The priorities developed under the ESF focus on lifelong training and the integration into the labour market, especially for the young and vulnerable, entrepreneurship, social inclusion and the fight against discrimination and school dropout.

The ERDF and ESF projects that have been selected following the call for projects are gradually finalized on the basis of feedback, and finally approval by the Government. Furthermore, in July 2015 the Government approved the financing of projects managed by sub-regional or local entities, for a budget of 85 million. A second call for projects was also launched in December 2015 (due in February 2016) for the ERDF and ESF measures, for which the overall budget had not been allocated at the first call; it covers a total budget of around € 85 million.

In addition, the Government is gradually adopting the rules for applying the aid schemes which will be implemented with support from the ERDF, for subsidies or financial instruments.

Finally, the 2014-2020 Walloon programme for rural development (PWDR - Programme wallon de développement rural) funded by the EAFRD was approved in August 2015. The calls are in progress. The Government decrees on the implementation modalities were adopted in the autumn 2015. The PWDR finances a wide range of measures for the benefit of farmers and all the agricultural stakeholders. These relate in particular to young farmers, vocational training in agriculture and forestry, organic agriculture, nature conservation, investment in rural areas and tourism.

Annex 3: Reform programme of the French-speaking Community

Introduction

The strategic directions of the Government of the French-speaking Community for 2014-2019 are detailed in the Community Policy Declaration (CPD).

The priorities for this period are in particular to:

- Adopt a teaching excellence pact;
- Reevaluate vocational education;
- Strengthen the guidance and assessment tools to reduce failure in higher education and increase the number of graduates;
- Invest in basic research;
- Invest in school buildings and increase the number of free places;
- Develop cultural and artistic education.

These priorities will be further supported through the *2014-2020 Structural and Investment Funds programmes*, which the Commission approved in December 2014. On 10 February 2015 the Government of the French-speaking Community approved the ESF projects selected in the first call for proposals, including the actions supported by the *Initiative for youth employment* for a total budget of €800 million (50% from the ESF).

As planned by the regulatory framework for Cohesion Policy, the Structural and Investment Funds for the period 2014-2020 will primarily support the policies developed in response to country-specific recommendations, aiming to contribute to the objectives of the Europe 2020 Strategy.

A top priority of the ESF involving institutional stakeholders of the French-speaking Community is to promote self-employment by jobseekers. Colleges, universities, and education for social advancement institutions are involved in this measure which will ultimately concern 6,300 jobseekers in Wallonia and Brussels.

The ESF also supports the offer of high-added value training programmes geared to jobseekers and workers alike, including teachers and trainers, as well as services for the accreditation of skills and prior experience. Higher education and education for social advancement have been mobilised to that end, as has the consortium for the accreditation of skills. Some 75,000 unemployed and 95,000 employed workers should be trained by the end of the programme.

The improvement of education and training systems, with particular emphasis on technical and vocational instruction, and the establishment of new frames of reference for training constitute another ESF priority. Projects that meet these objectives will be carried out by the *Service francophone des métiers et des qualifications* (SFMQ) [Francophone Service for Trades and Skills], higher education and education for social advancement.

Targeted actions are taken to strengthen social cohesion. They are geared first to providing guidance and support to people threatened with exclusion so as to enable them to participate in vocational training and integration mechanisms so that they can rejoin the world of work. Non-profit associations for lifelong education and the *Office de la Naissance et de l'Enfance* (ONE) [Birth and Early Childhood Agency] will be involved in this objective. At the end of the programme, 80,000 people in Wallonia and Brussels should be back on the job-hunting trail.

Similarly, pre-training programmes are developed for a less qualified target group. These training programmes are imparted under work-linked education and education for social advancement.

Specific actions are moreover pursued to fight against discrimination (based on sex, ethnic origin, religious conviction, disability, sexual orientation, etc.) as well as against poverty. Non-profit associations for lifeline education, distance learning and the ONE will be involved in such actions.

Finally, the integration of young people into the labour market constitutes a top priority of the ESF, particularly through the *Youth Employment Initiative* (YEI). To that end, the co-financed projects are geared to preventing students from dropping out of school, and offering work-linked training and internships in particular. Many operators have been mobilised to that end, in particular work-linked education (CEFA), compulsory education including specialised education, education for social advancement, higher education, the *Centres Psycho-Médico-Sociaux* (CPMS) [Medical and Social Counselling Centres], and school reintegration services.

Under the implementation of the European recommendation relating to the Youth Guarantee, the community and regional authorities have adopted several calls for projects under the ESF/YEI – calls for projects which were issued in 2015 relating to the Education Action – Youth Outreach Plan, Youth Guarantee, Accrojump and the Cefaccroche project for the Brussels-Capital Region and the Provinces of Liège and Hainaut. Furthermore, a call for a project to fight against dropping out of school for the Provinces of Luxembourg, Namur and Walloon Brabant was also issued in September 2015. Thus, 110 projects to fight against dropping out of school aimed in particular at NEET (*Not in Education, Employment or Training*) have been financed since November 2015.

1. Response to the specific recommendations per country

1.1. Address labour shortages and skill mismatches

1. In April 2014, the Parliament of the French-speaking Community, the Walloon Region and the French-speaking Community Commission (Cocof) adopted the decree on the implementation of Qualifying Education¹⁶ – Training – Employment catchment areas. The purpose of these catchment areas is to strengthen the links and synergies in training, education and employment through the development of joint projects and the search for optimal coherence between the training and education offer, and the identified socio-economic needs. Additional offers for internships and investments by companies in schools, with training operators, are discussed and planned, in these catchment areas. The territory of Wallonia and of Brussels has been divided into 10 catchment areas. Each of them is managed by a body composed, in a balanced manner, by representatives from:

- education;
- vocational training;

¹⁶ Qualifying education defines the programmes of instruction in secondary schools geared to learning a trade or occupation.

- employment;
- social and occupational integration;
- the social partners.

The 10 “Qualifying Education – Training – Employment” catchment areas were created and implemented in September 2015. The *Instances de Pilotage Inter-réseaux de l’Enseignement Qualifiant* (IPIEQ) [Qualifying Education Inter-network Management Bodies] have managed to adopt initial plans to re-deploy the offer based on optimised programmes in line with the world of work. These plans are valid for 4 years.

2. The reform of the single contract for work-linked education and training has been finalised, and the single contract has been in force since 1 September 2015. It concerns more than 10,000 young people in Wallonia and Brussels. The single work-linked contract was developed through a cooperation agreement (French-speaking Community, Walloon Region and French-speaking Community commission). The mechanism is managed by a new public interest organisation, the *Office Francophone de Formation en Alternance* (OFFA) [French-speaking Work-linked Training Agency]. This body is therefore in charge of managing work-linked training in the French-speaking area of Wallonia and Brussels and of coordinating work-linked training operators, namely the *Centre d’Enseignement et de Formation en Alternance* (CEFA) [Work-linked Education and Training Centre], and the *Institut wallon de Formation en Alternance et des Indépendants et des Petites et Moyennes Entreprises* (IFAPME) [Walloon Institute of Work-linked Training for SMEs and the Self-employed), the *Service formation des Petites et Moyennes Entreprises* (SFPME) [Training Service for SMEs] in Brussels, and the *Espace formation pour les Petites et Moyennes Entreprises* (EFP) [Training Platform for SMEs]. Beyond coordination and management missions, the OFFA has moreover been assigned an advisory role for the government of the French-speaking Community, the Walloon Regional Government and/or the Board of the French-speaking Community Commission.

Work-linked training is an alternative to the traditional forms of schooling because it combines general/theoretical training (in CEFA, in an IFAPME centre or a SFPME¹⁷ and EFP centre) with occupational practice in a company for the “practical” part. The work-linked learner may not however be compensated on the basis of performance. The common single contract is now a bilateral contract, like an ordinary contract of employment, binding the work-linked learner and the employer. The purpose of the decree is to standardise also the form of the skills assessment for “*every young person who registers for the first time... in order to determine his or her skills, confirm the vocational orientation targeted, and propose a remediation programme as and when required.*”

The decree provides also for a training plan that will have to be divided into three levels of skills: “*coherent and inclusive sets of learning attainments.*” The training plan will have to be implemented for – and adapted to -- each young person. It will be appended to the contract and submitted to the new OFFA. This is a rolling plan which may under no circumstances exceed six years. It must also contain the prerequisites of the young person, and copies of certificates and diplomas he has already earned, thereby constituting the equivalent of a school file or a skills passport.

The training operators (CEFA, IFAPME, SFPME and EFP) will have to proceed to the approval of the partner companies, and the latter will then be centralised and accredited by the OFFA subject to compliance with certain criteria, such as: being listed as a company (in the *Banque Carrefour des Entreprises*

¹⁷ The IFAPME is a training organisation in Wallonia and the SFPME its equivalent in Brussels.

[central business register], being in order with tax and social security obligations, designate a tutor, who is in turn approved by the operator, etc.

3. There is also a new cooperation agreement (French-speaking Community, Walloon Region and French-speaking Community Commission) of October 2015 concerning the *SFMQ*. The purpose of the new cooperation agreement is to reform the *SFMQ* in order to make it more efficient: accelerate its production of trade and training profiles and their concrete implementation. The aim is to attain 105 profiles by 2017. Forty-five trade and training profiles have already been finalised and 71 new trades are under preparation. These profiles divide the training programmes into “*unité d’acquis d’apprentissage*» (UAA) [learning attainment units], thereby organising the training courses into “*modules*” whereby skills can be acquired gradually. The learner will be issued a document at the end of each successfully completed module attesting to the acquisition of the corresponding skills. A person that has earned all the UAAs of a trade will be duly certified. This will enable a student in qualifying education and a job seeker in vocational training to obtain the same skills for the same trade.

4. The reform of qualifying education, in particular with a view to its revaluation, is one of the lines of the education reform under the Pact for Excellence in Education (which should be adopted at the end of 2016). Under this reform, in November 2015 the Government of the French-speaking Community agreed to grant a subsidy to 30 *Centres de Technologie Avancées* (CTA)¹⁸ [Advanced Technology Centres] amounting to €830,000 for budget year 2015.¹⁹

5. Trainee placement and business immersion have improved considerably since September 2015. Trainee placements have moreover become compulsory in a certain number of programmes. Business immersion experiments will be increased in the future. A trainee placement for teachers has been created with the help of the Education foundation: more than fifty teachers from technical and occupational fields from 17 schools under three French-speaking networks become immersed in working conditions in eight participating companies: D’Ieteren Auto, the Ateliers de la Meuse, the STIB [Brussels Public Transport], Sonaca, Heidelberg Cement, Carmeuse, JTEKT and Techspace Aero. It is worth noting that the French-speaking Community also promotes technical fields and trades via a website “*moncolemonmetier.be*” (my school-my trade), and issues information datasheets on the programmes (and thus on the trades) which are available to a broad public. The point devoted to higher education also features the preliminary draft decree that generalises work-linked education in colleges and universities.

6. Two decrees were adopted in April 2015, amending the general regulations for (secondary and higher) education for social advancement²⁰, to enable greater convergence (same pass level, same as-

¹⁸ An Advanced Technology Centre (CTA) is a structure recognised by the government of the French-speaking Community, installed in a secondary qualifying education establishment that places state-of-the-art equipment at the disposal of the pupils, students, and teachers in secondary, higher and social advancement education, irrespective of the network and nature of the instruction, as well as IFAPME/SFPME trainers, jobseekers, and workers. This qualifying training offer must be complementary, in geographic and sectoral terms, to the offer of the Competence Centres in the Walloon Region and to the Occupational Reference Centres in the Brussels Region. The CTAs are developed as a matter of priority for expanding occupational sectors to provide an even more specialised training than that provided by technical and vocational branches and thus to meet the needs of the sectors concerned (trades where there is a shortage of labour). There are 23 CTAs in the Walloon Region and 7 in the Brussels Region.

¹⁹ The Decree of 11 April 2014 that guarantees educational equipment for qualifying education and defines the organisation of Advanced Technology Centres provides for the assumption of the flat-rate annual operating costs and the expenses for consumables of the CTAs.

²⁰ Created by the Decree of 16 April 1991, education for social advancement, which is imparted during the day and in the evening, has the particular feature of offering both compulsory and higher education. Another of its characteristics is that it organises education in a modular fashion. Article 8 of the Decree of 1991 provides that “establishments of education for social

assessment criteria, harmonisation of educational practices), improve personalised counselling for students and adapt the organisation of education for social advancement to the times and lifestyles of the learners, who often work whilst undergoing training.

7. More generally, the improvement of basic skills for all, the fight against repeated years and dropping out, with a view to full participation in education for all, particularly persons from a migrant or underprivileged background (cf. SWD(2015)21, pp. 61-65²¹) are other lines of the reform enshrined in the Pact for Excellence in Education.

2. Thematic objectives of the Europe 2020 Strategy

2.1. Higher education

At the end of February 2015, the Government approved a draft decree pertaining to several amendments of the "Landscape" decree at the request of the sectors, geared chiefly to simplifying and harmonising the appeal procedures and harmonising the structure of the academic curriculum. Students who have earned 30 credits in their programme can henceforth complete their course without having to repeat years, and the re-orientation mechanisms are available as of the January session. On 10 December 2015, the Parliament of the French-speaking Community adopted a decree on the assessment of learning activities which stipulates that: *"Students shall be exempted from having to undergo an assessment of a successfully completed course in the same academic year, unless they expressly request to do so in order to improve their mark. The panel of examiners may exempt students from a course for which they earned a mark of at least 10/20 from one academic year to the other."*

The improved accessibility of higher education is continued, in particular with regard to the cost of education, as well as to social counselling of students and orientation.

To deal with the increase in the number of students, on 1 February 2016 the French-speaking Community adopted a draft decree that provides for refunding higher education in the years 2016 to 2019, for a total amount of ca. €107.5 million, to be distributed among institutions and disbursed as follows: €10 million in 2016, €17.5 million in 2017, €39 million in 2018, and €41 million as of 2019.

Further to the work-linked master's degree programmes already in place, on 24 February 2016 the Government of the French-speaking Community approved a draft decree that generalises work-linked education in colleges and universities. Work-linked higher education has hitherto (2011) pertained only to pilot experiments in colleges, which the main business federations support. This support is indispensable for this type of training which is given in part in a partner company. The scientific, technological and economic disciplines are most concerned, whether for students or adults who return to school. The draft decree also concerns education for social advancement in such fields as the economy, the art of building and biomedical sciences. Adults will be able to complete training or opt for a career change through short programmes that combine courses at appropriate times and in-company schemes. The draft has already been the subject of discussions in employers' organisations but also in trade unions, as well as member institutions of the *Académie de Recherche et d'Enseignement Supérieur* ARES [Academy of Research and Higher Education] (an umbrella organisation for higher education). It must still be approved by the Parliament of the French-speaking Community.

advancement shall be authorised to take into consideration, for admission, the courses and the results obtained in them, the aptitudes acquired in all education or other types of training, including occupational experience."

²¹ Commission staff working document. Report 2015 for Belgium containing an in-depth review of the prevention and correction of macroeconomic imbalances {COM(2015) 85 final}

It is worth noting that in May 2015, the ministers for education in the Benelux adopted a decision for the automatic recognition of higher education diplomas in the three countries concerned.

2.2. Compulsory education

In January 2015, the French-speaking Community unveiled its “*Pact for Excellence in Education*,” geared to four key areas:

- Improve the knowledge and skills of pupils;
- Provide better support for the pupil to help him succeed;
- Invest in and support education stakeholders;
- Improve the governance of education.

In January 2016, thirteen workgroups submitted their interim reports under the Pact. The government will be called upon to consider them in the coming months. The Pact for Excellence in Education should be adopted in 2016.

The development work of the *Pact for Excellence in Education* has entered its 3rd phase. Some legislative measures anticipated the adoption of the Pact and entered into force as of the autumn semester in September 2015: fight against dropping out of school (with the support of the ESF) and reduction of the number of authorised days of absence, redefinition of the conditions of orientation to specialised education and strengthened counselling for students with learning difficulties in ordinary education, complete renewal of additional budget resources for differentiated supervision, new provisions concerning not having pupils repeat the 3rd year of nursery school, and fight against bullying.

Description of the measures:

1) Reduction of the number of unjustified half-days of absence in secondary education to fight against absenteeism and dropping out.

Pursuant to the decree containing various urgent provisions on education adopted on 14 July 2015, the number of unjustified half-days of absence as of which the administration of secondary schools has to report the students concerned to the Board of Education, has been reduced from 20 to 9. This measure is accompanied by a mobilisation of existing school reintegration services which could stand reinforcement: €15 million will be allocated to projects relating to the fight against dropping out of school under the ESF programme for schools and Youth Outreach organisations and additional resources will be earmarked to support additional measures. A partnership agreement could be concluded by and between a school reintegration service and an organisation whose primary mission is to fight against failure in and dropping out of school, so as to increase the number of pupils attended to. These measures constitute one of the first steps in a vaster plan to fight against dropping out of school which will be discussed in connection with the work of the Pact for Excellence in Education.

2) The rules of referral have been recast so as to reduce the number of referrals to specialised education.

Pursuant to the programme decree, new measures for referral and integration counselling for pupils in specialised education were adopted by the Parliament of the French-speaking Community on 14 July 2015 to address in particular an observation to the effect that our ordinary education is not sufficiently inclusive and at times relegates pupils too easily to specialised education. New rules are provided on

decisions for referring a pupil to specialised education. The lack of proficiency in the language of instruction or stemming from a disadvantaged social background does not constitute sufficient reason for referral to specialised education.

3) On 14 July 2015, the French-speaking Community of Belgium voted to renew additional budget resources for differentiated supervision.

The differentiated supervision policy and differentiated funding add human and financial resources to establishments that educate students stemming on average from socio-economically less favoured neighbourhoods. Today, it covers about one pupil out of four. This effort in what are known as disadvantaged schools is made in two ways: more teachers in the schools concerned, for one, which represents an effort of €48 million per year, and also additional resources to the tune of nearly €14 million per year, 25% of which is used to take on additional support staff. The Government decided that 25% of such additional resources must be allocated for the remuneration of the staff involved in the fight against school failure. The aim will therefore be to use this minimal 25% figure to strengthen both the additional staff and the capacities to mobilise additional periods for remediation, supervised study, learning support, educational advice, continuing training, teamwork, tutoring, etc.

4) Prohibition to keep pupils unjustifiably in the third year of nursery school.

The Parliament of the French-speaking Community adopted measures on 14 July 2015 to fight against keeping pupils unjustifiably in the third year of nursery school (repeat year). Such repeat year will henceforth be authorised only for exceptional reasons and subsequent to the option of the head of the Medical and Social Counselling Centre.

5) Fight against bullying at school.

A set of coordinated measures to fight against bullying among pupils at school was approved by the Government of the French-speaking Community in 2015.

Six lines of approach were defined and implemented to fight against bullying as of mid-September 2015:

- Entry of a preventive measure in the curriculum;
- Launch of a major research action for the years 2015-2018;
- Launch of a structured prevention and support network against bullying for the years 2015-2018;
- Creation of a platform comprising all the resources on the matter;
- Mobilisation of pupils in the fight against bullying; launch of an appeal for campaign plans to fight against harassment among students in secondary education and dissemination of a support programme for students;
- Call for proposals for “peer” training among pupils in the 5th and 6th years of primary school and in lower secondary school.

For its decree of 4 February 2016, the Government of the French-speaking Community has decreed that by 1 September 2018 at the latest each establishment must draw up a guidance plan for a 6-year period, according to the procedures defined by the Government, which must include in particular the following points:

- The strategy deployed to ensure that each pupil passes and to enable him to acquire the learning and achieve the objectives expected;
- The teamwork strategy for all teachers in the school and for the reception and guidance of new teachers;
- The school strategy for continuing training of its staff, particularly on issues or subjects that will enable it to provide specific support to the teaching teams and to the pupils;
- The school strategy to fight against failure at school, dropping out and repeating years;
- The school strategy for the integration of digital tools in its methods of instruction and governance;
- The school strategy in the integration of pupils and on reasonable arrangements for pupils with recognised specific needs;
- The strategy for partnership and cooperation with the parents of the pupils;
- The strategy for learning and access to culture and to reading as well as cooperating arrangements with cultural and public reading institutions in the area;
- The strategy for learning and accessing sports as well as cooperation with athletic institutions in the area;
- The description, in the case of qualifying education offer, of partnerships with companies and employers from the sector concerned;
- The prevention of and dealing with discrimination and violence at school, including specific measures concerning bullying, cyber bullying and exceptional events, as well as partnerships with the Youth Outreach and school mediation services;
- The strategy relating in particular to the promotion of citizenship, health, education in the media, environment and sustainable development;
- The strategy relating to the orientation of the students and the promotion of orientation tools throughout the school career of each pupil.

The reforms presented above concerning the development of work-linked training, partnership, and the reinforcement of links between education and the business world, in particular through qualifying education, will also contribute to the fight against dropping out of school.

Furthermore, in November 2015, the Government of the French-speaking Community of Belgium adopted a draft decree to switch distance learning into e-learning. The modules offered will make it possible to prepare for examinations as a matter of priority in order to earn primary school diplomas (CEB), lower secondary (CE1D and CE2D) and general (CESS), technical, and vocational secondary school diplomas.

2.3. Social inclusion

In December 2014, the Government of the French-speaking Community adopted an Anti-discrimination Plan organised round three priorities: young people, the media and coherence in governance. Fifty-three measures were entered in this plan which commits each of the ministers in their area of purview.

An assessment process is to be conducted on an annual basis. The first measures are geared particularly to the fight against racism, promoting the inclusion of persons with disability and the fight against homophobia.

In September 2015, the Government of the French-speaking Community of Belgium decided to create reception and schooling facilities for newly arrived pupils (DASPA) in addition to those that already exist, to deal with the arrival of new migrants. There are currently 80 DASPAs that will be organised, which will make it possible to meet the requirements and needs of schools and reception centres. Furthermore, 1520 additional periods of supervision have also been granted to schools that organise a DASPA to strengthen their programme. Nearly 4,000 children of refugees have thus been entered in this structure and benefit from learning adapted to their needs.

The Government of the French-speaking Community agreed to increase the offer of “French as a foreign language” courses given by different operators of education for social advancement as of January 2016. 10,000 additional hours have thus been added to the 90,000 existing periods. This increase of the offer of French as a foreign language for adults will enable the French-speaking Community to increase its role in the reception of refugees. The cost of this measure amounts to €588,000.

Under the 6th State reform, the *Fonds d’Impulsion à la Politique des Immigrés* (FIPI) [Fund to Promote Immigration Policies] was discontinued and its resources were transferred in part to the federated entities which assume this mission henceforth under their respective competences. Against this background, the French-speaking Community has redefined the objectives and the allocation of funding and has adopted a new work environment, the “*Projets de Promotion de la Citoyenneté et de l’Interculturalité*” (PCI) [Projects for the Promotion of Citizenship and Inter-culturalism]. A first call for proposals was adopted in June 2015, along three lines: Civic education, Intercultural dialogue, promotion of diversity and the fight against racism, and Rights of Migrants. 160 projects were selected for this call, for an amount of €1,450,000. A new call for proposals will be issued in May 2016.

The French-speaking Community shall take multiple actions to reduce inequalities and to fight against poverty. Many studies show an unprecedented increase of inequalities and poverty in Belgium. The Government of the French-speaking Community has decided to keep pace with the Walloon and Brussels Governments and to devise a specific action plan also to tackle the problem of poverty – a cross-sectional policy priority.

The particular feature of the plan is that it pertains also to the reduction of inequalities. The overall objective is to fight against determinisms, promote the development of personal skills, social emancipation and access to rights for all citizens, irrespective of their conditions or origins. The French-speaking Community may act indirectly on household income – by improving financial accessibility to crèches or free schooling, for instance – but it has in particular many levers to tackle this problem upstream or to arrest the exclusion and impoverishment process.

Thus, on 17 February 2016, the Council of Ministers of the French-speaking Community adopted an orientation note that defines the operational objectives, structure, methodology and phasing of the plan. It will leave plenty of room for consultation and cooperation with the key stakeholders and all professionals in the field. The Brussels Forum and the Walloon Network for the Fight against Poverty have already participated in drawing up this orientation note.

The plan pays particular attention to:

- Families, children and young people;

- Gender issues, considering persisting inequalities between men and women and their impact in terms of risks of social exclusion and impoverishment;
- Exclusion phenomena linked to cultural origins;
- People who have gone through a lengthy institutional route (*Institutions Publiques de Protection de la Jeunesse* (IPPJ) [Public Youth protection Institutions], prison, hospitalisation for mental health,...).

There are four key areas of work that pertain to all the competences of the French-speaking Community:

- Get the social ladder to work;
- Protect children and young people;
- Promote social emancipation;
- Improve the general governance.

At the end of the consultation phase, which started in March 2016, the Government of the French-speaking Community will focus on drawing up concrete proposals for the final approval in June 2016.

Annex 4: Reform Programme of the Flemish Region and the Flemish Community

Preface

The present Flemish Reform Programme (FRP) 2016 is the sixth in a row to be drawn up by Flanders and the second to be presented by the current Government of Flanders.

The Government of Flanders is convinced that compiling its own reform programme is an important lever for involving public authorities and stakeholders in Flanders more closely in the European Semester. Just like in 2015, consultations were held with the Flemish Parliament and the social partners and several good practices of VLEVA members, including (supra) local administrations, were included in this reform programme. In this way Flanders assumes the necessary ownership within the framework of the European Semester and fully endorses the European Commission's efforts to further increase the support base for the European Semester.

In its reform programme Flanders gives a bespoke response to the country-specific recommendations and challenging Europe 2020 targets. It also provides the EC with a more detailed picture of the measures taken at the Flemish level. To allow Flanders to respond even better to the analyses made by the EC in its country reports or to the country-specific recommendations, the Government of Flanders asks to receive region-specific recommendations and analyses from now on. The Government of Flanders remains open to a dialogue with the EC on this subject.

Moreover, the Government is entirely committed to the positive spiral of budgetary discipline, structural reforms and investments, which is why all these elements are highlighted in the Flemish Reform Programme (FRP). The Government of Flanders notes that the first investment projects in Flanders have been approved within the framework of the European Fund for Strategic Investments (EFSI). Although these are only small-scale projects, the Government of Flanders hopes that EFSI support will also be granted for large-scale, important sustainable investment projects and that EFSI will be relaunched in 2016. To make these necessary investments possible, the Government of Flanders remains in favour of the possibility to amortise large-scale investment projects over a longer period than the construction period (in accordance with the principle of business accounting). Naturally, this must be done within the framework of the Stability and Growth Pact and with preservation of the budgetary discipline. Next, the Government of Flanders would also like more legal certainty to be provided for public-private partnerships.

In late January the Government of Flanders identified seven dossiers in the EC Work Programme 2016 that are a priority for Flanders. One of these dossiers concerns the next steps for a sustainable European future. Flanders too wants to be ready for the future. The Government of Flanders is currently preparing a vision on the future of the European Union that reflects Flanders' views on the governance model, responsibilities and policy choices of the EU. With its Vision 2050 the Government of Flanders looks to the longer term and seeks to prepare Flanders for a future faced with profound changes. This vision paper also includes the sustainable development goals (SDGs) for 2030 which Flanders already wants to start implementing.

Geert Bourgeois

Minister-President of the Government of Flanders

Executive summary

Flanders is an active partner in the multi-level governance context of the European Semester of which the 2016 Flemish Reform Programme (FRP) is an important exponent. Through its own reform programme Flanders takes up ownership and strengthens the support base for the European Semester in Flanders with contributions from the Flemish Parliament, the social partners, (supra) local administrations and stakeholders to the FRP.

The FRP aims to provide a response to the country-specific recommendations of July 2015, the investment challenges identified by the EC and the Europe 2020 targets in order to act as much as possible in line with the EC's country report on Belgium that was published on 26 February 2016.

Measures within the framework of major economic challenges

Country-specific recommendations (CSRs) of relevance to Flanders:

- With regard to CSR 1 (public finances) work is continued to realise sound public finances, a growth-friendly budgetary policy and a nominal balance from 2017 onwards.
- As far as CSR 2 (taxation) is concerned, several initiatives were launched and measures were developed to reform the existing tax legislation in view of enhanced coherence and effectiveness. In this context reference can be made to (i) the Flemish Tax Code, (ii) the simplification, reduction and greening of the Flemish gift tax on immovable property and (iii) the tightening of the tax relief for new energy efficient dwellings. In the context of the extension of the taxable base, the kilometre-based charge for heavy goods vehicles and the Flemish road tax reform can be mentioned.
- With regard to CSR 3 (labour market) several measures are being taken to improve the functioning of the labour market and increase the employment rate. Focus is placed on (1) the safeguarding of the youth work guarantee, (2) measures for long-term unemployed (new system of temporary work experience), (3) the simplification of target group policy, (4) support for the reconciliation of work and family life (childcare and regionalisation of the competences for service vouchers), (5) a mobilising strategy concentrated on talents and the elimination of prejudices, (6) the modernisation of secondary education, (7) a comprehensive policy on learning entitlement, truancy and early school leaving, (8) the realisation of a smooth transition from education to the labour market and the elimination of the skills mismatch (including dual learning, Flemish qualification framework, STEM, entrepreneurial education), (9) measures for lifelong learning (including the adult education reform, training pathways for education qualifications) and (10) the reform of the system of training incentives.

Investment challenges:

The Government of Flanders continues to be mainly a government of investments. One of its top priorities is to further improve the business environment (new cluster policy, further simplification of the SME portfolio, the introduction of the SME growth subsidy, international entrepreneurship and easy access to capital. The Flanders Investment Company (Participatiemaatschappij Vlaanderen/ PMV)) plays a crucial role in this. Investments are also made in transport infrastructure, the circular economy,

keeping the energy costs controllable, industrial policy (Industry 4.0) and adjusted legislation (including the integrated environmental permit) to support the investment and business environment.

Europa 2020 targets:

Flanders stays abreast of the Europe 2020 targets through the present reform programme and introduces a myriad of measures.

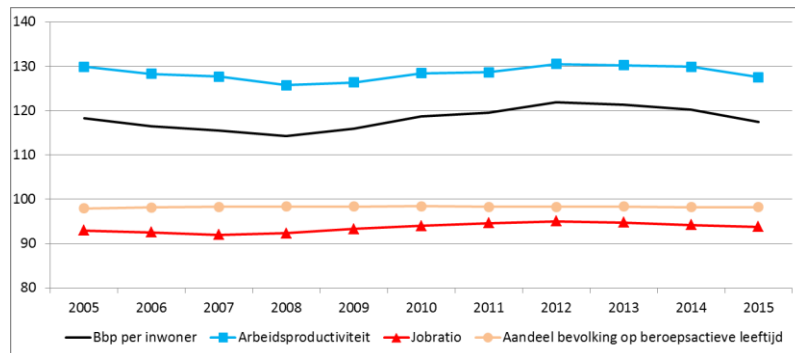
- Research and development. The additional funds earmarked by the Government of Flanders have been worthwhile: the indicator amounted to 2.54% in 2013 (compared to 2.12 in 2009), which is the highest figure ever and an increase of over 23% compared to 2009. Important measures include the new cluster policy and the new established Agency: Flanders Innovation and Entrepreneurship.
- Climate and energy. On 4 December 2015 the 4 Belgian Ministers responsible for climate reached an agreement on the distribution of the Belgian efforts in the field of climate and energy. The Flemish Mitigation Plan 2013-2020 plays a significant role in reducing greenhouse gases. In the context of energy efficiency promotion there is the Renovation Pact and the energy loan, etc. Measures for increasing the share of renewable energy include the Fast Lane concept paper for wind energy, the adjustment of the existing support framework for green heating, the extension of this support to deep geothermal energy and the Clean Power for Transport action plan. In 2013 and 2014 Flanders' greenhouse gas emissions met the annual reduction target. This led to a surplus of respectively 1.9 and 3.5 Mtonnes CO₂ eq. The share of renewable energy was 5.7% in 2014 (almost a doubling since 2008) and in the context of energy efficiency the interim target of 9% energy saving in 2016 (compared to the average during the period 2001-2005) is almost achieved.
- Activity. Flanders remains at a standstill as far as the employment rate is concerned. In 2014 it amounted to 71.9%. Nevertheless, it continues to take firm measures to increase this rate, as shows from the reply to country-specific recommendation 3.
- Education. The falling trend in the number of early school leavers continues (2014: 7%). The share of 30 to 34-year-olds with a higher education diploma was 44.8% in 2014, which means that Flanders' Europe 2020 target of 47.8% can still be achieved. Flanders keeps taking measures to realise the Europe 2020 targets, as is apparent from the reply to country-specific recommendation 3.
- The figures on poverty or social exclusion remain relatively stable. No downward trend is as yet noticeable. The Flemish Poverty Reduction Action Plan can be referred to for the measures taken.

Part 1. Macro-economic developments in the Flemish Region

The Flemish Region represents 57.6% of the Belgian gross domestic product (GDP)²² and 57.4% of the Belgian population (data of 2015, on the basis of the medium term model HERMREG, supplemented with Eurostat data and processed by the Government of Flanders Research Centre). The GDP per capita in the Flemish Region can be estimated at EUR 33,500 purchasing power parities (PPPs) per inhabitant in 2015. This is 17% and 8% higher than the average in the EU28 and EU15. In 2010 this indicator was 19% higher for the Flemish Region than the EU28 average, but also 8% higher compared to the EU15. Specifically for Belgium there is the small geographical description of the Brussels-Capital Region. As a result, a relatively large number of people living in the Flemish Region commute to the Brussels-Capital Region where they work. With a correction the Flemish GDP increases to EUR 36,000 per inhabitant, which exceeds the average in the EU28 by 26%. The Flemish Region owes its relatively high GDP mainly to a high labour productivity. This is 27% and 18% higher than the average in the EU28 and EU15, which is an asset for Flanders' economy. This can be explained by the high level of education of the working population and the capital-intensive production methods. In 2014, 42.4% of the working population in Flanders has received tertiary training. In the EU28 this is 32.7%.

The job ratio, i.e. the share of employment compared to the population of working age (93.8% of the EU28 average in 2015), and the share of the population of working age (98.2% of the EU28 average) are not beneficial for the Flemish economy. The proximity of the Brussels-Capital Region has an effect on the job ratio. With a correction for commuter movements the Flemish job ratio is barely 1% lower than in the EU28.

Figure 1: GDP per inhabitant and its components, Flemish Region, indices (EU28 = 100), 2005-2015 (Source: AMECO, Eurostat, HERMREG, ADS, processed by SVR).



Between 2005 and the outbreak of the financial and economic crisis the Flemish Region lost some ground compared to the EU28. This was owing to the relative deterioration of the labour productivity and employment rate. However, in the period from 2010 to 2012 the Flemish Region regained some of the

ground lost following an improvement of both indicators. Still, this could not be consolidated in the last years after 2012 (Figure 1).

Over the years 2005-2015 the Flemish GDP grew by 1.3% in real terms. This is higher than in the EU28 or EU15 (1.0% and 0.9%). From 2011 through 2014 the real economic growth in the Flemish Region exceeded that of the other two Belgian Regions. This good performance can be attributed to the years preceding the outbreak of the financial and economic crisis, as well as the years after that up to and including 2012. In that period Flanders' growth was better than in the EU15 and EU28.

²² Since last year national and regional accounts are drawn up in accordance with the new ESA2010. The ESA2010 introduced a number of changes compared to the former ESA95, like the larger share of industry and the greater importance of services in exports and an upward revision of the GDP.

However, in the period 2013-2015 the Flemish real GDP growth amounted to on average 0.9%, which is lower than the average in the EU28 and EU15 (1.2% and 1.1%). The stronger Flemish economic growth is due to the larger increase in employment in the Flemish Region (0.8% over 2005-2015) than in the EU28 or EU15 (each time +0.4%). It was lower than both European averages only in the period 2013-2015. The increase in labour productivity in the Flemish Region was more or less on a par with that of the EU28 or EU15. According to HERMREG the Flemish real economic growth would amount to +1.3% in 2015. For 2016 a prognosis of no less than 1.7% is made. The acceleration of growth is supported by the rising exports and especially by the stronger contribution of domestic consumption. If the GDP per capita in 2008 is set equal to 100, it amounts to 101.9 in the Flemish Region in 2014. The 2008 level has not been yet reached (99.4) throughout Belgium.

Over the period 2009-2014 employment growth amounted to +2.3%. The engine of this growth (in particular the quaternary sector is expanding in this field) was the tertiary sector in the broad sense. Growth was only recorded until 2012. In the two subsequent years a status quo was reached.

Mention should also be made of the income citizens earn from labour and capital in their own region, as well as elsewhere (commuting). The available income in the Flemish Region is said to increase on average by 2.1% in the period 2014-2020 (Source: HERMREG). Income growth is projected to be moderate, especially in 2014-2016, as a result of wage moderation and a declining income on equity.

In 2015 gross investment decreased by 1.0% in the Flemish Region compared to 2014. This was owing to a number of exceptionally important purchases that were made abroad (ships) in 2014. It is projected to increase by 3.7% in 2016 and by 2.7% on average over the period 2017-2020. Companies play a more prominent role in this than the government. The investment ratio, indicating the share of investment in the GDP, is estimated at 24.5% for 2015. This ratio is higher for the private sector than for the public sector (22.6% and 2.1% in 2012).

The cost of labour per unit of output or unit labour cost (ULC) is an important measure for cost competitiveness. It concerns the share of wages in the gross value added (with an estimation for the incomes of self-employed). The ratio of the ULC of the Flemish Region to the 3 neighbouring countries (Germany, France, the Netherlands) was 1.05 for the whole economy (= worse) in 2013, but 0.97 for industry alone (= better).

The employment rate (the share of the employed living in the Flemish Region in the population aged 20 to 64) reached 71.9% in 2014 and has remained more or less stable in the years following the outbreak of the financial and economic crisis (Source: ADS - LFS). This was owing to a slight decrease among men, which is compensated by an increase among women, in particular in the 55-64 age group (men and women together). A striking evolution is taking place in the employment rate of older workers: from 30.5% in 2005 to 44.3% in 2014. The employment rate is a bit lower in the EU28 and EU15 (69.2% and 69.7% in 2014), but is higher in each of our neighbouring countries, except for France. It should be mentioned that the Walloon (61.8%) and Brussels (58.7%) employment rates are clearly lower. The employment rate in the 55-64 age group is a point of focus for Flanders, since a slightly higher proportion of the population in that age group is active in the EU28 and EU15.

The unemployment rate (LFS) amounted to 5.1% in 2014, which is approximately half of that in the EU28 and EU15 (10.2% and 10.5%). The rate of employment growth is predicted to increase moderately to between 0.7% and 0.9% over the next years. It is forecast that between 2015 and 2020 113,000 jobs will be created in line with the economic growth that is slightly picking up. The extra jobs would mainly be situated in 'health care and social services' and 'business services'.

The Flemish Region can count on a well-educated labour force for this. In the Flemish Region the share of employed in the (medium) high-tech industry and knowledge-intensive services was 8.7% in 2014,

which is about the same level as in the EU28 and EU15. In relative terms Flanders performs a bit better in the service component and a bit worse in the industrial component. R&D expenditure amounted to 2.54% of the GDP in the Flemish Region in 2013. This indicator has risen continuously since 2009 (2.06%). The EU28 average is 1.92%.

Flemish exports consist mainly of goods (78.0% in 2012). Between 2000 and 2012 services exports grew by 110.3% and goods exports by +63.4%. Over the past decade Western economies have lost market share in global trade to new strong players on the global market. Flanders' market share in global trade decreased in the period 2002-2014 by a percentage which averages around the percentage decrease in the 4 neighbouring countries. However, since 2012 a stabilisation is observed, which is a good sign and means there has been no further decrease (21.0 per mille in 2014). However, when weighting the Flemish Region and the neighbouring countries by population, we find that the Flemish market share exceeds that of reference countries in all the studied markets. In this respect the Flemish Region is thus performing very well.

The Flemish Region is an important supplier to the neighbouring countries. The bulk of Flemish exports (68.1%) are intended for other EU countries. This is to a large extent owing to the Flemish Region's location amid larger prosperous economies which account for a large part of our exports. The Flemish Region is not specialised in direct exports to new growth markets (in relative terms compared to the EU15). However, Flemish semi-finished products do find their way to new growth markets because they are processed in end products of the neighbouring countries. Compared to 2008 the share of exports to growth markets is improving. The presence indices in the BRIC, Asian Tigers and N11 grew between 2008 and 2014. Recently, some of the new growth countries have been confronted with a slowdown in their growth. As a result, the prospects for exports to these countries are under pressure. At that moment the stronger orientation of the Flemish Region to the neighbouring countries and the EU in general is an asset.

In comparison to other economies (Germany, France) the Flemish Region is not specialised in research-intensive goods, while there is a fairly strong worldwide demand for these goods. Between 2008 and 2014 progress was made for this category of products in a number of sub-products (specialist machinery, instruments and devices, other transport material). However, a decrease was also recorded for other sub-products, which shows the challenge for Flanders to perform better in this category. Furthermore, the Flemish Region is not specialised in basic materials, but in labour- (diamond) and capital-intensive goods (vehicles). In 2015, 227 new investment projects of foreign companies were detected in Flanders for an investment amount of EUR 2.70 billion, creating 4,352 jobs. 2015 saw a substantial increase in the number of investment projects compared to 2014 (+23.4%), whereas employment rose slightly by 4.5% (+188 jobs).

Part 2. Measures within the framework of major economic challenges

2.0. The Country Report 2016

On 14 July 2015 the Council made four country-specific recommendations²³ to Belgium. These pertain to public finances and pensions, taxation, the labour market and wage formation. The EC also proposed a number of investment challenges for each Member State. For Belgium²⁴ these related to: (1) public administration and business environment, (2) labour market and education, (3) financial sector and taxation and (4) sector-specific regulation. These elements also feature in the EC Country Report²⁵ Belgium (26 February 2016) which is subdivided into two main parts: the first part contains some issues regarding imbalances, risks and adjustment²⁶ and the second part deals with other structural issues²⁷.

The Government of Flanders considers the publication of the Country Report to be a good entry point for dialogue with the EC within the framework of the renewed European Semester. The Government of Flanders is pleased to find that the EC refers to several Flemish measures and policy initiatives (for instance with regard to the labour market, education, entrepreneurship, innovation and R&D) in its Country Report. However, several other crucial Flemish measures, like dual learning and the Action Plan ‘Samen tegen schooluitval’ (Together Against Early School Leaving) are not touched on. Moreover, the regional dimension is less detailed for a number of other policy areas (climate and energy, social inclusion, mobility, etc.).

Generally speaking, the Government of Flanders is of the opinion that the EC still too often talks about the ‘Belgian’ situation. As a result, it is not always clear whether its analysis pertains to all or only some levels of government. Also, the EC’s specific analyses insufficiently elaborate on concrete figures at the regional level (for instance regarding the economic situation and prognoses). In other cases, it is unclear why regional figures are either given (early school leaving) or not (youth unemployment, long-term unemployment), despite the fact that the figures between the Regions reveal significant differences and education and labour market are very closely linked. Finally, the EC does not propose any potential customised policy solutions at the regional level, but often limits itself to giving general measures for all the policy levels together.

The Government of Flanders values the analysis made by the EC for the different policy areas. In some areas this evaluation is positive (like with regard to R&D&I, viz. the 3% target and the measures in the field of STEM, certain elements regarding the business environment, the reduction in early school leavers and the circular economy. In other areas (investments in the transport network, climate and energy challenges, increasing the employment rates of various target groups, educational inequality, etc.) Flanders will sustain its efforts.

With its own FRP the Government of Flanders can inform the EC of the concrete measures it is taking. This will allow the Country Report to be refined and updated in certain areas. The Government of Flanders wants to refine the analysis of the EC whenever it mentions the coordination of policy choices of

²³ http://ec.europa.eu/europe2020/pdf/csr2015/csr2015_council_belgium_nl.pdf

²⁴ http://ec.europa.eu/europe2020/pdf/2016/ags2016_challenges_belgium_nl.pdf

²⁵ http://ec.europa.eu/europe2020/pdf/csr2016/cr2016_belgium_nl.pdf

²⁶ In concrete terms it concerns (i) competitiveness, trends and performance, (ii) labour costs, (iii) innovation and business environment, (iv) indebtedness.

²⁷ In concrete terms it concerns (i) labour markets, social policies, skills and education, (ii) taxation, (iii) transport, energy and environment.

the governments. The Government of Flanders attaches great importance to good coordination and refers more specifically to the partnerships that are in place in Flanders between the policy areas 'Education and Training' and 'Work and Social Economy' in the context of the dual learning reform and between the policy areas 'Education and Training', 'Work and Social Economy' and 'Welfare, Public Health and Family' for the action plan 'Together Against Early School Leaving'. Contrary to what is stated in the Country Report with regard to STEM it should be indicated that close collaboration exists between the policy areas 'Education and Training' (Onderwijs en Vorming/OV), 'Work and Social Economy' (Werk en Sociale Economie/WSE) and 'Economy, Science and Innovation' (Economie, Wetenschap en Innovatie/EWI). All the policy areas also work closely together around the Flemish Poverty Reduction Action Plan. Another refinement the Government of Flanders wants to make concerns the fact that the Country Report places very unilateral focus on railway and road transport, whereas Flanders also invests actively in port and waterway infrastructure to provide an answer in terms of sustainability and congestion. Part 1 of this FRP 2016 also outlines a number of macro-economic indicators (like for instance with regard to GDP and exports). This will provide the EC with a more detailed picture and allow its conclusion that the Belgian economy has not yet been able to return to its pre-crisis growth rates to be refined for Flanders.

However, the Government of Flanders is convinced that the measures entered in this FRP implement the country-specific recommendations (*see 2.1 through 2.4*), the investment challenges (*see 2.5*) and the Europe 2020 targets (*see Part 3*) and therefore act on the Country Report analyses. The Government of Flanders asks the EC to systematically take account of the regional competences in the compilation of both the 2016 country-specific recommendations and future country reports. Only then will it be possible for Flanders to formulate bespoke measures in response to the EC's findings.

2.1. Country-specific recommendation 1

Achieve a fiscal adjustment of at least 0.6 % of GDP towards the medium-term budgetary objective in 2015 and in 2016. Use windfall gains to put the general government debt ratio on an appropriate downward path. Complement the pension reform by linking the statutory retirement age to life expectancy. Agree on an enforceable distribution of fiscal targets among all government levels.

When the Government of Flanders took office it was faced with a difficult task because of disappointing growth figures, tightened European budgetary rules (ESA2010) and the sixth state reform. In this difficult context the Government of Flanders has taken its responsibility by choosing a balance between putting its finances in order and investing in the socio-economic fabric. In this way the Government of Flanders expressed its ambition to act as a pole of stability in a rapidly changing environment.

In the years 2016-2019 the Government of Flanders will continue to focus on a growth-friendly budgetary policy and pursue a nominal balance from 2017 onwards within the multi-year framework set by the High Council of Finance.

The costs for the construction of the Oosterweel project are left out of consideration in the calculation of this nominal balance, since the Government of Flanders regards the Oosterweel connection as a one-off productive investment of major economic importance. Moreover, for the year 2018, the Government of Flanders takes account of a one-off negative effect of EUR 854.7 million as a result of the one-off negative re-calculation of revenues regarding local surcharges, tax expenditure and transition mechanisms. However, this one-off negative settlement for the Regions implies a one-off additional revenue for the federal government and therefore has no impact on the result of the general government. To be able to actually achieve the set targets, the Government of Flanders will carefully monitor the implementation of the budget and make adjustments, if necessary.

2.2. Country-specific recommendation 2

Adopt and implement a comprehensive tax reform broadening the tax base, shifting the tax burden away from labour and removing inefficient tax expenditures.

2.2.1. Reducing the tax burden on labour

At the federal level several measures have been taken to shift the burden on labour to taxes with a broader tax base. It goes without saying that this tax shift does not just have consequences for the federal government. Measures relating to the personal income tax, for instance, are partially also borne by the regional budgets, since federal adjustments to the personal income tax with regard to tax relief and rate have a further effect on the regional surcharges, which are after all calculated on the basis of the reduced tax. The Government of Flanders decided not to change the surcharges on the personal income tax, in order to also implement the burden reduction realised by the federal measures for the regional component in the personal income tax. The multiannual estimate 2016-2021 (<http://docs.vlaamsparlement.be/docs/stukken/2015-2016/g21-1.pdf>) presents these figures in greater detail. The table below shows the effects of Tax Shifts I and II on the State taxation and the Flemish surcharges at current prices (in thousand euros).

Tax year Tax Shift I	2016	2017	2018	2019	2020	2021
Annual change in State taxation	-437,000	-428,155	-32,245	-38,350	-34,224	-35,476
Cumulative annual change in State taxation	-437,000	-865,155	-897,400	-935,751	-969,975	-1,005,451
Cumulative effect on Flemish surcharges	-72,367	-145,355	-146,638	-152,897	-158,489	-164,285

Tax year Tax Shift II	2016	2017	2018	2019	2020	2021
Annual change in State taxation		-1,140,000	-42,489	-1,477,070	-1,555,586	-154,165
Cumulative annual change in State taxation		-1,140,000	-1,182,489	-2,659,559	-4,215,145	-4,369,309
Cumulative effect on Flemish surcharges		-189,119	-190,788	-429,809	-683,534	-708,534

Tax year Tax Shifts I & II	2016	2017	2018	2019	2020	2021
Annual change in State taxation	-437,000	-1,568,155	-74,735	-1,515,420	-1,589,810	-189,641
Cumulative annual change in State taxation	-437,000	-2,005,155	-2,079,890	-3,595,310	-5,185,119	-5,374,760
Cumulative effect on Flemish surcharges	-72,367	-334,474	-337,426	-582,705	-842,023	-872,819

2.2.2. Tax reform

Several initiatives were launched and measures were developed to reform existing tax legislation in view of enhanced coherence and effectiveness:

- The Flemish Tax Code remains the key document for all Flemish tax legislation. After the integration of the inheritance and registration tax in late 2014, the kilometre charge for trucks (from 1 April 2016) was incorporated into the code in the first half of 2015. In this way both existing and new legislation are integrated into this key document.

- The various favourable tax regimes are currently listed. In a second stage it is examined for each tax measure whether it is the most efficient means to a specific end and which burden both the taxpayer and administration must be subjected to in order to enjoy the favourable measure. This evaluation will be used to optimise the legislation and make adjustments whenever necessary.
- In Flanders the tariff structure for the integrated water bill (for drinking water, wastewater collection and water treatment) has been modified as of 2016. A uniform tariff structure is in place for all drinking water companies with a limited standing charge for the 3 components of the integrated water bill. The variable part which depends on drinking water consumption has been made progressive.

This means that the tariff is doubled in case of a higher consumption (above 30m³/dwelling and 30m³/resident domiciled there). In this way a strong incentive is built in to limit high water consumption.

- The Flemish tax relief measures for owner-occupied dwellings were harmonised and integrated. In practice this mainly changes the tax relief for the owner-occupied dwelling which is not the only dwelling owned (which means that the tax payer owns at least one other dwelling than the one he or she lives in). The tax relief was reduced in that the owner-occupied dwelling which is not the only dwelling owned is not treated more advantageously than the owner-occupied dwelling which is the only dwelling owned.
- The Flemish gift tax on immovable property was simplified, lowered and greened at two levels by reducing the number of scales from nine to four and the categories of beneficiaries to just two. An additional tariff reduction is also granted following renovations or private rentals in order to activate the housing stock.
- Since 1 January 2016 the tax relief for new energy efficient dwellings in the property tax has been tightened. Following the adjustment of the legislation a 50% reduction applies to an energy performance level (“E-peil”) of E30 (previously E40) and a 100% reduction in case of an energy performance level of E20 (formerly E30). In both cases the tax relief is limited to a five-year period.

Several measures were taken to broaden the taxable base:

- The Viapass road pricing project for heavy goods vehicles (kilometre charge). From 1 April 2016 onwards the three Belgian Regions will discontinue the levy of the time-related road-use charge called ‘Eurovignette’ (vehicles with MPLW > 12 tonnes) and start levying a kilometre charge for heavy goods vehicles of more than 3.5 tonnes MPLW.

A DBFMO (design, build, finance, maintain and operate) contract was concluded with private partner Satellic NV for this new Viapass road pricing system, which will be fully EETS (European Electronic Toll Service) compliant.

It is stipulated by decree that all vehicles subject to the charge are obliged to have an operational on board unit (OBU) when travelling on public roads which will use GNSS (Global Navigation Satellite System) technology to register the distance and roads travelled by the vehicle concerned and will subsequently calculate the charge due. To ensure compliance the regional tax administration and Viapass carry out fixed, mobile and flexible checks on the roads of the toll domain. The taxable base also takes ‘green’ elements (external costs) into account: the rate not only varies according to type of road and the maximum permissible laden weight (MPLW) of the truck, but also according to the vehicle’s Euro emissions class.

No tax reliefs apply. Some categories of vehicles are exempted from the kilometre charge²⁸.

- The vehicle registration tax (belasting op inverkeerstelling/BIV) has been adjusted for new registrations since 1 January 2016. There is a stronger direction of environmental parameters. Vehicles that are registered in the name of a leasing company continue to be taxed like before on the basis of fiscal hp or kW. Next to the adaptation of the calculation formula of the vehicle registration tax a number of exemptions were also introduced for certain types of vehicles from 1 January 2016 onwards: (1) natural gas vehicles (CNG/LNG): temporarily up to and including 31 December 2020; (2) plug-in hybrid electric vehicles. This exemption is already in force today, but will apply only temporarily up to and including 31 December 2020. Additional conditions are that it must be possible to plug in the battery to charge it and emissions must be lower than 50 g CO₂/km; (3) electric and hydrogen vehicles. Exemptions are already in place for this which will continue to apply for unlimited duration.
- Reform of the Flemish road tax. From 1 January 2016 onwards the road tax for newly registered (new or second-hand) passenger cars, dual purpose vehicles and minibuses not only takes the engine's horsepower, but also a number of so-called eco-rewards ("ecobonus") and eco-taxes ("ecomalus") into account for the taxable base, depending on the environmental performance of the vehicle (carbon emission, fuel type and Euro standard).

Since the reform is primarily aimed at reducing air pollution, the tax on diesel cars will increase (in keeping with the principle 'the polluter pays'). Furthermore, the following 'green' vehicles are exempted from the Flemish road tax as of 1 January 2016: (1) vehicles that are powered exclusively by an electric engine or by hydrogen; (2) (until 2021) plug-in hybrid electric vehicles (PHEV); (3) (until 2021) natural gas vehicles.

2.3. Country-specific recommendation 3

Improve the functioning of the labour market by reducing financial disincentives to work, increasing labour market access for specific target groups and addressing skills shortages and mismatches.

2.3.1. Youth Work Guarantee

In 2014 youth unemployment in Flanders dropped again to 16.1%, which may testify to the fact that the labour market is slightly recovering for this category as well. Over the past years Flemish youth unemployment reached a peak of 16.6% in 2013, while the EU average more or less remained stable at around 22.4% in 2014. This falling trend was also recorded in the Brussels-Capital (39.5%) and Walloon (32.1%) Regions in 2014.

In Flanders the evolution of youth unemployment is strongly linked to the economic climate, whereas in the other Regions it is a structural problem. However, Flanders is faced with early school leavers and a poor connection between education and labour market. That is why Flanders has adopted a three-pronged approach: (1) preventing young people from leaving school without a diploma, (2) offering a provision to young people who leave school without any qualifications and (3) combating growing youth unemployment in weak economic times.

- First component: to focus on the innovation of dual learning (see 2.3.9). With the action plan 'Together Against Early School Leaving' (see 2.3.8) Flanders wants to tackle early school leaving. The Flemish Employment and Vocational Training Service (Vlaamse Dienst voor Arbeidsbemiddeling en

²⁸ More information on Viapass is available at <http://www.viapass.be/>.

Beroepsopleiding/VDAB) aligned the general employment approach for young people with the European expectations regarding the Youth Work Guarantee: young people are offered a bespoke provision within 4 months after having registered as a jobseeker.

- Second component: offering a provision to young people who leave school without a diploma. Unqualified young people are offered actions to enhance their competencies, such as an apprenticeship, individual vocational training in the company (Individuele Beroepsopleiding in de Onderneming/IBO), a paid work placement which young people can undertake in a company, non-profit organisation or public service (Instapstage), a work experience pathway (Werkinlevingstraject/WIJ!) or vocational training. These 2 actions are intended to promote workplace learning, so that young people can develop new skills by ‘doing’ (and gain more confidence in their own abilities). In 2015, 15,379 IBO pathways were initiated, of which 7,945 for under-25s (+504 paid work placements). Since the start of the Wij! projects two years ago, no less than 3,600 young people already participated within the framework of the first ESF call (February 2013 - December 2015). Meanwhile, a second ESF call was launched which will provide for more than 6,000 projects from June 2015 over the next three years.
- Through the large-scale campaign ‘Ervaring Werkt!’ (Experience Works!) young people are made aware of the usefulness and opportunities of gaining work experience. The existing Youth Work Plan is optimised as well. Since mid-2015 some of these projects devote additional attention to sport as an activating incentive for these young people. From the autumn of 2015 onwards, the VDAB enters into labour market partnerships with sports clubs and sports organisations. Apart from sport, digital media are also a most effective way of reaching and stimulating young people. The VDAB invests in accessible and attractive smartphone applications. For the employment of young people, use is also made of customised e-tools, like Videochat, e-mail and online job fairs.
- Third component: combating youth unemployment. Within the framework of the Youth Employment Initiative a sum of €4.6 million was appropriated to tackle youth unemployment in the Brussels-Capital Region for young people with Dutch-language career prospects.
- These funds must be used to find 3,000 young people aged between 18 and 30 who are not in education, employment or training (NEET), make them visible and provide them with orientation and guidance to work, placements or training. So far, three projects have been approved which together will offer customised guidance to 1,075 young people.

2.3.2. Long-term unemployed

More than 1 in 3 of the Flemish jobseekers have been out of work for longer than 2 years (37.2% in 2014). The average for the EU28 also increased by almost 2%: from 47.3% to 49.4%. There is still a relatively large gap between the Regions: more than 1 in 2 Walloon and Brussels jobseekers stay out of work for longer than 2 years (56.1% in Wallonia and 58% in Brussels).

The Flemish coalition agreement highlights a new temporary work experience scheme to (partially) integrate long-term jobseekers into the labour market. Previous measures included WEP+, gesco and PWA (local employment agencies), Article 60 par. 7 and Article 61). This reform is part of the qualitative measures. The main elements from the 2015 concept paper can be summarised as follows:

- A work experience pathway varies between one and two years and is aimed at a faster transition to the mainstream economic sectors. The temporary work experience is targeted on jobseekers who are very distant from the labour market due to lack of competencies or (recent) work experience.

- The pathways are open to all jobseekers, irrespective of whether they receive unemployment benefit. During the pathway they retain their jobseeker status. Only people who enter a pathway on the basis of Article 60 are given an employment contract to build up rights.
- Jobseekers are mentored throughout the pathway by one pathway mentor. On-the-job guidance is provided at the workplace with support from the pathway mentor.
- The workplace is chosen in accordance with the job target and the competencies to be acquired and therefore involves customisation. During the pathway sufficient rotation is possible to various workplaces in order to gain as much work experience as possible.
- The VDAB developed a central database for work experience and apprenticeships. This database will become accessible to all pathway mentors and workplaces.

In late 2014 it was decided to embed the Work Experience measure in the VDAB's renewed approach to workplace learning. A new instrument called 'Intensief Werkplekleren' (Intensive Workplace Learning) was launched in which external partners guide jobseekers who are at a bridgeable distance to the labour market to employment in the mainstream economic sectors through several workplace learning instruments.

In full flow the instrument will offer guidance to 5,000 jobseekers each year. The new system is to help jobseekers who lack work experience but have sufficient work attitudes find a job in the mainstream economic sectors through this intermediate step. The system should be complementary to the measures already available within the policy areas 'Work' and 'Social Economy'. Coordination with the local labour market and cooperation with local actors are essential for the implementation of this new framework. The VDAB will work on structural cooperation partnerships with the public centres for social welfare (Openbare Centra voor Maatschappelijk Welzijn/OCMW's), which can be supplemented with other actors at the local level.

Finally, we introduce a new instrument called 'Wijk-Werken' (Neighbourhood Work) in the context of the Flemish activation policy for long-term unemployed, amongst others. The Neighbourhood Work concept paper which was adopted by the Government of Flanders on 4 March 2016 aims to create a low-threshold instrument for gradually imparting competencies to long-term unemployed, amongst others, in a professional environment. The pathways will normally last 6 months at most and be renewable once for maximum six months following an evaluation by the VDAB. Moreover, they will be monitored and participants will receive a small compensation.

The idea is that a very limited number of hours is worked in a low-threshold assisted working environment during a period of maximum 6 months. The neighbourhood work should function as a gradual leg-up to employment in the mainstream economic sectors and will start on 1 July 2017. During the neighbourhood work period the jobseeker is monitored by VDAB and receives a small compensation. Consumers, on the other hand, must pay a fee for the work done. Neighbourhood work should not crowd out jobs from the mainstream economic sectors.

2.3.3. Simplification of target group policy

To increase the efficiency and effectiveness of the target group policy, the number of measures is restricted to three target groups, viz. young low-skilled employees, older employees and persons with a work-limiting disability. To that end the Government of Flanders approved the concept paper 'Naar een Vlaams doelgroepenbeleid' (Towards a Flemish Target Group Policy) on 23 January 2015. 2015 was mainly dedicated to the creation of a new decree. This draft Decree was finally approved by the Government of Flanders on 11 December 2015. On 24 February 2016, the final vote on this decree was taken

in the Flemish Parliament and on 4 March 2016 it was ratified by the Government of Flanders. Frequent consultations and discussions with the social partners resulted at the end of the year in an agreement on a component of the Job Pact which placed additional focuses for the further development of the target group policy, for instance in the field of training incentives and the temporary work experience scheme.

To be able to concentrate on starters and entrants on the labour market, the Government of Flanders proposes to set the age limit at under 25. Besides, the group is limited to the low- and mid-educated (without higher education diploma).

If the young person obtains a qualification after all, the employer will retain the discount. For older employees a distinction is made between employees already at work and the recruitment of non-working jobseekers. The target group discount for over-55s will apply to both the recruitment and the retention of employees. The present Flemish Support Premium (Vlaamse Ondersteuningspremie/VOP) for people with a work-limiting disability is maintained with its current terms and conditions. Such a premium will in the future also be granted to people with psychosocial problems, as described in the Decree on Collective Customisation, who move on from the social economy to the mainstream economic sectors.

As for the other target group measures that have been transferred following the sixth state reform the necessary transition measures will be taken to offer employers and employees legal certainty. The exit scenario will also take the development of the new framework for temporary work experience into account. At the regulatory level, work will be done in 2016 on the implementing order to the draft Decree on Target Group Policy. The target date for the entry into force of the policy is 1 July 2016.

2.3.4. Supporting the reconciliation of work and family with childcare and service vouchers

The Government of Flanders continues to invest in childcare and subsequently also supports the reconciliation of work and family life (income-based childcare was extended and the social tariff was maintained):

- Supporting childcare for babies and toddlers. Following the implementation of the new Decree through which the Flemish authorities want to gradually realise sufficient high-quality childcare that is accessible to all.

Childcare must be affordable for parents, as well as financially acceptable for the childcare sector. Through progress consultation the Flemish authorities want to closely monitor the progress of the transition. Furthermore, a number of specific matters are addressed (the development of renewed flexible childcare, further work on the employee status for childminders, a vision on the future of family-based childcare, etc.).

- Extending the number of places for babies and toddlers with consideration of the changes following the implementation of the Decree. In 2015 a new programming exercise was designed which takes account of the tiered subsidy scheme in childcare for babies and toddlers. As a result of this the funds which the Government of Flanders appropriated in 2015 to extend the number of places with basic subsidy, income rate subsidy and plus subsidy in childcare for babies and toddlers were divided. An advance budget appropriation was taken from these funds to increase the number of places in

the cities of Ghent, Antwerp and Brussels. The remaining funds were allocated in late 2015 following a call²⁹.

- Preparation of a Decree for the “care and free time of school children”.

On 18 December 2015, the Government of Flanders gave its approval to the concept paper ‘Krachtlijnen voor een nieuwe organisatie van de opvang en vrije tijd van schoolkinderen’ (Guidelines for a New Organisation of the Care and Free Time of School Children). This paper will be used to initiate the social debate (in the Flemish Parliament as well) on the reform of out-of-school care with the actors involved.

- Promoting the quality in childcare settings. In the period 2013-2016 the ‘Measuring and Monitoring of Quality’ project (MeMoQ project) is running which encompasses the development of the pedagogical framework. The ultimate purpose is for each childcare setting to align its quality policy with the pedagogical framework.

Following the sixth state reform the operational implementation and monitoring of the service voucher scheme are also transferred to the Regions. Just like in 2015 the necessary steps are taken in 2016 to make sure the service vouchers can be used as an instrument to support the reconciliation of work and family life. There are two challenges:

- (1) Focus was placed on the integration of the activities of the federal actors into the Flemish Department of Work and Social Economy. The responsibilities of the FBS Employment, Labour and Social Dialogue were transferred on 1 April 2015. The Government of Flanders Order of 6 March 2015 introduced the necessary legal adjustments which abolished the obligation to recruit 60% jobseekers or people on a subsistence income.

Sufficient alternatives were developed in advance to ensure the guidance of jobseekers to the service voucher scheme. VDAB will mainly take action to reinforce screening and guidance to service voucher companies. Service voucher companies will introduce measures to improve the recruitment chances of low-skilled and long-term unemployed (job application feedback, coaching of new employees, etc.).

The alternatives laid down in an agreement framework between the Minister for Work and the sector will be monitored on a regular basis and evaluated annually. The responsibilities of the National Employment Service (Rijksdienst voor Arbeidsvoorziening/RVA) will be transferred in 2016.

For the actual transfer of the contracts the Flemish Region is required to assign its own company for the issuance of service vouchers. Following a call for tenders, the issuance of service vouchers has been assigned to Sodexo from 1 January 2016 (for a two-year period). Sodexo is currently already responsible for printing and issuing (paper and electronic) service vouchers. In the new agreement

²⁹ For group childcare, funds were available for additional places with basic subsidy (tier 1). The bulk was spent on the conversion of existing non-subsidised places. 1,005 non-subsidised places were provided with a basic subsidy. The other part was intended for new places to be authorised. Subsidy promises were made to 338 new places with basic subsidy.

Budget was available for additional places with income rate subsidy (tier 2). This budget is proportionally divided between the conversion of existing places and the creation of new places. It allowed 364 places to be converted to the income rate subsidy and subsidy promises to be made to 471 new places with income rate subsidy.

On top of that 1,235 existing places with income rate subsidy (tier 2) could be converted to eligible places with plus subsidy (tier 3).

Sodexo envisages to substantially increase the number of electronic service vouchers. The idea is to have the electronic service vouchers amount to more than 95% by the end of 2017. To gain a better insight into the discrimination in the service voucher sector, 32 additional inspections were carried out. These inspections combine the search for signs of discrimination by the company with a survey on customers' experiences with discrimination. This approach is also part of a global action plan that was negotiated with the sector and contains numerous commitments to combating discrimination as much as possible.

The regionalisation also requires the Regions to cooperate. To that end a cooperation protocol was concluded in 2015. In the autumn of 2015 negotiations were started for a cooperation agreement that lays down arrangements for any matters requiring an inter-regional approach.

- (2) A second challenge is to monitor the sector's profitability. There are indeed plenty of signs and studies that show that the sector's viability is jeopardised. In the autumn of 2015 several options were examined to keep the sector structurally viable.

Priority focus is on a better integration of employees of foreign origin.

2.3.5. A mobilising strategy focused on talents and the elimination of prejudice

2015 was dedicated to the reform of the career and diversity policy. To increase the employment rate and realise fully-fledged proportional labour participation the existing policy was challenged and re-thought.

The new course is to abandon the target group approach and fully develop a talent approach. This talent approach will be shaped along 3 tracks:

- Track 1: Activating all talent through customisation. Focus is placed on the guidance of jobseekers who have difficulty in accessing the labour market. This requires an individual approach, which is exactly what the VDAB is doing: offering people customised guidance, orientation and support in their pathway to work.
- Track 2: Investing in every talent by concentrating on the HR policy of companies. It is essential to keep investing in talent. Flanders wants to support companies to improve the quality of their HR policy. Again, customisation is of central importance: businesses can receive support for purchasing expertise which will benefit them the most at a specific moment. This will be implemented through the renewed SME portfolio and SME growth subsidy.
- Track 3: Eliminating prejudice through a mobilising strategy. Together with the social partners a strong mobilising strategy is currently being developed which breaks down prejudice and provides incentives to actions in the field.

The following principles were promoted for the implementation of these three tracks: customisation, simplification and demand-oriented and market-driven support. In 2016 work will continue to put (the various tracks in) the concept paper into practice. In dialogue with the stakeholders a mobilising and action-oriented strategy will be designed aimed at eliminating prejudice and turning the spotlight on available talent and competencies (Track 3). The necessary steps are taken to roll out this strategy in the field together with the stakeholders involved. Furthermore, assistance is provided in the transition of the former measures regarding proportional labour participation and the Experience Fund. Regulations are adjusted and current projects are handled appropriately. Finally, the Action Plan for Combating Work-Related Discrimination (Actieplan ter Bestrijding van Arbeidsgerelateerde Discriminatie/ABAD)

is reviewed and updated in coordination with the social partners, among other things in view of the newly transferred competences. This update of the ABAD will take place in the spring of 2016 in consultation with the social partners.

2.3.6. Reforming the system of training incentives

With the transfer of paid educational leave Flanders now has competence for all the major training incentives for the employed. Together with the social partners the Government of Flanders wants to achieve greater synergy and coordination in training incentives, as well as increased customisation within the framework of the Job Pact. Training incentives for the employed should be increasingly customised to employees.

To that end, all the existing instruments (training vouchers, paid educational leave, training credit) will be integrated, in consultation with the social partners, into a new labour market-oriented instrument that allows the employed to retrain or to reorientate themselves in order to start a different professional career. Support may consist of a financial contribution, additional leave or a combination of both. A vision and various blueprints are being developed for this purpose. Within this framework we aim to create a training component within the Jobs Pact with contributions from the social partners.

2.3.7. Modernising secondary education

Flemish secondary education scores well in international comparative research. To retain this position, its strengths will be developed further and points of improvement tackled, and the focus will be on quality education for every pupil. The orientation programme for pupils will be strengthened and the connection to higher education and the labour market will be improved. During the past year of operation the secondary education master plan was further implemented in dialogue with the education sector. One of the points of improvement contained therein was the high impact of socio-economic status on the choice of school and the performance at school. Other actions included the development of the new standard for the (pre-)primary education certificate, the adoption (*see* 2.3.9) of an entirely new concept for dual learning in labour market-oriented courses of study from the second grade onwards and the focus on optimising study choice guidance. In 2016 the Master Plan will be fine-tuned while safeguarding the connection with the developments in the field of dual learning and the roll-out of the M-Decree (Flemish Parliament Decree containing measures for pupils with special educational needs). Following the completed screening of the study provision, a proposal is being designed to update and reduce it. Apart from that a concept paper is being developed on the content and architecture of future secondary education, in dialogue with the education partners.

2.3.8. A comprehensive policy on study entitlement, truancy and early school leaving

To combat early school leaving a new action plan was developed called 'Samen tegen schooluitval' (Together Against Early School Leaving). This includes actions relating to learning entitlement (the right of every pupil to quality education and pupil guidance), truancy and early school leaving and is aimed at having as many young people as possible leave secondary school with an educational qualification. The concept paper of the action plan will be further shaped in consultation with the sector in 2016. In line with the European Recommendation on reducing early school leaving the plan has both a preventive and a remedial character. It is primarily designed to prevent truancy, since this turns out to be a key predictor of early school leaving. The plan will mainly be rolled out by local education actors and administrations. Actions were also integrated which are directed more at young people who are at risk of dropping out (intervention) and those who have dropped out (compensation). Finally, the plan encompasses actions for stimulating 'information-rich environments' so that all actors involved have the information they need to implement and monitor a policy. In concrete terms this means that additional

emphasis is placed on monitoring to allow schools to hold a mirror to themselves on the basis of reliable and objective information. Examples include the development of the Flemish indicator for early school leaving and the website 'Mijn onderwijs' (My Education) where schools can find information about themselves.

Today's reception classes for non-Dutch speaking newly arrived migrants (onthaalonderwijs van anderstalige nieuwkomers/OKAN) are well-organised in Flanders. They enable a flexible response to rapidly changing situations, like the current increased influx of refugees. However, given the rate at which the influx grew, additional measures were required. Examples include the specific allowance for each non-Dutch speaking newly arrived migrant in nursery education for the school year 2015-2016 and an additional count in view of the recalculation of the teaching periods in accordance with the scales for these extra pupils for the school year 2016-2017.

Secondary schools wishing to organise an OKAN provision must normally apply for this in the preceding school year. However, to respond more flexibly to the growing demand, programming applications for the current school year were also allowed in 2015. Given the already existing capacity pressure in certain regions in Flanders and in Brussels and the related burden on infrastructure a budget was also appropriated for modular units which should allow schools to create additional capacity if necessary. Finally, for 2016, additional funds are reserved for the recognition and statement of equivalence of foreign diplomas and for the development of a flexible procedure for refugees who are unable to present their diplomas and the required documents and for an additional provision of Dutch as a Second Language (NT2) courses for adults.

2.3.9. A smooth transition from education to the labour market and the elimination of the skills mismatch

The Government of Flanders wants to transform the system of Learning and Working into an efficient dual learning system. With this reform it has the following objectives in mind: (1) a central role for work experience and the acquisition of competencies in the workplace; (2) the set-up of standard pathways which a clear overview of the competencies to be acquired in different settings (at the workplace and at the education/training institute); (3) employment on the basis of a unequivocal status and (4) a clear framework for quality monitoring.

All these elements are based on good guidance for pupils, a strong partnership and close collaboration between education partners and work partners.

The concept paper 'Duaal Leren, een volwaardige kwalificerende leerweg' (Dual Learning, A Fully-Fledged Pathway for Qualifications) which was adopted by the Government of Flanders on 23 January 2015 marked the beginning of a whole series of activities in 2015 which will be continued in 2016. Following the advisory opinions of the Flemish Education Council (Vlaamse onderwijsraad/VLOR), the Flanders Social and Economic Council (Sociaaleconomische Raad van Vlaanderen/SERV) and the Board of Directors of SYNTRA Vlaanderen and the hearings at the Flemish Parliament the concept paper was further developed and fine-tuned. The Government of Flanders adopted an adjusted concept paper on 3 July 2015. An implementation plan with a timing and consultation structure was also laid down to further roll out dual learning. Four projects/pathways were also initiated by the 'Work' and 'Education' policy areas:

- In the key project *Werkplek 21* SYNTRA Vlaanderen, as director of work, explores all relevant aspects for turning the workplace into a high-quality, forward-looking learning environment and aims to increase the provision of apprenticeships.

- The Department of Education and Training started the key project ‘Schoolbank op de werkplek’ (School Desk in the Workplace) during which a number of courses of study across different schools in the Flemish education landscape were set up on a dual basis throughout Flanders.
- The ESF Agency launched a call for innovative pilot projects for dual learning. It finances projects from the sector with the aim of researching and testing in practice one or several aspects of the new dual learning concept in an innovative manner.
- The sector also sets up exploratory pathways on various aspects of dual learning without ESF support in accordance with existing legislation.

These pilot projects take place during the school year 2016-2017 and play a key role in the new dual learning scheme that will come into effect on 1 September 2017.

As far as study and work is concerned, Flanders aims for a unified status for all pupils who combine learning with a job at a company. This creates greater transparency for companies and may improve the participation of companies in the dual learning system. Due to the roll-out of dual learning this concept of working and studying will be implemented on a larger scale than is currently the case: pupils in technical and vocational secondary education will be able to combine a learning component with employment under the status of ‘alternance learner’. Apart from the dual learning system, several placements are already available in most of the courses in technical and vocational secondary education. Since 2014-2015 there is an obligation to do a placement in years 6 and 7 of vocational secondary education and a large part of year 6 of technical secondary education. To raise awareness of these placements, an unequivocal legal framework is provided in which these placements can take place.

Attainment targets, developmental objectives and qualifications make the results which society expects from an educational career more tangible. For the moment the current attainment targets and developmental objectives are being evaluated, adjusted and, if necessary, reduced. The idea is to formulate them in a clear and ambitious manner to have them meet the needs of the modern age.

In the spring of 2016 a thorough debate will be held about this with education providers and partners, higher education institutions, civil society organisations, labour market actors and the government. The general public will be involved as well. The debate (led by the Flemish Minister for Education and the Flemish Parliament) will ultimately result in a decision on the expectations regarding the adjustment of the attainment targets in the autumn of 2016. In this context attention will be paid to giving schools sufficient room to implement the attainment targets as they see fit.

Today, the Flemish Qualification Structure counts just over 200 professional qualifications standards that are recognised by the Government of Flanders. In 2016 around 80 validated professional qualifications standards will be added to that. These professional qualifications are entirely drawn up by labour market representatives (sectoral social partners). Work is done to develop a format for educational qualifications standards and the inclusion therein of professional qualifications. Consultations are also held with the education partners on a possible simplification and harmonisation of the procedures for using educational qualifications in several pathways leading to educational qualifications, like full-time and dual learning, secondary adult education and special secondary education, and in pathways for the recognition of competencies. Together with the ‘Work and Social Economy’ policy area the main lines were defined for a shared system of external quality control of courses within and outside education that lead to a professional qualification standard (including EVC pathways).

In 2015 the concept paper on the integrated policy for the recognition of previously acquired competencies (eerder verworven competenties/EVC) was adopted by the Government of Flanders. This paper lays down a shared EVC framework. A preliminary draft Decree is currently in preparation. This Decree

takes the Council Recommendation on the validation of non-formal and informal learning into consideration. Additional focus is also placed on harmonising the implementation of the EVC policy in the different policy areas.

Between September 2015 and June 2016 a study is also carried out to gain a better understanding of the costs and benefits of EVC and the possibilities for funding it. The outcomes which can be used to make a cost estimate for the integrated EVC policy are expected in the course of 2016. Concrete steps for the preparation of this integrated policy include developing EVC standards for professional qualifications, determining quality indicators, further designing an EVC website and finishing the professional qualifications standards for assessor and career counsellor.

The STEM Action Plan 2012-2020 (Science, Technology, Engineering and Mathematics) is at its halfway point. From 2016 onwards the emphasis will be on target group policy (girls, technical and vocational secondary education and young people with a disadvantaged socio-economic background), as well as on the relevance of STEM to society. The continuing professional development of teachers is also supported by the STEM Learning Networks in which teachers, trainers and mentors continuously inform each other and exchange practical experiences. The STEM quality framework with its building blocks for a strong STEM policy uses the same reference frameworks.

A digital STEM Portal is also designed which pools the entire provision of STEM contact points and their materials from the angles of education, work, free time and cooperation with companies.

The STEM Charter is rolled out on a large scale and already brings together more than 50 companies and organisations which have indicated that they lend their full support to the STEM initiative. Work will also continue on the professional development of teachers by linking them to top STEM scientists and leading STEM companies. The intensified dialogue with companies and sectors should, gradually and in the short term, reduce the gap between supplied and demanded skills in a continuous way and in practical sense. In 2016 Flanders will step up its efforts to promote STEM professions on the labour market. The Management Authority of the European Regional Development Fund (ERDF) has appropriated EUR 12.5 million to finance the T2 (Talent and Technology) campus in Genk. The programmes of study generate the technological talent that is in demand on the market as well as strengthen entrepreneurial competencies. The T2 campus will become an engine of technology, accelerate the dissemination of knowledge on new and future technologies and leave much room for entrepreneurship. The total investment cost amounts to EUR 43 million. Within the framework of the Strategic Action Plan for Limburg Squared (Strategisch Actieplan voor Limburg in het Kwadraat/SALK) Syntra Limburg, VDAB, the City of Genk and the Flemish authorities each contribute EUR 10 million, 8.2 million, 6.3 million and 6 million respectively. In the spring of 2016 the building permit will be applied for so that the works can be contracted out as soon as possible. The building works are scheduled for 2017-2018.

In 2016 further focus is placed on promoting entrepreneurship and the spirit of enterprise. In late 2015 the updated action plan Entrepreneurial Education 2015-2019 was presented to the Government of Flanders. With this plan, which was jointly drawn up by the policy areas 'Education and Training', 'Work and Social Economy', 'Agriculture and Fisheries' and 'Economy, Science and Innovation', Flanders wants to continue stimulating the spirit of enterprise and entrepreneurship through education. The plan has been submitted for advice to VLOR, SERV and providers of actions for promoting the spirit of enterprise and entrepreneurship.

2.3.10. Lifelong learning

The participation rate in in-service training has varied around 7% (in 2014: 7.5%) for more than a decade now in Flanders.

Next to VDAB and Syntra Vlaanderen, formal adult education - as a partner in lifelong learning - offers plenty of opportunities for acquiring additional competencies. Since the spring of 2016 a vision text is being developed on the reform of adult education which will be submitted for advice to the social partners. This reform is targeted at creating more visible institutions with increased autonomy, a reformed funding system and an adjusted HR regulation.

The Education Inspectorate reviewed the provision of Dutch as a Second Language in the adult (basic) education centres to gain a better understanding of the needs of students, teachers and service providers. The final report was presented in early 2016 and will lay the foundations for stronger collaboration between the stakeholders.

Since 2013 the Department of Education and Training, VDAB and Syntra Vlaanderen have been joining forces in an attempt to tackle skills supply and demand mismatches. In this context the Training Pathways for Educational Qualifications (Onderwijskwalificerende Opleidingstrajecten/OKOT) were set up, among other things. The emphasis is on the *educational qualification* character, which means that the shortage on the labour market is used as starting point. These pathways not only offer a second chance of obtaining a secondary education diploma (through secondary adult education or year 7 of vocational secondary education), but also of obtaining a qualification in higher vocational education (HBO5) or a professional bachelor's programme or specialisation within secondary after secondary education.

2.3.11. Measures and provisional appropriations regarding the increased influx of refugees

Within the framework of the increased influx of refugees the Government of Flanders appropriated the following funds to finance measures regarding civic integration, education, welfare, work, housing and local authorities.

Policy area	2016 estimate	Budget to Policy area	Provisional budget	Total allocated budget
Civic integration (excl. NT2)	23,655,314 euros	11,827,657 euros	11,827,657 euros	23,655,314 euros
Education	42,096,228 euros	20,403,114 euros	21,693,114 euros	42,096,228 euros
NT2	37,094,728 euros	18,547,364 euros	18,547,364 euros	37,094,728 euros
Other	5,001,500 euros	1,855,750 euros	3,145,750 euros	5,001,500 euros
Welfare	16,519,904 euros	5,705,907 euros	5,705,907 euros	11,411,814 euros
Housing assistance	10,216,180 euros	2,554,045 euros	2,554,045 euros	5,108,090 euros
Other	6,303,274 euros	3,151,862 euros	3,151,862 euros	6,303,724 euros
Work	18,780,666 euros	2,500,000 euros	16,166,666 euros	18,666,666 euros
VDAB job assistance	5,000,000 euros	2,500,000 euros	2,500,000 euros	5,000,000 euros
Tender	13,666,666 euros	0 euros	13,666,666 euros	13,666,666 euros
Work permits	114,000 euros	0 euros	0 euros	0 euros
Housing	5,000,000 euros	0 euros	5,000,000 euros	5,000,000 euros
Local authorities	20,000,000 euros	0 euros	20,000,000 euros	20,000,000 euros
TOTAL	126,052,112 euros	40,436,678 euros	80,393,344 euros	120,830,022 euros

2.4. Country-specific recommendation 4

Restore competitiveness by ensuring, in consultation with the social partners and in accordance with national practices, that wages evolve in line with productivity.

This is mainly a federal competence.

2.5. Responding to investment challenges

2.5.1. Continuing to promote the business environment

Flanders wants to boost business further by using or reforming the support instruments for businesses in an easy-access, demand-oriented and transparent manner.

In July 2015, the Government of Flanders launched a new cluster policy (*see 4.1.3.*) within the framework of innovative entrepreneurship. It was also decided to (further) simplify the SME portfolio and to introduce a new instrument (integrated with the former IWT starters' subsidies), i.e. the SME growth subsidy. The SME portfolio is transformed into an easier and low-threshold instrument for broad professionalisation, whereas growth companies are offered a new transparent support instrument as a result of this new measure. The simplified SME portfolio will become a generic instrument which SMEs can use to seek advice and training. The system is also simplified in terms of administration: it does not require the public authority's prior consent. There is an increase in the annual total subsidy and an easy support percentage. The new SME Growth Subsidy is directed at companies with growth plans (by innovating, expanding international activities or transforming the business with new activities). Because of the higher risk the government covers 50% of the costs through a low-threshold procedure in which the Agency for Innovation and Enterprise (Agentschap Innoveren en Ondernemen/AIO) reviews the application.

The procedure was started to adjust the Flemish legislation on economic support measures to the new EU framework. This implies the adjustment of the framework Decree and the Government of Flanders Orders on business centres and relay buildings, SME portfolio, ecology subsidy, strategic ecology support (STRES) and strategic transformation support to the general block exemption regulation, the de minimis aid regulation, the environmental guidelines and the guidelines on rescuing and restructuring aid.

The Government of Flanders adopted a concept paper on entrepreneurship with the promotion of ambitious entrepreneurship as guiding principle and the AIO as an important orchestrator. The basic principles of this paper include life cycle thinking, awareness raising, culture and public perception and internationalisation. In late 2015 the contract for the organisation of the service provision to companies (3 lots) was officially communicated through e-notification and in the Official Journal of the European Union.

It concerns the provision to companies of services regarding: (1) awareness raising, public perception of entrepreneurship, (2) guidance across the various life stages with focus on (pre)start and attention to access to funding, financial literacy, support for businesses in difficulty, relaunch/restart after bankrupts, monitoring & take-over and (3) networking targeted on (high) growth companies. An inspiring policy on entrepreneurial education is actively pursued through a new action plan 2015-2019 (*see 2.3.9.*)

The number of citizens purchasing online is growing. In 2014 59% of the Flemish people (aged 16 to 74) made online purchases. 36% of the purchases are made from foreign companies. This means that the European Digital Agenda target (resp. 50% and 20%) has been reached. However, this share is still far below that of the neighbouring countries. The share of small and medium-sized enterprises that sell at

least 1% of their turnover online (33% Digital Agenda target) amounts to 21.7% for small and 33.8% for medium-sized enterprises respectively. These shares are lower than in 2010. In 2015 the Flemish authorities launched a campaign 'Het internet. Ook uw zaak' (The Internet. Your business too) to convince merchants of the importance and opportunities of online shopping. Apart from raising awareness, information and tools are also provided and customised training is organised for merchants. Merchants who take the step to e-commerce can receive government support to seek advice and make certain investments.

In the area of international entrepreneurship the EC approved the Work Programme 2015-2016 of the Enterprise Europe Network (EEN) Flanders (www.enterpriseeuropenvlaanderen.be), as well as the Framework Partnership Agreement 2015-2020 to guarantee EU funding of the activities of the Flemish partnership in EEN. The application for relevant Flemish co-financing has also been submitted and approved. The new consortium EEN Flanders started on 1 January 2015, with the AIO and Flanders Investment & Trade (FIT) as partners.

FIT is developing an internationalisation strategy for the Flemish economy together with over 80 public and civil society partners, research centres and companies. This strategy is intended to accelerate the internationalisation of the Flemish economy to increase Flanders' competitiveness and is to develop an even better ecosystem in Flanders which allows Flemish companies with potential to grow internationally and which is a pole of attraction for foreign companies to realise their growth plans in a sustainable manner. Four strategic lines have been prioritised for which numerous partners will collaborate. They were presented at the first Flanders International Economic Summit of 25 January 2016: (1) accelerations (focussing on five value chains in which Flanders is currently already strong and where potential is still available: life sciences and health; food, solution driven engineering and technology; circular economy, bio-economy and sustainable economy; smart logistics), (2) more companies that internationalise, more embedding, (3) better support, less fragmentation and (4) elimination of barriers.

Easy access to capital for businesses at each stage of their life cycle remains a priority. To that end the Flemish Investment Company (Participatiemaatschappij Vlaanderen/PMV), planned and introduced adjustments to the structures and instruments in 2015-2016 so as to make them better attuned to the needs of entrepreneurs and businesses. Once again, the aim is to make access for entrepreneurs easier and more customer-friendly by simplifying as well as streamlining the instruments. Meanwhile, the Flemish Energy Company (Vlaams Energiebedrijf/VEB) has been integrated into PMV and PMV has received a capital increase. The Government of Flanders adopted a global framework agreement with PMV on the Guarantee Regulation, the Win-Win Loan and the Participatiefonds Vlaanderen (Flemish Investment Company for start-ups and SMEs). Customer-friendliness is increased by taking the specific needs of (potential) customers as starting point for the provision of a specific type of support.

To that end, PMV classified its instruments for corporate finance into one of the 4 central themes of its activities: capital, loans, guarantees, investments in funds. At the same time the PMV instruments were partially regrouped:

- Within the theme 'capital' a bundling takes place, as a result of which the new PMV Capital will now include measures of the Flemish Innovation Fund (Vlaams Innovatiefonds/Vinnof), Flanders Care Invest, the capital dossiers of CultuurInvest, and the TINA Fund (Transformation, Innovation and Acceleration).
- Within the theme 'loans' the PMV company loans encompass the following instruments: Groeimezzanine ("growth mezzanine"), Participatiefonds Vlaanderen (including the loans Innovatiemezzanine ("Innovation mezzanine")), the Vinnof part of the former IWT, and CultuurInvest) and the Social Investment Fund (Sociaal Investeringsfonds/SIFO).

- PMV also replaced the Starteo, Optimeo and BA+ loans of the regionalised Participation Fund with one single new simplified loan arrangement for companies wishing to cooperate with a business angel or another co-financier. It manages this together with the Business Angels Network (BAN) Flanders: the new “SME co-financing” scheme³⁰. Thanks to this SME co-financing start-up and growing companies are given opportunities outside of the traditional capital market.

The Government of Flanders decided to increase the capital of the ARKimedees Fund II by EUR 100 million and the PMV will adjust the Fund’s operation. ARKimedees will become an Evergreen Fund. As a result, the fund will have the possibility to use revenues from its investments for new investment opportunities. Moreover, it will be able to recognise ARKIVs (private funds which invest in promising SMEs) whenever these present themselves, which means that new fund proposals can be considered on a continuous basis. In this way it will prevent ARKIVs from pursuing the same investment dossiers at the same time, which would have detrimental effects on their price and profitability. The ARK Decree has raised the maximum investment amount per investment round to EUR 20 million.

At the international level the Government of Flanders has appointed the PMV as central contact point for applications for projects in Flanders within the framework of the EFSI with the European Investment Bank (EIB). An investment platform was set up to streamline Flemish project proposals in the context of the so-called “Juncker Plan”.

2.5.2. Circular economy

The Government of Flanders is pleased to find that the EC indicates in the Country Report 2016 that Flanders has made further progress in promoting a more circular economy. A more circular economy with greater resource efficiency will help stimulate investments with both short and long-term benefits for the economy, the environment and employment. In September 2015 the Government of Flanders gave its approval in principle to the concept paper ‘Vision 2050’ with circular economy as one of the seven transitions it seeks to realise in the coming years across the policy areas and together with all stakeholders from society. It provides direction to the long-term policy and creates a framework for investments with a long-term perspective.

The circular economy entails new innovation opportunities, amongst others in product design, the manufacturing industry, services and business models, but also in agriculture, nutrition and water-intensive sectors. This offers opportunities for entrepreneurs because of increased chain cooperation, less raw material consumption and waste production, access to new raw materials from waste and the international valorisation of Flemish expertise. Closed-loop material cycles are key in this, because they also lower the dependence on raw material imports.

The transition policy is further shaped through a relaunch of the Flemish Materials Programme as circular economy platform. The following measures are all part of this programme and will be worked out in an integrated manner: customised guidance for pioneers (Plan C), targeted research, the development of guidance and supportive policy, including coordination between administration and the streamlining of policy and innovation, as well as the social integration of the Circular Economy principles. These measures are aimed at more sustainable design and sustainable value chains, more efficient production, increased upgrading and re-use of products, waste prevention and material recycling. They also fuel innovation, entrepreneurship, growth, jobs and our industry’s competitiveness.

³⁰ This is a subordinated loan for a maximum amount of EUR 350,000 (always combined with co-financing by a bank or investment fund or by one or several business angels). The co-financier contributes at least 20% of the total funding.

2.5.3. Energy costs

In early 2015 the new distribution network tariffs for electricity and natural gas entered into effect. The Flemish Regulator for the Electricity and Gas Market (Vlaamse Energieregulator/VREG) has chosen income regulation as methodology because it stimulates efficient business operations by network managers. The new tariffs reflect as well as possible the actual costs of the network managers, so that no new non-charged costs arise.

On 17 July 2015, the Government of Flanders adopted a number of measures through an adjustment of the Energy Decree to eliminate the surplus of green certificates and finance the future green power policy. The historical mountain of debt will be charged through an adjustment of the energy tax which will become effective on 1 March 2016. The tax will be charged for each off-take point of electricity and depends on the electricity consumption.

Before that, on 29 May 2015, the Government of Flanders decided to terminate the financial support of new small-scale PV installations (below 10 kW). As a result, new PV installations that are inspected as of 14 June 2015 are no longer eligible for support through green certificates.

In the coming years Flanders will have to make substantial progress in decarbonising the energy system in order to meet Flanders' climate and energy targets for 2020 and beyond. The Paris Climate Agreement and the EU Policy Framework for Climate and Energy to 2030 offer clear guidelines for a future energy transition. Energy efficiency must improve substantially, the share of renewable sources of energy in the energy supply must strongly increase and energy supply must be guaranteed. The energy bill must remain affordable for all households and be competitive for companies. Within this framework the Government of Flanders agreed to the concept paper 'Traject naar een energievisie en een energiepact' (Trajectory Towards an Energy Vision and Energy Pact) on 19 February 2016. The Minister for Energy will set up and coordinate the trajectory activities and the Government of Flanders asks the social partners to participate in the creation of an energy vision.

2.5.4. Investing in transport infrastructure

In its Country Report Belgium 2016 the EC states that the good location for logistics clusters and distribution centres is threatened by increasing road congestion, the lack of adequate road maintenance, missing links, and road safety issues.

The Government of Flanders is determined to vigorously tackle one of the major bottlenecks, viz. the Antwerp mobility issue, during this term of office. However, the Government of Flanders requests the necessary budgetary flexibility for this one-off productive investment of great economic importance. It also engages in other important road projects like the A11 project and the re-organisation of the Brussels Ring Road (R0). In 2015 Flanders realised a breakthrough in the Iron Rhine dossier by putting its weight behind a large-scale study into the three routes on the table for re-activating this railway line. In addition, all the aforementioned projects meet the goals of the European TEN-T policy. For the next one and a half years Flanders will invest approximately EUR 140 million in roads and public transport. Due to the kilometre charge for trucks the Government of Flanders is expected to raise the budget for road building (EUR 350 million in 2015) by at least EUR 100 million in 2017. Another EUR 36 million will be appropriated for preparatory works of the Oosterweel project in Antwerp. These works will start in 2016. The infrastructure works at Linkeroever and Zwijndrecht and of the Oosterweel connection are scheduled to begin in 2017. The Government of Flanders has appointed a curator to study the covering of the entire ring road. He started his work in early 2016. Flanders also fully commits to investing in

sustainable modes of transport by opting for important incentives for inland navigation³¹ (new Terneuzen lock, Kieldrecht lock, Sein-Scheldt connection, raising of the bridges over the Albert Canal). By reinforcing the Flemish waterways network a positive and attractive alternative to road transport is offered. It is advisable to include this dimension in future country reports.

2.5.5. A vigorous industrial policy

Within the framework of AIO's call 'Factory of the Future' the Made Different Initiative has been launched in which partners, technology federation Agoria and Sirris (the Collective Centre of the Belgian Technology Industry) help more than 200 other companies in their conversion to a Factory of the Future through 7 transformations. Companies are groomed for transformations like the fourth industrial revolution (Industry 4.0). In February 2016, 7 companies were awarded the "Factory of the Future" logo. Over the past years these companies have invested in the modernisation of their machinery, digitisation and their workforce to such a degree that they currently rank among the world's best in terms of production.

In 2014 the new strategic research centre Flanders Make vzw was established on the Government of Flanders' initiative. This centre focuses on strengthening the international competitiveness of Flanders' manufacturing industry in the long-term by carrying out industry-led, pre-competitive, excellent strategic and applied research in 3 technology domains (mechatronics, product development methods, advanced production technologies). At the end of 2015 the Government of Flanders decided to add EUR 5 million to the subsidy for Flanders Make for the 2015 year of operation in order to allow it to further strengthen the international competitiveness of Flanders' manufacturing industry.

In 2011 the Government of Flanders launched the TINA Fund in the context of the transition policy. With the TINA Fund, managed by PMV, the Government of Flanders mainly seeks to stimulate industrial transition through innovation and bring it onto the market at an accelerated pace. In 2015 the TINA Fund reached cruising speed. As a result, it already made 15 investments for a total (actually spent) amount of EUR 80.2 million by the end of 2015. These 15 investments total EUR 128.4 million, including the commitments (the amount of our investment obligation which has not yet been withdrawn). On the other hand private investments are made for an amount of EUR 313.1 million.

2.5.6. Legislation to support the investment and business environment

Due to complex and long planning and licensing procedures infrastructure projects are very often seriously delayed or legally challenged. For this reason several initiatives were taken to adjust the legislation. On the one hand, a number of procedures were integrated. On the other hand, more attention was devoted to consultation, participation and public support. The Complex Projects Decree was introduced for projects of great social and spatial impact. It took effect on 1 March 2015. The legislation for other infrastructure works is currently being adjusted. This should result in a new procedure in which processes for spatial planning and impact assessment are better attuned to each other in terms of both content and timing. In a good business environment potential investors are certain to receive a speedy and clear reply to a spatial implementation request. That is why the new integrated environmental permit

³¹ With the new lock in Terneuzen ships up to 120,000 tonnes will be able to sail on to Ghent (start is scheduled in 2017, final acceptance by 2021). As a result, the new lock will become a crucial link in the Seine-Scheldt connection which is aimed at realising, in a European context, an inland navigation connection for vessels with a large loading gauge of up to 4,500 tonnes. The building cost of the entire project (planning horizon 2030) is estimated at EUR 1.525 billion. The project for raising the bridges over the Albert Canal is to make sure that the canal becomes accessible to four-level container shipping so that the canal also increases the accessibility to short sea shipping and the transport of big indivisible loads.

has been introduced. The integrated environmental permit (omgevingsvergunning) integrates the former town planning permit, including the land division permit, and the environmental permit. It has a lead time of 60 days, whereas this used to be 285 days. The appeal procedure was shortened as well from 120 to 60 days. Today, customised permits are issued for unlimited duration. After the approval of the Integral Trade Establishment Policy Decree (envisaged for 2016) the current socio-economic permit for larger retail projects will be incorporated into the integrated environmental permit.

The Minister-President of the Government of Flanders will also initiate a dialogue about how the Flemish authorities can further reduce the regulatory burden and give more confidence to citizens, companies and associations. Meanwhile, further steps have already been taken to reduce the regulatory burden for companies (for instance, the level of detail of the rules for the allocation of subsidies to SMEs was reduced).

By reforming Flemish governance law the Government of Flanders also wants to realise a number of breakthroughs for a more customer-friendly public authority which gives more confidence to citizens, companies and associations.

Following the sixth state reform the competence regarding Access to the Profession was transferred from the federal government to the Regions. Since 1 January 2015 the AIO is competent for this matter. To guarantee continuity to entrepreneurs and stakeholders and to allow the Regions to familiarise themselves with this matter, it was opted to take over and apply the transferred federal legislation without any changes. The evaluation of regulated professions was introduced in 2015 on the basis of this federal legislation. The justification for maintaining the regulated professions was founded on consumer protection and reasons of public safety and health. One year later Flanders has acquired the necessary experience and insights to carry out a targeted analysis and study and to examine how the access to the profession can be organised in a more modern and high-quality fashion.

The modernisation is primarily intended to eliminate barriers to entrepreneurship and administrative simplification in order to strengthen entrepreneurship in Flanders. This in-depth analysis will begin in the first quarter of 2016.

The European regulatory dimension is monitored as well. The Government of Flanders keeps abreast of new REFIT initiatives announced by the EC which are relevant to Flanders (including the REFIT initiative for regulations on the standard procurement document and standard forms for public procurement). This monitoring also meshes with the regulatory management policy of the Government of Flanders which concentrates on reducing unnecessary administrative burdens for companies and governments in the pursuit of quality legislation. In this context the Government of Flanders backs the idea of a reduction target, provided it can be realised through the application of a mixture of qualitative and quantitative methods. The Flemish authorities opt for this differentiated, solution-oriented approach according to the relevance of the policy issue. This approach will be further developed in a document to be approved by the Government of Flanders in 2016.

The Government of Flanders has selected the dossier 'EU Blue Card' from the package 'better migration management' laid down in the Commission Work Programme 2016 as pilot project to assess the impact of this European initiative on the Flemish competences. The pilot project will contribute to the determination of an informed position by the Government of Flanders and to the accurate, timely and complete transposition and application of European regulations in the Flemish legal order, including the prevention of gold plating (i.e. with the smallest possible additional regulatory burden). The latter is an important objective for the entire Government of Flanders. It is one of the three areas of action mentioned in the memorandum to the Government of Flanders on strengthening the EU reflex in Flanders. That is why the Government of Flanders has ordered the drafting of a new circular on this subject in 2016 which

clearly outlines the procedures and responsibilities in view of a timely and accurate transposition of European directives.

Part 3. Progress in the realisation of Flanders' Europe 2020 targets

3.0. Introductory comments

Below, a status update is given on the progress in Flanders' Europe 2020 targets and on the relevant measures Flanders is taking. A lot of the measures for realising a higher employment rate and combating early school leaving were discussed in Part 2. Part 3 elaborates on the (additional) measures relating to the education target regarding higher education graduates, research and development, climate and energy, poverty or social exclusion.

3.1. Employment rate

3.1.1. Background

In comparison to the rest of Europe Flanders performs well in terms of unemployment (5.1%) and youth unemployment (16.1%) in 2014. However, Flanders' employment rate is rather mediocre (71.9%) and Flanders performs weakly in terms of the employment rate of over-55s (44.3%). In 2014 short-term unemployment stabilised, but long-term unemployment strongly increased, which caused the total employment rate to continue to rise. The employment rate in Flanders was higher in 2014 than the European average (69.8%) and the rates of Wallonia (61.6%) and the Brussels-Capital Region (58.8%). It is clear, however, that realising the Europe 2020 target of 76% remains quite a challenge.

Key indicator	2008	2009	2010	2011	2012	2013	2014	2020 target	Distance
Employment rate (aged 20-64) (%)	72.3	71.5	72.1	71.8	71.5	71.9	71.9	76.0	4.1 ppt Place 11 out of 28 (in 2014)

For the over-55s we observe an increase in the Flemish employment rate from 38.2% in 2010 to 44.3% in 2014. Flanders remains on schedule for the realisation of the 50% target in 2020. The employment rate in this category is higher than in Wallonia (38.8%), gradually approaches that of the Brussels-Capital Region (46.6%), but is still more than 7% below the European average (52.9%).

This growing trend is also reported in the employment rate of persons with a disability: from 33.5% in 2010 to 42.7% in 2014.

It can be observed that lower rates are still recorded among people with a migrant background than among people born in Belgium. The employment rate for both people born outside the EU and people of non-EU nationality stagnated between 2010 and 2014. The gap with the Flemish average has not narrowed in recent years. In both cases the employment rate is substantially lower than the average in Europe. This gap in the activity (and unemployment) rates between the different origin groups is owing to a poorer balance between supply and demand among people of foreign origin than among people of Belgian origin. The following factors/barriers cause this gap to widen even more: (1) overrepresentation in sectors that are sensitive to economic market trends, (2) an educational mismatch, (3) the difficult recognition of foreign qualifications, (4) structural language deficiencies and (5) negative public perception.

The elements above not only indicate that people with a migration background in Flanders have difficulty in finding a job, but also that Flemish society is leaving plenty of potential labour resources unused, since the share of people of foreign nationality or origin on the Flemish labour market has increased, whereas the share of employed people of Belgian origin is falling due to the outflow of the baby boom generation, among other things. In 2015 the Department of Work and Social Economy (WSE) launched the Origin Monitor in cooperation with the Policy Research Centre for Work and Social Economy to map the labour market position of people of foreign origin on the basis of administrative data (http://www.werk.be/sites/default/files/herkomstmonitor_2015.pdf).

Sub-indicators Employment rate Disadvantaged groups	2008	2009	2010	2011	2012	2013	2014	2020 target	Distance
Aged 15-24 (%)	31.7	28.6	28.8	29.4	28.1	27.7	27.0		Place 15 out of 28 (in 2014)
Aged 50-64 (%)	49.1	50.9	53.1	53.6	54.6	56.5	57.5	60	2.5 ppt Place 15 out of 28 (in 2014)
Aged 55-64 (%)	34.3	35.8	38.2	38.9	40.5	42.9	44.3	50	5.7 ppt Place 21 out of 28 (in 2014)
Woman (20-64) (%)	66.1	65.7	66.7	66.4	66.2	66.9	67.6	75	7.4 ppt Place 11 out of 28 (in 2014)
Non-EU nationality (%) (20-64) (%)	47.2	47.0	44.4	46.3	42.7	46.4	44.6	58	13.4 ppt Place 25 out of 27 (in 2014)
Born outside EU (20-64) (%)	56.3	53.4	53.4	53.0	51.8	54.9	53.3	64	10.7 ppt Place 25 out of 26 (in 2014)
With work-limiting disability (20-64) (%)	-	37.5	33.5	38.6	38.7	40.4	42.7	43	0.3 ppt (no comparative figures available)

3.1.2. Measures

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

3.2. Education

3.2.1. Background

The share of early school leavers ended up being 7.0% in 2014, which confirms the decline in 2013. Still, Flanders' Europe 2020 target of 5.2% has not yet been reached. Flanders reports a share of 44.8% for 30 to 34-year-olds with a higher education diploma in 2014, which means the Flemish target of 47.8% is still within reach.

Key indicators	2008	2009	2010	2011	2012	2013	2014	2020 target	Distance
Early school leavers (%)	8.6	8.6	9.6	9.6	8.7	7.5	7	5.2	2.8 ppt Place 12 out of 28 (in 2014)
30 to 34-year-olds with higher education diploma (%)	43.6	43.1	45	42.3	45.3	44.1	44.8	47.8	3 ppt Place 9 out of 28 (in 2014)

Work continues on a comprehensive policy regarding learning entitlement, truancy and early school leaving (see 2.3.8.).

The Flemish authorities want to offer students the best chances of success. In order to be able to halt the trend of extended course duration the regulation on student progress measures has been recast. This allows higher education institutions to monitor student performance from the academic year 2015-2016 onwards across the institutions and education programmes through the Higher Education Database (Databank Hoger Onderwijs/DHO). Subsequently, they will be able to take the necessary guidance and reorientation measures and possibly impose student progress monitoring measures in a more adequate and faster way. The system of study credit which also monitors student progress is currently being scrutinised.

A generic and institution-neutral orientation instrument which must be administered at the end of secondary education should support young people's choices and make sure they are provided with an insight into the higher education courses commensurate with their talents and interests. The orientation instrument will be tested for the first time among a representative trial group around Easter 2016 and then be further developed and fine-tuned. Next to orientation at the end of secondary education focus is also placed on an effective admission assessment at the start of higher education through non-binding admission tests. That is why two pilot projects are launched at the beginning of the academic year 2016-2017: one entry test (instaproef) for integrated teacher training programmes at university colleges and one positioning test (ijkkingstoets) for engineering programmes at universities.

In 2016 further work will be done on the development of HBO5 as a fully-fledged component of higher education.

3.3. Research and development

3.3.1. Introductory comments

Flanders' R&D intensity (R&D expenditure as % of GDP) reached its highest level ever in 2013, i.e. 2.54%. This is the result of sustained budgetary efforts over the past years, despite the budgetary challenges. The Flemish authorities' overall initial budget for science and innovation amounted to EUR 2.189 billion in 2015, of which EUR 1.308 billion was intended for R&D.

Key indicator	2008	2009	2010	2011	2012	2013	2020 target	Distance
Gross domestic expenditure on R&D (%)	2.06	2.12	2.29	2.40	2.42	2.54	3	0.46 ppt Place 7 out of 28 (in 2013)

The policy objectives include increased demand drivenness, results orientation, efficient service provision (including through enhanced transparency and better alignment between support instruments) and a greater lever effect of public efforts. To that end a number of substantial organisational adjustments have been made on 1 January 2016 within the Economy, Science and Innovation policy area. The Hercules Foundation for research infrastructure was wound up and its programmes were integrated into the Research Foundation - Flanders (“Fonds voor Wetenschappelijk Onderzoek/FWO”) which also took over 3 support programmes of the Agency for Innovation by Science and Technology (“Agentschap voor Innovatie door Wetenschap en Technologie/IWT”): applied biomedical research, strategic basic research and strategic research fellowships. From now on this institute is the point of contact for Flemish Community researchers. This allows the renewed FWO to commit to authorisations for an amount of EUR 320.8 million in 2016, with a budget increase of EUR 10.9 million. The new AIO is a government agency established on the basis of the Enterprise Flanders Agency (Agentschap Ondernemen/AO) and the business-oriented programmes of IWT (which is discontinued). Since 2016 AIO is the contact point for entrepreneurs in Flanders.

With respect to the comparable budget of the former AO and IWT the total budget has risen in 2016 by a budget provision of EUR 80 million which is intended for innovation support. This causes Flanders’ total budget for support to businesses to exceed half a billion euros. The additional funds for the EWI budget amounted to EUR 20 million in 2015 compared to 2014 (of which R&D&I: EUR 5 million for Flanders’ Make) and EUR 25 million in 2016 compared to 2014 (of which R&D&I: EUR 8 million for FWO for clinical research). In 2016 the strategic research centre Flanders’ Make receives another EUR 5 million.

In the summer of 2015 the Government of Flanders adopted a concept paper on a (business-driven) cluster policy which further reforms the strategic collaboration between public authority, knowledge institutes and businesses with attention to focus, cooperation and impact. Within this framework the former IWT launched a call for the submission of innovative business networks (IBN) in the autumn of 2015. The networks will succeed the existing theme-based innovation platforms (Lichte Structuren) and Flemish innovation partnerships (Vlaamse innovatiesamenwerkingsverbanden/VIS) which were or still are supported by IWT (now AIO). The IBNs will become small-scale bottom-up networks with future potential which operate in emerging markets or may consist of a number of smaller initiatives (which are to be regrouped). They can receive 50% funding at most from the Flemish authorities for a three-year period. The Government of Flanders also adopted an order in early 2016 which allows AIO to await proposals for spearhead clusters. These encompass large innovative areas which may and will make the difference on the economic level in the future (in terms of employment and added value). These spearhead clusters which must operate on a large scale, apply the triple helix model and be limited in number will receive support amounting to maximum EUR 0.5 million per year for a 10-year period. Meanwhile, the areas ‘sustainable chemistry’, ‘logistics’, ‘materials’ and ‘agri-food’ have been asked to submit a proposal. The role of both types of cluster organisations is to bring actors together and look for interesting cooperation opportunities, developments and international connections. It must be clear at the latest by mid-2016 whether the proposals prepared on the basis of these initiatives will be selected as clusters.

In early 2016 the Government of Flanders adopted the Action Plan ‘Flanders Care 2.0’. Flanders will invest in a new care model in which the patient/client takes centre stage and the provided care is customised to society’s needs. The idea is to use advances in science and technology in the care sector and at the same time generate economic added value for Flemish businesses at the international level. For this purpose the sharing of data between healthcare actors, with Vitalink in the front line, internationalisation and new cooperation and business models are promoted. In the short term efficient and quality online support will be developed for the further prevention of depression, burnout and suicide.

Since 2016 Flanders Inshape (design) has been fully integrated into the Antwerp Management School. In 2015 the Government of Flanders also extended the covenants with the (sub-regional) Flemish Innovation Centres for five years. Each Flemish province has such a centre. They are easy access service providers for the business community, in particular SMEs.

Their remit is mainly to offer advice on the financing of innovation projects of businesses and to provide a framework and find the right partners for these innovation projects (often through the Flemish Innovation Network which encompasses over 200 knowledge institutes, including universities and university colleges). Between 2011 and 2015 around 3,000 partnerships were established.

In the context of internationalisation Flanders is preparing its own ERA road map regarding the completion of the European Research Area. This road map will be submitted to the EC in 2016, just like the Belgian ERA road map. Within the framework of research infrastructure a Flemish ESFRI (European Strategy Forum on Research Infrastructures) road map will also be further prepared and developed in 2016.

3.4. Climate and energy

3.4.1. Introductory comments

The European Effort Sharing Decision (ESD) stipulates that, between 2013 and 2020, the EU Member States must reduce their emissions in non-ETS sectors according to a linear declining path³² with annual reduction targets. In the context of the European Climate and Energy Package Belgium accepted the target for raising the share of renewables in the gross final energy consumption to 13% in 2020. On 4 December 2015 the 4 Belgian Ministers responsible for climate concluded an agreement on the distribution of the required Belgian efforts. Flanders will reduce its greenhouse gas emissions by 15.7% compared to the 2005 reference year. In 2013 and 2014 Flanders' greenhouse gas emissions met the annual reduction target. This led to a surplus of respectively 1.9 and 3.5 Mtonnes CO₂ eq in 2013 and 2014. Flanders has committed to increasing the renewables production to 2.156 Mtoe³³ by 2020, taking into account the energy efficiency target of 17.8% reported by Belgium to the EC within the framework of the transposition of the Energy Efficiency Directive.

In the light of the Paris Climate Agreement (December 2015) the Government of Flanders has committed to providing a response to climate challenges in the course of 2016. On 19 April 2016 a first climate summit will be organised to fuel the debate and discuss the commitments made by the public sector, businesses, trade unions, environmental organisations and research institutes. The Government of Flanders has already started making a list of which additional measures can be taken to reduce greenhouse gas emissions. A second climate summit is planned to take place in November 2016 and a third in autumn 2017/spring 2018.

³² This path started in 2013 from the average non-ETS emissions in the years 2008, 2009 and 2010. Next, Belgium must follow a linear reduction path which will realise a 15% emission reduction in 2020 compared to non-ETS emissions in 2005.

³³ Megatons of oil equivalent

Key indicators	2005	2008	2009	2010	2011	2012	2013	2014	2020 target
<u>Greenhouse gas emissions</u> Non-ETS greenhouse gas emissions scope 13-20 ³⁴ (kton)	45,953	45,381	44,733	46,405	42,928	43,273	45,927	43,254	-15.7% greenhouse gas emissions compared to 2005 <i>Place 17 out of 28 (in 2013)</i>
<u>Energy efficiency</u> Non-ETS final energy consumption savings (GWh, % compared to 2001-2005)				10,818 GWh (5.7%)		16,499 GWh (8.8%)			Flemish target 9% energy savings in 2016 compared to average of 2001-2005 <i>Place 20 out of 28 (in 2013)</i>
Primary energy consumption, excl. Non-energetic (Mtoe)	33.7	32.9	32.0	33.8	31.8	31.2	32.0	29.6	<i>Place 20 out of 28 (in 2013)</i>
<u>Renewable energy (RE)</u> - Production of renewable energy (Mtoe)	0.48	0.70	0.90	1.11	1.05	1.30	1.38	1.31	2.156 Mtoe <i>Place 24 out of 28 (in 2013)</i>
- Share of RE in gross final energy consumption (%)	1.9	2.9	3.9	4.5	4.5	5.6	5.7	5.7	

3.4.2. Measures for reducing the greenhouse gas emissions of non-ETS activities

The intra-Belgian climate agreement of 4 December 2015 also defines the allocation of Belgian revenues from the auctioning of EU ETS emissions allowances in the trading period 2013-2020.

Flanders receives a 53% share or around EUR 173 million for the amount that is currently already available from these auctions (EUR 326 million). The Flemish share in the revenues from future auctions will amount to 52.76%.

Finally, the Ministers for climate policy agreed on the Belgian annual contribution to international climate funding, which is to help developing countries implement policies to fight climate change and adapt to its consequences. Flanders will bear EUR 14.5 million of the Belgian annual contribution of EUR 50 million. The Flemish Mitigation Plan 2013-2020 outlines a trajectory for reducing greenhouse gas emissions in all non-ETS sectors. With regard to the transport sector reference can be made to the introduction of the kilometre charge for trucks on 1 April 2016 and the reform of the Flemish vehicle taxation system (see 3.1.2 *reply to CSR2*), as well as the adoption of the Flemish action plan promoting alternative vehicle technologies (see 3.4.3. 'Clean Power for Transport'). For the buildings sector reference can be made to the measures taken to improve the energy efficiency and energy performance of buildings (see 3.4.3. *energy efficiency*). For the non-ETS industry, one can make a reference among other things to the new generation energy policy agreements and the obligatory energy audit for large companies (see 3.4.3 "energy efficiency"), as well as the measures for the reduction of N₂O emissions from caprolactam production and the reduction of F-gas emissions.

3.4.3. Flemish measures for improving energy efficiency

To improve the energy performance of buildings the Government of Flanders established an energy performance level (E-level) for *all* types of buildings on 18 December 2015. Until then this had only been done for new (or large-scale energy refurbishments of) residential houses, schools and office buildings.

³⁴ When determining the Belgian non-ETS target, the inclusion of additional emissions under ETS from the period 2013-2020 (scope 13-20) was taken into account. Non-ETS greenhouse gas emissions are therefore expressed with consideration of this ETS scope expansion.

Work was also done on the quality improvement of the energy performance certificate (EPC), penalties for non-compliance with EPC requirements, etc.

Through a Renovation Pact, which was launched in December 2014, the Government of Flanders wants to substantially increase the refurbishment rate of the housing stock in Flanders, in consultation with 32 stakeholder organisations. Several previously announced policy adjustments are further refined within the framework of the Renovation Pact. On 17 July 2015 the Government of Flanders laid down the strategic policy framework and priority measures for this Renovation Pact.

The energy loan, which succeeds the federal FRGE loan (Fund for the Reduction of the Overall Energy Cost/Fonds voor de Reductie van de Globale Energiekost) and has been a regional competence since 1 July 2014, was turned into a cornerstone of the Flemish mix of policy instruments for supporting energy refurbishments.

To promote energy efficiency in energy intensive companies the energy policy agreements entered into effect on 1 January 2015. These agreements run until 31 December 2020. Mid-2015, 337 industrial plants had joined. Together they represent 85% of industrial energy consumption. Large businesses (with the exception of energy policy agreement companies) must also carry out a compulsory energy audit at the latest by 1 December 2015.

On 13 July 2015 a web application was launched which allows the results of the energy audits to be collected in a structured manner.

To facilitate the implementation of energy saving investments, in particular in SMEs, the Government of Flanders has decided to order a study into the feasibility of the establishment of an ESCO (Energy Service Company) Fund. This ESCO Fund could take over the lending operations of ESCO projects.

3.4.4. Flemish measures for increasing the share of renewable energy

In 2015 the Government of Flanders took further steps to reinforce the investment climate for renewable energy. Through an amendment of the Energy Decree on 17 July 2015 a number of measures were approved for optimising and simplifying the support mechanism for renewables and CHP.

On 20 March 2015 the Government of Flanders also approved the concept paper 'Fast Lane for Wind Energy'. Within this framework a start was made on accurately mapping the technically and socially acceptable potential of wind turbines in Flanders. Existing instruments are also reviewed and possibilities for introducing new ones (like tendering) are looked into. A roadmap for increasing public support and participation in wind energy projects is currently in development.

To promote solar energy a charter is being written for group purchases of solar panels. With this charter a further reduction in investment costs is pursued, combined with a good service and support for local employment. Furthermore, a solar energy map will be designed including a tool to facilitate the best possible installation of solar panels.

On 17 July 2015 the Government of Flanders decided to extend the support for green heating to include deep geothermal energy projects. District heating systems are supported as well, as soon as the heating system is fed with at least 50% renewables or 50% residual heat. The production of biomethane to be used as fuel will be supported as well. For the allocation of investment aid a call was launched in October for a total aid budget of EUR 10.2 million. In 2016 two more calls will be organised.

On 18 December 2015 the Government of Flanders finally adopted the Action Plan 'Clean Power for Transport' in the context of the transposition of Directive 2014/94/EU. The most important measures in

this action plan are the stimulation of clean power (electricity, CNG, LNG and hydrogen) for transport and the quick development of the necessary infrastructure.

On 8 January 2016 the Government of Flanders decided to introduce a modularised subsidy for zero emission vehicles. At an earlier stage exemptions had already been introduced for Clean Power vehicles in the context of greening the road tax (*see 3.1.2. reply to CSR2*).

3.5. Poverty and social exclusion

3.5.1. Introductory comments

In the field of poverty and social exclusion hardly any progress was made over the past years. However, Flanders continues to perform well in comparison to the EU average. This is also the case for child poverty: despite the fact that there has been an increase in child poverty since 2008 Flanders is still doing well on the European level (*see also Poverty Monitor 2015, <https://www.vlaanderen.be/nl/publicaties/detail/vlaamse-armoedemonitor-2015>*). Nevertheless, Flanders continues its efforts to fight (child) poverty.

Key indicator	2008	2009	2010	2011	2012	2013	Target 2020	Distance
Composite indicator (% persons in poverty or social exclusion)	15.2	14.6	14.8	15	16	15.4	10.5% (= -30% or -280,000 persons compared to 2008)	4.9 ppt <i>Place 1 out of 28 (in 2013)</i>

Key indicator	2008	2009	2010	2011	2012	2013	2020 target	Distance
% children with a standardised available household income under the poverty risk threshold after social transfers	9.9	9.8	11	10.4	11.35	12.1	5%	7.1 ppt <i>Place 4 out of 28 (in 2013)</i>

3.5.2. Measures

On 3 July 2015 the Government of Flanders adopted the Flemish Poverty Reduction Action Plan 2015-2019. This action plan outlines a structural and participatory poverty reduction policy on the basis of concrete goals that are formulated for each of the fundamental social rights (participation, social service provision, income, family, education, leisure time, work, housing and health). The key goal Flanders seeks to realise by 2020 is to halve the number of children born in poverty and to reduce the overall at-risk-of-poverty rate by 30% in Flanders. The fact that a plan clearly focuses specifically on preventing and fighting child poverty is a first. For this purpose 72 local municipal authorities are subsidised to work out a specific child poverty reduction plan. The development and implementation of these plans are supported through a learning network. In addition the ESF call 'Poverty' will devote special attention to low work intensity households.

This past year these measures were made more concrete and put into practice. During the coming months work will be done to adjust the action plan. The first agreements for this adjustment will be made public in late February 2016. A progress report will be published on this work in the spring of 2017.

The Flemish poverty reduction policy is targeted on anyone living in poverty or social exclusion. The policy is based on an inclusive approach which is integrated into the mainstream policy areas if possible and is customised if necessary. The Flemish integration policy aspires to achieve fully-fledged socio-cultural and socio-economic participation for people of foreign origin. As a result, it wholly contributes to the poverty reduction policy.

The civic integration programme offered by the Agency for Integration and Civic Integration assists newcomers in taking the first steps in their integration process and promotes autonomous and proportional participation. The Flemish Poverty Reduction Action Plan 2015-2019 contains several specific measures for people of foreign origin, like sharing knowledge and expertise and developing methodologies so that front-line professionals receive better support in dealing with poverty among people of foreign origin on a daily basis.

Accessible services. The Government of Flanders wants to provide low-threshold, accessible and quality services, with maximum focus on the automatic allocation of rights. The basic support budget which is rolled out as of 2016 in the context of the start of person-linked financing will be automatically allocated on the basis of child and integration benefit certificates for adults and children respectively.

Where this proves impossible, it will be tried to realise administrative simplification and proactive actions, like giving information to the people who are entitled to this budget. To allow the *Huizen van het Kind* (Children's Centres) to grow into fully-fledged basic settings in the 308 municipalities in Flanders numerous partners are brought together at the local level, like childcare settings, youth assistance bodies, the education sector, leisure time bodies, etc. Complete coverage is aimed at by the end of this term of office. The significance of young children also shows from the efforts to continue to work towards sufficient, high-quality and accessible childcare in Flanders (*see 2.3.4.*). The childcare sector is supported through a guidance pathway 'social function' which pays much attention to the impact of new regulations on the accessibility of childcare for babies and toddlers.

Investments are made in income-based childcare and childcare which assumes additional tasks to support vulnerable families and fight poverty in households. Finally, several alternatives are being examined for the 'Kinderopvangzoeker' (Childcare Finder) in its current form.

The Government of Flanders continues to concentrate on health promotion. The sixth state reform creates the possibility and opportunity to thoroughly reflect on the reorganisation of both the structure and content of primary health care. Preparations are already being made for this. These should result in a primary health care conference in the spring of 2017. Concrete steps are also taken for the development of a Flemish Social Protection system. Following the sixth state reform a Flemish social protection system is being developed in Flanders which integrates a number of existing allowances like the care insurance scheme with a number of transferred types of financing of care, including the financing of elderly care and home care. The aim is to achieve maximum participation in society through affordable, high-quality and accessible care and support.

In this context a new allowance is entered in this Flemish Social Protection system, namely the basic support budget, which allows people with disabilities to organise care in their homes with the help of mainstream services, volunteers and informal carers. It is estimated that 6,500 disabled adults in Flanders will receive this monthly budget from September 2016 onwards.

With the integration of the public centres for social welfare into the municipalities, the Government of Flanders intends to establish a stronger integrated social policy for the residents of the municipalities. The municipality's integrated and inclusive social policy lowers thresholds when a one-stop-shop is in place where social services are delivered alongside other local services.

Sufficient available resources. Developing competencies and talents is essential for earning an income from work, which offers the best guarantee against poverty. Important building blocks for this are dual learning (*see 2.3.9.*), the activating individual vocational training in the company (*see 2.3.1.*) and sustainable development in mainstream economic sectors through customisation. The implementation of the Customisation Decree is currently on hold. However, the idea is to change to customisation again, with individual workers receiving a 'backpack' depending on their distance to the labour market. Although the Government of Flanders wants to switch to the customisation principle again as soon as possible, it will thoroughly prepare this transition. Greater investments will also be made in the employees themselves: all target group employees within the social economy receive the support they need to continue to work on their professional development. As a result of the sixth state reform Flanders now has competence for child benefit, which is an important lever in the fight against child poverty. When adjusting the child benefit system in Flanders, sufficient time will therefore be taken to implement a poverty test. We want the child benefit to evolve towards an income-based benefit.

It is essential to keep optimising the allocation of the school or study grant. A safety net is in place: those who received a grant in the past two years, but have not yet submitted an application halfway through this school year, will be contacted in writing to ask them whether they want to receive this grant.

This 'semi-automatic' approach in any case seems to work and has resulted in an increase by more than 40,000 applications. Within the framework of a cost control policy, measures are taken for pre-primary, primary and secondary education. For pre-primary and primary education the system of the maximum bill is continued. Within secondary education the cost control policy is reinforced.

Energy and housing. An Energy Poverty action plan was finalised. This action plan seeks to optimise the protection against energy supply disconnection, which is already quite extensive today, and to structurally lower energy consumption in the houses of vulnerable families. Vulnerable target groups will be reached even better following the optimisation of the energy loan (formerly known as loan from the FRGE). It is examined how the instrument can be better attuned to the target group needs and be better integrated into the Flemish instruments supporting the implementation of energy saving works.

Existing energy subsidies are reviewed and reformed to make sure they actually reach the most vulnerable people and are customised to the different target groups. We will provide measures to combat energy poverty.

Energy saving measures are prioritised. The social roof insulation programme is promoted and an additional social programme for high efficiency glass and cavity wall insulation is launched. Actions are also taken to keep the water bill affordable.

The Government of Flanders also promotes quality housing. On the one hand, the 'shrinking' of the private rental market is stopped with targeted support. In this context we observe the balance between tenant and letter, with the tenant being entitled to home security in a quality dwelling and the private letter being entitled to income security and the protection of his or her property. Account is at all times taken of the weakest through the rent guarantee fund, the rent subsidy, the rent premium, the guaranteed housing insurance and the social loan scheme, among other things. Continued efforts are also made to improve housing market accessibility. Rentals to social rental agencies are further encouraged as well. On the other hand, the social rental market is scrutinised. Lifetime contracts are abandoned, so that the limited provision of social housing benefits the people who really need it. Measures are also taken to renovate the existing property portfolio in a safe, healthy and energy efficient manner.

Plenty of other measures are introduced as well. Inclusive participation in society (the roll-out of the UiTPAS throughout Flanders, etc.) is focused on as well. Within the boundaries of current and future regulations social corrections are used in several policy areas for certain socially vulnerable target

groups. The terms and conditions and criteria, which differ by regulation for the specification of these target groups, will be mapped and evaluated. The Government of Flanders also promotes access to sufficient healthy food. It is aimed to redistribute food surpluses to the most vulnerable in our society. The roll-out of the €1 meal ties in with this framework. Emphasis is also placed on the 'inside of poverty' (continued focus on the training of teaching personnel in detecting and dealing with poverty situations at school, empowering parents through growth pathways, etc.).

Part 4. Use of structural funds

In April 2015 the Government of Flanders approved the final ERDF Operational Programme 2014-2020. Subsequently, in May 2015, the first relevant calls were launched. Various projects will be initiated in early 2016. EUR 173.5 million is available for the “Investment for Growth and Jobs” objective and EUR 172 million for the European Territorial Co-operation objective (through the same Operational Programmes as before). Still, stronger choices are made within this budget than before. In this way 40% of the budget is reserved for additional actions in the field of R&D&I (Priority 1), with support from a Flemish RIS3 strategy containing 8 thematic priorities (www.vlaio.be/efro). Strong focus is also placed on accompanying measures to promote entrepreneurship (Priority 2). Finally, the transition to a low-carbon economy and society is Priority 3. This illustrates that Flanders clearly uses its EU funds to implement important EU2020 targets relating to R&D and Climate and Energy, as well as for policy themes which are also prioritised in the policy memoranda. The already completed project calls include calls for the stimulation of dissemination of technologies in view of knowledge valorisation and marketization and for the promotion of an enterprise-friendly climate among local and provincial authorities. In terms of cross-border cooperation the existing 7 ERDF Interreg programmes are continued in the period 2014-2020.

In keeping with the spirit of the European territorial cohesion policy these ERDF programmes are focused on area-specific processes and strategic bottom-up projects. Special attention is devoted to the position and role of cities (including their immediate environment). The Flemish metropolitan cities Antwerp and Ghent, for instance, have in certain cases been given responsibility for the selection of projects within the framework of an integrated urban strategy. Another example of such an approach is the 3 ITI areas in the Flemish ERDF programme (ITI Limburg, ITI West Flanders and ITI Campine Region). A specific steering committee is put in place for each ITI. This committee is composed on the basis of the triple helix philosophy (representatives from the Flemish authorities, the province, the Association of Flemish Cities and Municipalities VVSG, associations of universities and university colleges and the business community).

The ESF Operational Programme 2014-2020 specifies priorities and objectives for measures totalling approximately EUR 1 billion. They are intended to help around 250,000 people find a job, start up a company or acquire new competencies. EUR 394 million is contributed by the EU. The programme prioritises customised services for jobseekers and the social inclusion of the most vulnerable in the labour market, support for education and competence enhancement and workability promotion in businesses. Apart from these large axes, the programme also focuses on spearhead actions for entrepreneurship, for young people who have difficulty in entering the labour market, for transition in the social economy and for employment for marginalised communities like the Roma. Finally, the fifth priority of the programme is aimed at further supporting labour market innovation and transnational cooperation around labour market-oriented themes between all the stakeholders. That the ESF is a concrete response to Flemish policy shows from the innovative pilot project ‘dual learning’ (see 2.3.9.) The EC turned the spotlight on ESF Flanders because it facilitated a unique preparatory stage for the call ‘Transnationality’ and used simplified cost options. (<http://ec.europa.eu/esf/main.jsp?catId=67&langId=en&newsId=2471>).

Part 5. Institutional issues and stakeholder participation

5.1. Enhancing the support base

Flanders attaches considerable importance to enlarging the support base of the European Semester. The success of the European Semester in Flanders is the joint remit of the Flemish authorities, the (supra) local authorities and the various stakeholders. For this semester as well several support enhancing initiatives were taken to maximally meet the call from the EC to involve the largest number of partners when drawing up reform programmes.

Within the Flemish authorities increased emphasis is placed on the monitoring of the European Semester. This monitoring was structurally embedded in the activities of the Board of Chairmen (Voorzitter-college), which is the highest consultation body within the Flemish administration. On 17 March 2016 an exchange of views took place within this board with the European Semester Officer. Within the Office of the General Representation of the Government of Flanders to the EU within the Permanent Representation of Belgium to the EU (Algemene Afvaardiging van Vlaanderen bij de EU binnen de Permanente Vertegenwoordiging van België bij de EU/AAVR) the focus on the European Semester is enhanced through a secondment from the Policy Area 'Public Governance and the Chancellery'. The FRP is available at <http://www.vlaanderen.be/nl/vlaamse-overheid/werking-van-de-vlaamse-overheid/vlaanderen-en-de-europa-2020-strategie>.

5.2. Involvement of the Flemish Parliament

To increase the involvement of the Flemish Parliament in the European Semester the draft FRP is discussed in the Flemish Parliament General Policy, Finance and Budget Committee³⁵ since the European Semester 2015. This year this discussion took place on 15 March 2016. Flanders takes up a pioneering role in this context within Belgium.

5.3. Involvement of social partners

The social partners were also involved in the compilation of the FRP 2016 (within the framework of VESOC) through an exchange of views on 17 March 2016.

5.4. Involvement of (supra) local authorities and stakeholders

This year the VLEVA members again presented a number of good practices for inclusion in the FRP 2016.

The Flemish provinces strongly focus on energy efficiency. The Interreg project 'PV op maat' (Bespoke PV), with European co-financing and financial support from the provinces of Flemish Brabant and Limburg, aims for more efficient solar panels which can be integrated into buildings in a more customised manner. Dutch knowledge institutes, the Catholic University of Leuven, IMEC and Hasselt University are involved in its development. Each new building must generate a minimum quantity of energy from renewable energy sources, like solar panels. This obligation results from the European regulation that was transposed into the Flemish energy performance regulation. To make solar panels more efficient and aesthetic, photovoltaics are required which can be more easily integrated. That is why the project 'PV op maat' researches and demonstrates promising applications of thin film PV in construction elements.

³⁵ Pursuant to Article 84/1 (Flemish Reform Programme) of the Regulations of the Flemish Parliament.

The material is affixed directly to glass, steel or film material. Moreover, the shape, colour and electric properties can be adjusted. This new knowledge can be implemented on a broad scale, which will make the technology visible in the streetscape.

Consultation is currently taking place between the Flemish authorities and the Association of Flemish Provinces (Vereniging van Vlaamse Provincies/VVP) to organise a joint 'tour' on the European Semester throughout Flanders in the autumn of 2016.

Since 2014 the Flemish municipalities and OCMWs have all applied the so-called policy and management cycle (beleids- en beheerscyclus/BBC), which is a new system of planning, registration and reporting. The policy and management cycle obliges administrations to permanently link the thematic policy to its financial consequences. Moreover, the administrations must draw up a policy-based and financial multi-year plan which currently runs until 2019 and which is to show that they have reached a structural balance in terms of finances. In this way the Flemish local authorities make an important contribution to the reorganisation of the Belgian public finances imposed by the European Commission.

The Flemish Institute for Technological Research (Vlaamse Instelling voor Technologisch Onderzoek/VITO) focuses on deep geothermal energy which will cause a fundamental change of course in energy supply, energy consumption and spatial planning. To facilitate this change of course VITO started the Deep Geothermal Energy project BALMATT in September 2015. Through this pilot project VITO wants to prove the technical and economic feasibility of deep geothermal energy in Flanders. Next, a road map is designed to allow the geothermal potential in the Campine Region to be tapped in an efficient and socially responsible manner. An efficient development of geothermal energy in Flanders requires foreign knowledge and experience to be aligned with the local situation. This refers directly to the typical Flemish spatial planning and the desired evolutions in the field of geological knowledge and drilling technology. If the potential of geothermal energy in Flanders is realised to the full, this may generate around 1,500 new full-time jobs for the Campine Region alone in the period 2015-2050. It is estimated that 75% of this job creation is situated in Flemish companies and 25% in foreign companies.

5.5. Afterword

In keeping with tradition, Flanders has delivered its contribution to the production of the national reform programme (NRP) of Belgium. The FRP 2016 is included as annex to the NRP. Flanders also participated actively in the European Semester 2016 during the bilateral meetings with the EC that are mainly devoted to the implementation of the country-specific recommendations.

Flanders assumes ownership within the European Semester with its own reform programme. This is one of the reasons why the Government of Flanders also delivers the FRP directly to the Presidents of the EC and the European Council, the European Economic and Social Committee (EESC) and the Committee of the Regions (CoR). Through its initiatives within the framework of the European Semester Flanders also makes an important contribution to the functioning of the Europe 2020 Monitoring Platform of the Committee of the Regions and is willing to share data, policy results and its approach with other governments.

LIST OF ABBREVIATIONS

AAVR	EU Algemene Vertegenwoordiging van de Vlaamse Regering bij de EU binnen de Permanente Vertegenwoordiging van België bij de EU (General Representation of the Government of Flanders to the EU within the Permanent Representation of Belgium to the EU)	EESC	European Economic and Social Committee
ABAD	Actieplan ter Bestrijding van Arbeidsgerelateerde Discriminatie (Action Plan for Combating Work-Related Discrimination)	EETS	European Electronic Toll Service
ADS	Algemene Directie Statistiek (Directorate General Statistics)	EFSI	European Fund for Strategic Investments
AGS	Annual Growth Survey	EIB	European Investment Bank
AIO	Agentschap voor Innoveren en Ondernemen (Flanders Innovation and Entrepreneurship)	E-level	Energy Performance Level
AO	Agentschap Ondernemen (Enterprise Flanders Agency)	EPC	Energieprestatiecertificaat (Energy performance certificate)
ARKIV	Private funds investing in promising SMEs	ERA	European Research Area
BAN	Business Angels Network	ERDF	European Regional Development Fund
BBC	Beleids- en Beheerscyclus (Policy and Management Cycle)	ESA	European system of national and regional accounts
BIV	Belasting In Verkeerstelling (Vehicle Registration Tax)	ESCO	Energy Service Company
CHP	Combined Heat and Power	ESD	Effort Sharing Decision
CNG	Compressed Natural Gas	ESF	European Social Fund
CO ₂	Carbon dioxide	ESFRI	European Strategy Forum on Research Infrastructures
CoR	Committee of the Regions	ETS	EU Emissions Trading System
CSR	Country-specific recommendation	EU	European Union
DFFMO	Design, Build, Finance, Maintain, Operate	EVC	Erkennen van Verworven Competenties (Recognition of Previously Acquired Competencies)
DHO	Databank Hoger Onderwijs (Higher Education Database)	EWI	Economie, Wetenschap en Innovatie (Economy, Science and Innovation)
EC	European Commission	FBS	Federal Public Service
EEN	Enterprise Europe Network	FIT	Flanders Investment and Trade
		FRGE	Fonds ter Reductie van de Globale Energiekost (Fund for the Reduction of Overall Energy Costs)
		FRP	Flemish Reform Programme
		FWO	Fonds voor Wetenschappelijk Onderzoek (Research Foundation Flanders)
		GDP	Gross Domestic Product
		GNSS	Global Navigation Satellite System

GWh	Gigawatt hour (unit of energy)	PMV	Participatiemaatschappij Vlaanderen (Flanders Investment Company)
HBO	Hoger Beroepsonderwijs (Higher Vocational Education)	PPP	Purchasing Power Parities
IBN	Innovative Business Networks	Ppt	Procent point
IBO	Individuele Beroepsopleiding in de Onderneming (Individual Vocational Training in the Enterprise)	PV	Photovoltaic
ICT	Information and Communication Technologies	PWA	Plaatselijk Werkgelegenheidsagentschap (Local Employment Agency)
IMEC	Interuniversity Micro-Electronics Centre	R&D	Research and development
ITI	Integrated Territorial Investment	R&D&I	Research, development and innovation
IWT	Agentschap voor Innovatie door Wetenschap en Technologie (Agency for Innovation by Science and Technology)	RE	Renewable energy
KB	Beleidsdomein Kanselarij en Bestuur (Policy Area Public Governance and the Chancellery)	REFIT	Regulatory Fitness and Performance Programme
LFS	Labour Force Survey	RVA	Rijksdienst voor Arbeidsvoorziening (National Employment Service)
LNG	Liquid Natural Gas	SALK	Strategisch Actieplan voor Limburg in het Kwadraat (Strategic Action Plan for Limburg Squared)
MPLW	Maximum Permissible Laden Weight	SDG	Sustainable Development Goal
MTOE	Million Tonnes of Oil Equivalent	SERV	Sociaaleconomische Raad van Vlaanderen (Flanders Social and Economic Council)
NEET	Not in Education, Employment or Training	SIFO	Sociaal Investeringsfonds (Social Investment Fund)
NRP	National Reform Programme	SME	Small and Medium-sized Enterprise
NT2	Basisopleiding Nederlands als Tweede taal (Basic course in Dutch as second language)	STEM	Science, Technology, Engineering and Mathematics
OBU	On board unit	STRES	Strategic Ecology Support
OCMW	Openbaar Centrum voor Maatschappelijk Welzijn (Public Centre for Social Welfare)	SVR	Studiedienst van de Vlaamse Regering (Research Centre of the Government of Flanders)
OKAN	Onthaalonderwijs van Anderstalige Nieuwkomers (Reception classes for non-Dutch speaking newly arrived migrants)	SYNTRA	Flemish Agency for Entrepreneurship Training
OKOT	Onderwijskwalificerende Opleidingstrajecten (Training Pathways for Educational Qualifications)	TINA	Transformation, Innovation and Acceleration Fund
OV	Onderwijs en Vorming (Education and Training)	ULC	Unit Labour Cost
		VDAB	Vlaamse Dienst voor Arbeidsbemiddeling en Beroepsopleiding (Flemish Service for Employment and Vocational Training)
		VEB	Vlaams Energiebedrijf (Flemish Energy Company)

VESOC	Vlaams Economisch en Sociaal Overlegcomité (Flemish Economic and Social Consultative Committee)
Vinnof	Vlaams Innovatiefonds (Flemish Innovation Fund)
VIS	Vlaamse Innovatiesamenwerkingsverbanden (Flemish Innovation Platforms)
VITO	Vlaamse Instelling voor Technologisch Onderzoek (Flemish Institute for Technological Research)
VKS	Vlaamse Kwalificatiestructuur (Flemish Qualification structure)
VLEVA	Vlaams-Europees Verbindingsagentschap (Liaison Agency Flanders-Europe)
VLOR	Vlaamse Onderwijsraad (Flemish Education Council)
VOP	Vlaamse Ondersteuningspremie (Flemish support premium)
VREG	Vlaamse Energieregulator (Flemish Regulator for the Electricity and Gas Markets)
VVP	Vereniging van de Vlaamse Provincies (Association of Flemish Provinces)
VVSG	Vereniging van Vlaamse Steden en Gemeenten (Association of Flemish Cities and Municipalities)
WEP	Werkervaringsprojecten (Work Experience Projects)
WIJ	Werkinleving voor Jongeren (Work experience for young people)
WSE	Werk en Sociale Economie (Work and Social Economy)
WVG	Welzijn, Volksgezondheid en Gezin (Welfare, Public Health and Family)

Annex 5: Reform Programme of the German-speaking Community

Mesures de la Communauté germanophone en faveur des objectifs UE2020 qui font partie intégrale de ses compétences.

1. Emploi – Marché du travail

In the German-speaking Community the unemployment rate of young people aged 15 to 24 was 14.6% in 2014. Fortunately it has only slightly increased since the economic crises (rate in 2007: 13%). 19% of the unemployed overall are young people. The unemployment rate of young people in the German speaking Community is however lower than the rate in the other regions of Belgium. Yet, compared to the general unemployment rate of 8.7% (2014) youth unemployment is still significantly high.

The ADG (Arbeitsamt) supports young people proactively. Each jobseeker will be attributed one personal “integration counsellor” and integration services will differ according to the identified needs of the jobseekers and based on their distance from the labour market. Young jobseekers will thus be oriented towards employment and job search or towards other initiatives (such as job application assistance, training schemes or integration measures...). These measures are carried out either by ADG itself or by any other external partner organisation. Moreover, young jobseekers can take part in individual job-trainings such as the various existing training schemes (e.g. individual job-training in an enterprise – “IBU”, APE, the transition traineeship-“EPU”).

Most reforms and initiatives are financed via the budget of the institutions. Some projects are financed through the European social fund or special complementary financing. The new ESF-program from 2015 onwards will also allow to finance new initiatives.

Since January 2016 the German speaking Community is responsible for the implementation of target group policies including young people. The government of the German speaking Community has announced its intention to use the competences transferred from the regional level to develop new target group policies. New strategies to increase labour market access for target groups will be worked out in 2016. The German speaking Community announced a focus on young people, low-skilled and long-term unemployed. It also intends to streamline a number of employment subsidies.

2. Education et formation professionnelle, formation tout au long de la vie

Référentiels de compétences

Depuis 2008, la Communauté germanophone (CG) assure le maintien et le développement de la qualité de son enseignement sur base de référentiels axés sur les compétences. À l’heure actuelle, il reste primordial d’assurer une structure d’accompagnement des enseignants dans leur travail avec ces référentiels.

Ces actions s’inscrivent dans la philosophie du Concept de développement régional (CDR) de la CG dont l’un des projets «Améliorer le Multilinguisme» prévoit l’implémentation dans les écoles de référentiels pour le cours d’anglais pour le 1^{er}, 2^{ème} et 3^{ème} degré ainsi que pour le français, première langue

étrangère, pour le 2^{ème} et 3^{ème} degré de l'enseignement secondaire. Cette mesure vise à accompagner les enseignants dans la mise en œuvre de la pédagogie par compétences dans leur pratique d'enseignement. Le développement d'un référentiel de compétences pour le cours de néerlandais pour l'enseignement secondaire général est également prévu. Ces différentes actions visent à améliorer les compétences linguistiques des élèves en optimisant les pratiques d'enseignement des langues étrangères.

La rédaction de référentiels de compétences pour les cours de mathématiques et d'allemand pour le 2^{ème} et le 3^{ème} degré de l'enseignement qualifiant est en cours et a pour objectif d'élever le niveau de compétences des élèves de cette filière à moyen et à long terme.

L'égalité des chances en matière d'éducation

L'égalité des chances en matière d'éducation et l'amélioration qualitative de l'enseignement sont les missions phares et permanentes de la politique éducative en CG qui s'attèle à la poursuite et au développement du «concept politique global en matière d'éducation» ayant pour objectif d'accroître les chances de réussite de tous les élèves.

Afin que les enfants et les jeunes acquièrent des compétences essentielles, il est nécessaire de proposer des offres d'apprentissage spécifiques qui tiennent compte à la fois des forces et des capacités, mais aussi des faiblesses de chaque élève.

La première phase d'action du Concept de développement régional (CDR I) a permis de poser les jalons de l'encadrement des élèves, indépendamment de leur origine sociale, culturelle et linguistique. C'est dans ce contexte que le Concept développement régional prévoit la mise en place d'aménagements en classe et à l'école pour les élèves présentant un handicap. Ces aménagements tendent à diminuer les inégalités entre les élèves.

De manière générale, différentes mesures ont été prises dans l'enseignement pour augmenter le taux de réussite scolaire et diminuer le taux d'échec et le décrochage scolaire, tenant compte de la Convention de l'ONU relative aux droits des personnes handicapées. Par ailleurs la CG poursuit ses efforts vers une école inclusive.

Il est souhaitable d'élargir davantage les structures de soutien scolaire, ceci incluant tant les conseils individuels aux élèves et aux parents que l'encadrement individuel des élèves surdoués et des élèves plus faibles. Il est nécessaire d'appliquer des critères transparents au sein des écoles et à l'échelle de la CG afin de délimiter ces différentes formes d'encadrement.

En ce qui concerne les cours, les capacités d'apprentissage de chaque élève doivent être appréhendées d'avantage afin de pouvoir différencier et prendre des mesures pratiques adaptées d'encadrement au quotidien. Cela inclut également la prise en compte du niveau des élèves dans la langue d'enseignement à des stades décisifs de l'éducation. En effet, le nombre d'enfants et de jeunes au sein de la CG dont la langue maternelle n'est pas l'allemand n'a cessé d'augmenter ces dernières années. Toutes les écoles ont à présent au quotidien pour mission d'intégrer des élèves issus de l'immigration (y compris de deuxième ou troisième génération) ou des élèves primo-arrivants. Il est indispensable d'impliquer ces élèves et leurs parents dans le processus de développement scolaire. Cette évolution sociétale est absolument à prendre en considération.

Compte tenu de ces nouveaux défis, les enseignants ont besoin d'instruments et d'aides méthodologiques et didactiques pour poser un diagnostic axé sur les compétences, encourager et accompagner tous les élèves dans leur apprentissage quotidien. Pour y parvenir, il est impératif de créer un concept individuel de formation initiale et continue axé sur les besoins de la CG et qui soit destiné aux enseignants, mais également aux chefs d'établissements et au personnel non enseignant.

Une approche pratique de la formation en alternance

Il est indéniable que la main-d'œuvre technique qualifiée se fait de plus en plus rare sur le marché du travail. Le projet d'avenir «Valoriser la formation technique et professionnelle» va sans doute aider à changer cette réalité. La CG met notamment l'accent sur l'attractivité des différents types de formation techniques et professionnelles, l'objectif étant de susciter une acceptation générale au sein de la société et de donner une valeur égale aux différentes formes d'enseignement.

La valorisation de la formation technique et professionnelle ne sera possible que si elle devient une préoccupation prioritaire de toutes les écoles. Ce ne sont pas uniquement les écoles secondaires techniques et professionnelles qui sont concernées, mais également les écoles primaires et les écoles secondaires de la CG orientées principalement vers un enseignement général. Lors de la mise en œuvre de ce projet d'avenir, il est nécessaire de veiller à ce que les jeunes qui ont besoin d'un encadrement pédagogique spécialisé au sens de l'inclusion aient un accès égal à l'enseignement ordinaire technique et professionnel et à la formation en alternance.

La création d'un campus pour le centre de formation des classes moyennes (ZAWM) et l'institut technique (TI) à St. Vith, à l'instar du campus déjà existant à Eupen, ouvre des perspectives de coopération entre les écoles secondaires d'orientation essentiellement générale, les écoles d'orientation qualifiante et les centres de formation tels que le ZAWM. De plus, l'instauration d'une offre de «formation professionnelle élémentaire» permettra aux élèves qui en ont le besoin, de se préparer pendant une année scolaire à la formation en alternance. Afin de faciliter l'accès à une formation en alternance, notamment pour des filles ou des jeunes femmes, des adolescents issus de l'immigration ou des jeunes avec des difficultés d'apprentissage, la CG s'efforce de développer de nouvelles professions dans le cadre de la formation en alternance.

Le caractère novateur du projet tient au fait que, tous réseaux confondus, toutes les formes d'écoles et de formations doivent travailler ensemble pour que chaque jeune de la CG soit encadré individuellement.

Finalement, le Concept de développement régional de la CG comporte des sous-projets relatifs à l'enseignement et la formation afin de favoriser le processus d'acquisition des compétences des élèves. Ainsi la CG aimerait améliorer, via des projets bien spécifiques, la maîtrise de compétences telles que les compétences en Technologie Information et Communication (TIC), les compétences linguistiques ainsi que les compétences personnelles et sociales.

Au-delà de cela, la CG favorise la collaboration entre les responsables de la formation et de l'enseignement, les institutions publiques et les entreprises afin de promouvoir la coopération entre les écoles et les entreprises. Une association a vu le jour pour réaliser des projets communs et mettre en pratique les référentiels de compétences comme le référentiel concernant la préparation des élèves au choix professionnel et à l'orientation professionnelle. Les entreprises participent activement à la formation des élèves et des apprentis en leur permettant d'effectuer les stages prévus dans le programme de formation au sein des entreprises.

3. Cohésion sociale et lutte contre la pauvreté

Politique d'intégration

A la différence des autres entités du pays, la Communauté germanophone ne dispose, à l'heure actuelle, ni d'un parcours d'intégration pour les primo-arrivants, ni d'un cours civique/d'intégration, ni d'un décret d'intégration. Mais le gouvernement de la Communauté germanophone dédie tout un projet de son Concept du Développement Régional (REK – Regionales Entwicklungskonzept) à l'intégration. Ce

concept constitue un des piliers du programme politique et du travail de notre gouvernement pour les années à venir. Le projet, qui s'appelle « Miteinander stark », s'étale sur plusieurs années et sera mis en œuvre en plusieurs étapes. L'élaboration d'un parcours d'intégration pour la Communauté germanophone et l'adoption d'un décret d'intégration par notre Parlement d'ici la fin de la législature sont parmi les projets les plus importants. En mai 2015, un groupe de travail a été instauré avec la mission de proposer au gouvernement un concept du parcours d'intégration pour le 1er Juillet 2016.

Un grand nombre d'acteurs provenant du domaine de l'enseignement professionnel, de l'éducation permanente et du domaine social offrent déjà des cours d'allemand. Cependant, afin de répondre à une demande croissante des cours de langues, le gouvernement de la CG a débloqué 150.000 € de ses propres moyens financiers par an pour des cours intensifs d'allemand. Il s'agit ici d'un financement récurrent.

A l'heure actuelle, le groupe de travail susmentionné se penche intensivement sur le contenu que devrait avoir un cours d'intégration. Il est envisagé que, dans les mois à venir, le groupe de travail proposera au gouvernement une table de matière détaillée de ce cours. Par la suite, le gouvernement aimerait charger une organisation du secteur avec l'élaboration du cours dans le cadre d'un projet. De telle manière, les travaux d'élaboration peuvent commencer avant que les recommandations finales sur l'intégralité du parcours d'intégration soient proposées au gouvernement. Vu la crise actuelle, le gouvernement et le groupe de travail jugent important de ne pas perdre trop de temps et de pouvoir concrétiser le cours d'intégration le plus rapidement possible. Après avoir reçu les propositions du groupe de travail, le Gouvernement établira un cahier de charges et procédera à un appel à projet. Une organisation sera chargée avec l'élaboration du contenu du cours. Cette étape concerne uniquement l'élaboration conceptuelle du parcours. A la fin, la CG disposerait d'un cours uniformisé qui pourrait par la suite être enseigné aux primo-arrivants figurant parmi le groupe cible du parcours (les détails des acteurs ne sont, à ce stade, pas encore fixé).

Le parcours d'intégration se composera de quatre différentes étapes:

- 1) L'accueil
- 2) Un cours civique
- 3) Des cours de langue : allemand comme langue étrangère
- 4) L'intégration socio-professionnelle

Politique de lutte contre la pauvreté

En 2015 la deuxième étape de la Recherche-action sur la pauvreté, la précarité et la vulnérabilité sociale en Communauté Germanophone a été effectuée par le Centre de Recherche en Inclusion Sociale de l'Université de Mons.

Le projet fait suite à la recherche-action menée en 2014 qui devait permettre de mieux cerner, au-delà des informations quantitatives disponibles, les contextes de précarisation effective et leurs représentations auprès des acteurs sociaux. Il s'agissait également de relever les réponses mises en œuvre dans les différentes communes de la C.G. face aux situations problématiques identifiées. Suite aux développements du premier projet, deux questions restaient en suspens : premièrement, les problématiques identifiées et les réponses apportées dans les dispositifs de l'action sociale correspondent-elles à l'expérience qu'en ont les personnes qui vivent dans des contextes de précarisation ? Deuxièmement, comment rendre les dispositifs de l'action sociale encore plus efficaces, efficaces et productifs compte tenu des disparités apparentes qui font suite aux observations enregistrées ?

Sur base de ces deux questions, deux objectifs généraux ont été associés au projet 2015 : Le premier visait à confronter les informations rassemblées au cours de la première phase du projet aux regards que portent les experts de vécu de pauvreté, de précarité et de vulnérabilité sur les problématiques

qu'ils vivent et les réponses qui sont apportées par les services sociaux. Le deuxième objectif ciblait la mise en réseau des différents services sociaux présents en C.G. et participant à la mise en œuvre de la présente recherche-action. Cette mise en réseau présuppose l'intégration de l'ensemble des services demandeurs ainsi que des dispositifs et méthodologies innovantes en C.G., telle que le case management.

Le rapport contenant les résultats du projet 2015 sera publié en mars 2016. À la suite, les dispositifs d'action sociale inclusive seront instaurés en Communauté Germanophone en collaboration avec les acteurs sociaux.

Politique familiale en vue de conciliation entre vie familiale et vie professionnelle

Entre 2010 et 2012, le « concept global de politique de la famille pour la Communauté germanophone » a été élaboré dans le cadre d'un vaste processus participatif impliquant tous les acteurs, la population et de nombreux experts de renom. Il a été présenté en mai 2012. Ce concept reprend les lignes directrices de la politique de la famille ainsi que six champs d'intervention axés sur des initiatives existantes et inédites.

La nouvelle compétence en matière d'allocations pour enfants, qui ne sera transférée aux communautés que dans le cadre de la sixième réforme de l'État, n'a pas été prise en compte au moment de l'élaboration du concept. Afin de préparer le transfert de cette nouvelle compétence, le groupe de travail formé à cette fin par le Gouvernement a présenté en 2014 un rapport comprenant toute une série de recommandations qu'il est nécessaire d'approfondir et d'analyser plus avant.

En outre, un nouveau décret relatif à l'accueil des enfants et les arrêtés d'exécution correspondants ont été adoptés durant le premier semestre de l'année 2014. Cette nouvelle base légale a permis notamment d'élargir le spectre des formes d'accueil en fonction des besoins (par exemple : mini-crèches, gardiennes d'enfants associées et autonomes et garderies d'enfants) et d'offrir une valorisation financière aux gardiennes d'enfants dans certains domaines.

Le transfert de la compétence « Logement » doit s'opérer en conformité avec la politique de la famille et en particulier avec l'accueil des enfants.

L'élargissement et le développement accru d'une offre d'accueil pour les enfants qui soit adaptée aux besoins et favorable aux familles, d'une part, et de l'accueil extrascolaire, d'autre part, constituent l'une des principales priorités de la politique de la famille et par conséquent du présent projet d'avenir. Dans ce contexte, il ne faut pas perdre de vue le principe de l'inclusion : les offres doivent être définies de sorte à être disponibles pour tous les enfants, aussi différents soient-ils, et adaptées à leurs divers besoins. Ce n'est donc pas à l'enfant de répondre à certains critères pour y accéder. Par ailleurs, la poursuite du développement d'offres facilement accessibles en matière de conseil éducatif et familial joue un rôle essentiel. Lors de la mise en œuvre des mesures propres au présent projet d'avenir, il est important que les prérogatives en lien avec la famille soient mises en relation les unes avec les autres dans le cadre d'une stratégie globale. Les nouveaux modes d'allocations pour enfants doivent permettre le développement d'un système d'aide aux familles intégré et adapté à leurs besoins. Par ailleurs, les offres actuelles de renforcement de la famille sont analysées avec les acteurs et adaptées, le cas échéant, aux besoins présents et futurs.

Mesures concrets:

1) IDENTIFICATION DES BESOINS EN MATIÈRE D'ACCUEIL DES ENFANTS AU MOYEN D'UN PORTAIL INTERNET

Afin d'adapter l'offre en matière d'accueil des enfants aux besoins présents et futurs des familles, un portail Internet doit être créé pour permettre la réservation en ligne de places dans les structures d'accueil. Grâce à ce portail Internet interactif, les parents bénéficient également d'informations en lien avec l'accueil des enfants. À l'avenir, ce portail permettra aux décideurs politiques de s'informer à tout moment du nombre de places nécessaires dans les structures d'accueil.

2) DÉVELOPPEMENT D'UNE OFFRE D'ACCUEIL POUR LES ENFANTS ADAPTÉE AUX BESOINS

Le développement futur et l'élargissement d'une offre d'accueil pour enfants qui soit adaptée aux besoins et favorable aux familles incluent à la fois l'extension des structures d'accueil existantes et la création de nouvelles formes d'accueil, comme l'aide de voisinage ou la cohabitation intergénérationnelle. En outre, il est nécessaire de garantir la professionnalisation des personnes actives dans l'accueil des enfants. Cette professionnalisation, qui peut par exemple s'acquérir grâce à des formations continues, s'articule autour de la promotion de la compétence en matière de communication interculturelle et celle du travail avec les enfants handicapés.

3) POURSUITE DU DÉVELOPPEMENT DE CENTRES D'ACCUEIL FACILES D'ACCÈS POUR LES FAMILLES

Tout en s'inspirant du projet pilote « Haus der Familie » (Maison de la famille), il est nécessaire d'agréer et de soutenir les offres de centres d'accueil faciles d'accès pour les familles dans le cadre du décret relatif aux points de contact social.

4) POURSUITE DU DÉVELOPPEMENT D'UN CONSEIL ÉDUCATIF ET FAMILIAL FACILE D'ACCÈS

Les offres de conseil éducatif et familial existantes doivent être optimisées et, le cas échéant, adaptées aux besoins des familles.

5) CRÉATION D'UNE BASE LÉGALE RELATIVE AU VERSEMENT DES ALLOCATIONS POUR ENFANTS DANS LE CADRE DE L'EXÉCUTION DE LA SIXIÈME RÉFORME DE L'ÉTAT

La création d'une base légale relative au versement des allocations pour enfants s'opèrera avec la participation des acteurs locaux et de la population de la DG. Les allocations pour enfants constituent un instrument important du soutien aux familles. Le système d'allocations pour enfants tel qu'il a été réaménagé fait ainsi partie intégrante de la politique de la famille et doit être adapté aux besoins des familles de la DG.

Annex 6: Reporting table on the assessment of the policy response to CSRs: qualitative assessment

Table A1. Description of the measures taken and information on their qualitative impact											
			Information on planned and already enacted measures							Foreseen impacts	
CSR number (1)	CSR sub-categories (2)	Number and short title of the measure (3)	Description of main measures of direct relevance to address the CSRs				Europe 2020 targets	Challenges/Risks	Budgetary implications	Qualitative elements	
			Main policy objectives and relevance for CSR (4)	Description of the measure (5)	Legal/Administrative instruments (6)	Timetable on progress achieved in the last 12 months (7)	Timetable on upcoming steps (8)	Estimated contribution to Europe 2020 targets (9)	Specific challenges/risks in implementing the measures (10)	Overall and yearly change in government revenue and expenditure (reported in mln. national currency) Contribution of EU funds (source and amounts) (11)	Qualitative description of foreseen impacts and their timing (12)

CSR 2 Federal government	Decrease taxation on labour	Decrease of employer social security contributions	Decrease taxation on labour, promote competitiveness and job creation	Decrease of the employer social security contributions from 32.4% to 25%, with a focus on low and middle incomes. The reduced rates already in place are maintained and amplified. There are also measures for the non-profit sector.	Programme law of 26 December 2015, articles 17-27	Implementation as of 2016	Gradual decrease during the 2016-2018 period			Budgetary impact of 1.835 billion € for 2016 and of 4.175 billion € for the 2016-2020 period	
CSR 2 Federal government	Decrease taxation on labour	Increase of the net salary of workers (mainly) through a combination of 3 measures: the lump sum business expenses, the tax rates and the tax-exempt amount	Decrease taxation on labour, make work pay and support the purchasing power	Concerning the lump sum business expenses, there is an increase of the brackets of income and of the rate of deduction Abolition of the 30% tax bracket through its integration in the 25% tax bracket and broadening the 40% tax bracket by increasing the lower threshold of the 45% tax bracket - The tax-exempt amount will be reformed in 2 steps:	Programme law of 26 December 2015, articles 130-145	Implementation as of income year 2016 (tax year 2017)	Gradual implementation during the income years 2016-2019 period (tax years 2017-2020)			Budgetary impact of 1.882 millions € in 2016 and 3.992 billion € for the 2016-2020 period	

				the income limit for the application of the tax-exempt amount will be increased as of tax year 2019 a uniform tax-exempt amount (i.e. regardless of the income) will be applied as of tax year 2020								
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<p>CSR 2 Brussels Capital region</p>		<p>Brussels Tax Re- form</p>	<p>Broadening of the tax base by a reduction of personal income taxes and an in- crease of real estate taxes</p>	<p>Suppression of the lump- sum regional tax of EUR 89 and of the ad- ditional levy of 1% on the fed- eral personal income taxes. Increase by 12% of Real estate taxes, but reduction of 120 € for residents of the Brussels Region in this respect. In 2017, the tax relief for the sole and own dwelling will be abolished. Instead, when purchasing an own dwelling in the Brussels Region, buy- ers will be en- titled to a re- duction of reg- istration duties of up to EUR 22,500,00, subject to cer- tain limitations. Furthermore, the regional surcharges on the personal income taxes will be lowered by half a per- centage.</p>	<p>Decree ("Or- donnance") of 18 De- cember 2015 related to the foirst part of tax reform</p>		<p>From 2016: sup- pression of the regional tax and additional levy of 1% on the per- sonal income taxes. Increase by 12% of real estate taxes. From 2017: abolishment of the tax relief for the sole and own dwelling and reduction of registration du- ties of up to 22,500 €.</p>				
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CSR 2 Flemish Region	Removing inefficient tax expenditures	Harm-onised tax reductions for the own dwelling	Removing inefficient tax expenditures	The Flemish tax reductions for the own dwelling are now harmonised and integrated in the integrated tax benefit for own dwellings	Program decree of 18 December 2015, chapter 10, 1st sub-section	Implemented Entry into force on 1st January 2016	Fully implemented			+ 2 million euro	Removing inefficient tax expenditures by integrating several tax expenditures into a harmonised system.
CSR 2 Flemish Region	Broadening the tax base	Road Tax	Broadening the tax base towards taxes based on ecological and environmental standards	The road tax for newly registered (new and second-hand) cars, remains based on the horsepower of the engine, but will in addition be subject to ecoboni or ecomali in function of the environmental performance of the vehicle	Program decree of 18 December 2015, chapter 10, sub-section 13	Implemented Entry into force on 1st January 2016	Fully implemented	Climate change: greenhouse gas emissions 20% lower than 1990		Budget neutral/ 0 euro	By shifting the road tax towards an eco-friendly standard, citizens are being stimulated to use eco-friendly cars, which should result in a reduction of greenhouse gas emissions.
CSR 2 Flemish Region	Broadening the tax base	Vehicle registration tax	Broadening the tax base towards taxes based on ecological and environmental standards	The CO2-emission benchmark and the specific amount due in function of the type of fuel and the European emission standards have been adjusted to the technical evolution for newly registered (new and second-hand) cars.	Program decree of 18 December 2015, chapter 10, sub-section 14	Implemented Entry into force on 1st January 2016	Fully implemented	Climate change: greenhouse gas emissions 20% lower than 1990		Budget neutral/ 0 euro	By shifting the vehicle registration tax towards an eco-friendly standard, citizens are being stimulated to use eco-friendly cars, which should result in a reduction of greenhouse gas emissions.

CSR 2 Flemish Region	Broadening the tax base	Kilometer charge	Broadening the tax base to- wards taxes based on eco- logical and envi- ronmental standards	Flanders will stop levying the time based road charge called 'Eu- rovignette' and introduce a kil- ometer charge for heavy goods vehicles over 3,5 tonnes MPW	Decree of 3 July 2015	Implemented Entry into force on 1st April 2016	Fully imple- mented	Climate change: greenhouse gas emissions 20% lower than 1990		+ 114.5 million euro	This tax reform should result in a more rational road use by heavy goods vehicles. The kil- ometre charge is being differentiated based on the EURO emission classes, which should urge to use more eco- friendly vehicles, result- ing in lower greenhouse gas emissions.
CSR 2 Walloon Region		Reform of the prop- erty tax (housing voucher)	Reform of fiscal incentives for house buying for an enhanced efficiency	Tax reduction for buying a new house, with a focus on low reve- nue people	Regional de- cree		In application for loans concluded since 1 st January 2016			Annual cost of the measure : 66 millions €	
CSR 3 Federal Govern- ment		Workable work	Improving the functioning of the labour mar- ket	Industries and companies will be allowed to experiment with new rules in the domain of labour legis- lation, in par- ticular in the field of work- ing time	A law will be submitted to Parliament in 2016		Entry into force in January 2017		A govern- mental deci- sion has to be made and the law has to pass Par- liament	Likely none	

<p>CSR 3 Brussels Capital Region</p>		<p>The 2025 Strategy</p>	<p>The 2025 Strategy's main objective is to 'redynamise' the Brussels Capital Economy' with a 10 year prospective vision. It fosters and reinforce collaboration and 'cross-policy making' between Employment, Economic, Research, Training and Education policies The Strategy is made of 18 main objectives who cross all of these policy fields. The Strategy is linked to the CSR in that it aims to give a better acces to the labour market and enhance the collaboration between Education, Training and Employment 'worlds'. Social partners are actively involved.</p>	<p>The Strategy works on 3 temporality: A 10 year prospective period; A 5 years (legislature) period with an evaluation of the strategy ; A yearly period to implement concrete measures in the framework of the strategy. Examples of concrete objectives are: Implementation of e circular economy program; Reinforcement of the training opportunities for the unemployed; Development of a regional Small Business Act. Reform and rationalization of institutions/departments active in the support to enterprizes and employers</p>		<p>The work is now in progress in the 18 objectives.</p>	<p>A monitoring tool is being developed in the framework of the 'Bureau Bruxellois de la planification'.</p>	<p>The operationalization of the strategy is expected to help raising the employment, rate, raise the qualification(s) of the labour forces, ...</p>		<p>87 million € for 2016</p>	<p>Monitoring and evaluation are programmed to have a clear view on qualitative and quantitative impacts. In terms of qualitative impact, the strategy is a powerful tool to enhance and reinforce cooperation between, education, training and employment public services. The strategy also aimed at fostering Regional Innovation policy.</p>
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<p>CSR 3 Brussels Capital Region</p>		<p>Reduction of social security contributions for the target group 'older workers'</p>	<p>This is a reorganization of a federal measure transferred to the Regions following the 6th State Reform. The aim is to better target it to answer regional needs. The measure targets older workers. The objective is to assure active ageing (maintaining older workers on the labour market) and improve the reintegration of older unemployed in the labour market.</p>	<p>Reduction of social contributions for workers aged 55-64. The target group is being restricted (55-64 years old instead of more than 54 years old). The 'wage ceiling' is lowered to better target low income workers. In a second time, introduction of a regional 'allowance' to encourage the hiring of unemployed aged 55-58 years old.</p>	<p>Legal adaptation is required.</p>	<p>/</p>	<p>The modified measure is expected to be active in the summer of 2016.</p>	<p>Contribution to the employment rate target, specifically for older workers</p>		<p>Definitive data not yet available</p>	<p>Implementation is expected to start in the summer of 2016. The modification of the measure aims to better reflect the characteristics of older workers in the Brussels Capital Region, and better target the low wage earner.</p>
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CSR 3 Flemish Region	Addressing skills short- ages and skills mismatches	Dual Learning	Addressing skills mismatch and skills short- ages	<p>Dual learning is equal to other forms of secondary education and creates perspective for youngsters and entrepreneurs. The aim is to provide the learners with a qualification that gives access to the labour market.</p> <p>A dual learning pathway combines learning at school with a relevant working experience. Learners get the opportunity to learn and integrate competences (related to the curriculum) in the labour market. In constructing this specific dual-learning-curriculum, the amount of workplace experience is aimed to be 60% or more of the total time spend on the curriculum.</p>	Decree on a unique contract for learners combining learning and working. Implementation: 01/09/2016	* Approval by the Flemish government of second concept note in July '15 * Start of a series of pilot projects	Implementation of the new dual learning system will start in September 2017	Dual learning helps youngsters to get a qualification, and as a consequence it contributes to decreasing the target on early school leaving.	Dual learning starts with a strong engagement of companies. This engagement must be focused on the learner as part of a learning process; this learner is not a regular employee. This engagement comes with an investment of companies.		Simplification of the statute for employment
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CSR 3 Walloon Region	Target groups	Reform of employ- ment aids (target groups)	Efficiency, co- herence and lis- ibility of the sys- tem. Focus on young people with low/middle qualification , older workers and long term unemployed	- Low qualified young people :3 years sup- port (500 € for 2 years, then degressive), entry in the system after 6 month work search for middle quali- fied - long term un- employed : de- gressive sup- port for 2 years (500 € 1 st year) - older workers : lowered em- ployers contri- bution	Regional de- cree	Reform project approved by the government on January 2016	Entry into force foreseen for 1 st January 2017	Impoving em- ployment rate		Annual budget 1.6 billion €	
CSR 3 French Com- munity, Wal- loon and Brussels- Capital Region	Improve the functioning of the labour market....and addressing skills short- ages and mis- matches.	Coopera- tion be- tween qualifying education and voca- tional training within 10 living are- as	Coherence of educa-tion/train- ing supply with socio-economic needs within 10 living areas. Ad- dressing skills mis-matches	Developing educa- tion/train- ing supply accord- ing to needs of enterprises, developing in- ternship	Decree and cooperation agreement	In September 2015, 10 living area are in place.		Increase (young) em- ployment rate, decrease of early school leaving, ad- dressing skills mismatches			
CSR 4 Federal Gov- ernment		Reform of the 1996 law	Reforming wage setting	The 1996 Law that defines the system to set an upper limit to wage increases will be reformed, i.a. to strengthen the correction and enforcement mechanisms	A law (amending the 1996 Law) will be submitted to Parliament in 2016		Entry into force before the bian- nual wage nego- tiations between social partners start (Autumn 2016)		A govern- mental deci- sion has to be made and the law has to pass Par- liament	No direct impli- cations foreseen	

CSR 4 Flemish Region			To increase the efficiency the current target group policy will be simplified in order to boost the overall employment rate.	A reduction in social security contributions will be granted to employers who hire young people (minus 25), the elderly (above 55) and people with a disability.	At the end of 2015 a proposal of law with regard to the simplification of target group policy has been approved by the Flemish government. The proposals has subsequently been voted in Parliament on the 24th of February and has finally been adopted by the government on the 4 th of March 2016.	In early 2015 the concept paper with regard the simplification of the target group policy has been approved by the Flemish government. The rest of the year has been mainly devoted to the preparation of the proposal of law.	In 2016 the main focus of the simplification of target group policy will be on the implementation of the law. The law will probably enter into force on the 1st of July 2016.	The measure is expected to further increase the employment rate for young people, elderly and people with a disability.			
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Annex 7: Reporting table on the assessment of the policy response to CSRs: quantitative assessment

This annex describes the macroeconomic and fiscal impact of measures taken by the federal government and collectively known as 'tax shift' measures³⁶. So defined, this operation is aimed at reducing fiscal and parafiscal charges on labour demand and supply and at increasing social spending and the tax rates on consumption and capital. The *ex ante* impact of all measures examined is summarised in Table 1. By 2020, the cumulative decline in labour charges should reach 2.1% of GDP, while the other measures should represent 0.5% of GDP. This total of 2.7% of GDP should be financed by a shift towards capital (income) taxation and indirect taxation up to 1.2% of GDP. Since no financing has been earmarked to the remaining 1.5%, the net financing capacity of general government should *ex ante* deteriorate proportionally.

Table A1: Measures taken into account in the impact assessment - summary
Additional effects as a percentage of GDP

	2015	2016	2017	2018	2019	2020	2015-2020
A. Revenues	0.1	-0.4	0.1	-0.3	-0.3	-0.2	-1.0
A.1. Social security contributions	0.0	-0.4	-0.1	-0.1	-0.1	-0.2	-1.0
A.2. Taxation	0.1	0.1	0.2	-0.2	-0.3	0.0	-0.1
A.2.1. Taxes on household income	-0.1	-0.4	0.1	-0.3	-0.3		-1.0
A.2.2. Corporate tax	0.1	0.1	0.0	0.0	0.0	0.0	0.2
A.2.3. VAT	0.0	0.1					0.2
A.2.4. Excise duties	0.0	0.1	0.1	0.1	0.0	0.0	0.4
A.2.5. Other taxation	0.0	0.1					0.1
A.3. Non-tax revenues		0.0	0.0				0.0
B. Expenditure	0.1	0.1	0.0	0.1	0.1	0.1	0.4
B.1 Social expenditure	0.1	0.1	0.1	0.1	0.1	0.1	0.5
B.2. Wage subsidies	0.0	0.0	-0.1	0.0	0.0	0.0	0.0
C. Balance	0.0	-0.5	0.0	-0.4	-0.4	-0.3	-1.5

Table 2 summarises the main macroeconomic and fiscal effects by 2021 of the measures listed in the preceding table.

The decrease in labour costs has major effects on employment and economic activity through various channels. Firstly, modifying relative prices of the production factors favours substitution towards labour. This direct effect is further reinforced by a multiplier effect: higher employment increases the households' disposable income and consequently leads to a rise in economic activity and further job creation. In total, 45 000 additional jobs should be created by 2021. The rise in real disposable income of individuals is due not only to the rise in employment but also to social and tax measures that increase purchasing power. These factors largely compensate for the inflationary effects of the increases in VAT rates and excise duties on the purchasing power. Secondly, lower labour costs lead to lower domestic

³⁶ The details of the measures examined are set out in the report 'Effets macro-économiques et budgétaires des mesures de tax shift du gouvernement fédéral', Federal Planning Bureau, November 2015 : http://www.plan.be/admin/uploaded/201512181002100.Point_13_annexe_F.pdf

prices, which fosters competitiveness and boosts exports. However, the measures taken to finance the reductions in employers' contributions drive prices up and thus limit the drop in export prices. Thirdly, business profitability grows. This evolution, coupled with increased production, stimulates business investments. Overall, GDP should grow by 0.6% in 2021. The current account balance deteriorates as a result of a decrease in net exports.

Table A2: Macroeconomic and fiscal results of all measures
Differences in % (unless otherwise specified), compared to the reference scenario

	2016	2017	2018	2019	2020	2021
GDP (volume)	0.2	0.2	0.3	0.4	0.5	0.6
Household consumption	0.5	0.5	0.8	1.2	1.5	1.7
Gross capital formation	0.3	0.3	0.5	0.7	0.8	0.9
Exports of goods and services	0.0	0.1	0.1	0.1	0.1	0.1
Imports of goods and services	0.1	0.2	0.3	0.4	0.5	0.6
Prices						
National consumer price index	0.6	0.8	0.9	1.0	1.0	0.9
Health index	0.4	0.4	0.4	0.4	0.4	0.4
Domestic employment (differences in thousands)	7.4	12.0	17.8	24.0	38.2	45.2
Real household disposable income	0.8	0.7	1.2	1.9	2.1	2.3
Balance of payments current account (definition of the national accounts, differences in percentage points of GDP)	-0.2	-0.2	-0.3	-0.4	-0.5	-0.6
General government net lending (differences in percentage points of GDP)	-0.3	-0.2	-0.6	-0.9	-1.0	-1.0

By this time, the net lending (+) or borrowing (-) of general government has deteriorated by 1.0% of GDP, while the *ex ante* cost of the package of measures should reach 1.5% of GDP. The increased economic activity, its higher labour intensity and the effects on prices have positive payback on public finances.

Annex 8: Reporting table on national Europe 2020 targets and other key commitments

Table A3. Description of the measures taken and information on their qualitative impact		
Target / policy area	List of measures and their state of play that were implemented in response to the commitment	The estimated impacts of the measures (qualitative and/or quantitative)
	National Europe 2020 targets	
Employment	<p>Federal government The Federal minister of Employment will organise a conference with the other authorities to tackle the problem of low employment intensity among people with a foreign origin. Improvements in the areas of employment, migration, anti-discrimination and education are possible.</p>	<p>Federal government The overall employment rate could increase significantly.</p>
	<p>Wallonia Single multi-partner guidance for life long learning, based on the 3 “Cités des métiers” (trade cities) – (approved)</p>	<p>Wallonia The objective is to allow all groups (young people, parents, students, workers or unemployed, businesses, trainers, teachers, ...) to develop a long life learning approach, with the support of a multi-stakeholders partnership, in mutual spaces</p>
	<p>Flanders The Flemish government will create a new measure, called ‘Wijk-werk’. The measure offers long term unemployed jobseekers a secure but professional environment in order to retain (or upgrade) their skills level. The measure has been recently adopted in a concept paper by the government. In 2016 the framework will be further refined and the measure will go into force on the 1th of July 2017.</p>	<p>Flanders Flanders aims to attain an employment rate target of 76% of the active population by 2020. The main aim of the ‘wijk-werk’ measure is to create a ‘low threshold’ instrument that can be a first step to work in the regular job market for people with a large distance to the labour market. The measure is intended to be temporary in nature (maximum 6 months). Intensive guidance will be offered by counsellors and a small reward will be offered as well.</p>
	<p>Brussels Capital Region Integration contract (Contrat d’insertion) linked to the Youth Guarantee Dispositive to give under 25 young long term unemployed people access to the labour market: 1 year long employment contract within the public sector and non profit sector through the creation of a new employment measure. The measure is expected to start in July 2016.</p>	<p>Brussels Capital Region Approximately 300 work contracts can be expected in 2016 2017 should be seen as a test year which, if the measure is positively evaluated, can lead to an extension of the measure (under 30 people, employers of the private sectors,...).</p>

R&D and innovation	<p>Flanders</p> <p>Target: More lever of public R&D&I efforts on the businesses sector.</p> <p>Summer 2015, the Flemish Government approved a conceptual paper on an entrepreneurial-driven cluster policy. This reshapes the strategic cooperation between government, knowledge institutes and companies. Two types of clusters will be supported (each to a max of 50% public support). The innovative business networks (IBN) will be bottom-up networks on a small scale, with a future potential. The spearhead clusters will be active in the main innovative domains (e.g. sustainable chemistry) and must make an economic difference, on a large scale, and work on a triple helix model basis.</p>	<p>Flanders</p> <p>Flanders aims to attain a R&D-intensity target: 3% by 2020. Total Flemish STI budget is 2.18 billion euro in 2015.</p> <p>A call for IBN proposals was launched end 2015. In the first phase, 33 proposals have been selected for a second and final phase. The IBN will be supported each for 150000 euro per annum over 3 years. One strives to support about 15 proposals. The domains of sustainable chemistry, logistics, materials and agro-food have been suggested to forward a proposal for a spearhead cluster. These will be supported each for 500000 euro per annum over 10 years. One strives to support about 5 of these initiatives.</p>
	<p>Brussels Capital Region</p> <p>The Brussels Capital Region has increased by 25% the budget dedicated to R&D in order to launch a series of new actions and instruments and implement a new strategy of open and inclusive innovation and smart socialisation.</p>	<p>Brussels Capital Region</p> <p>Adapt to the evolution of the innovation landscape, provide new funding tools to all R&D stakeholders and bring the region closer to the 3% objective</p>
	<p>Wallonia</p> <p>Adoption of the regional smart specialisation strategy and reform of the RDI support decree accordingly (adopted)</p>	<p>Wallonia</p> <p>Better articulation of innovation and industrial policy, with the aim of developing excellent specialisation. Simplification and efficiency of the support system.</p>
GHG emission reduction	<p>Brussels Capital Region</p> <p>In the Brussels Region, 2015 has been especially dedicated to climate. On the way to the COP21 in Paris in December, several activities linked to climate have been organized, such as the environment festival in June of which climate was the main theme, a climate exhibition in Brussels Environment from September to December, a brainstorming meeting gathered more than hundred youths to define climate policy actions in November, etc. Furthermore, in June and July, the air-climate and energy regional plan has been submitted to a big scale public scrutiny. During two months, every Brussels citizen and organization has been invited to give his opinion on the actions and measures of the plan.</p>	
	<p>Flanders</p> <p>The Flemish climate policy plan (2013-2020) includes measures in all relevant areas of Flemish policy reducing greenhouse gas emissions, in accordance with the non-ETS target that was set for Belgium (-15%) in the European Effort Sharing Decision.</p>	<p>Flanders</p>

	<p>In the light the climate challenges resulting from the Paris Climate Agreement (December 2015), the Flemish government will organize a climate summit in april 2016 to discuss new commitments by government, companies, workers unions, environmental organizations and research institutions. A second summit is foreseen in November 2016 resulting in agreements that provide a basis for further actions in the 2021-2030 period.</p>	<p>Within the first progress report of the Flemish Climate Policy Plan, the 2013-2020 compliance situation is reassessed, also taking into account the agreements made in the internal Belgian effort sharing process. For Flanders it includes a reduction of 15.7% of greenhouse gas emissions in 2020 compared to 2005. The Flemish emissions were in line with the reduction path towards 2020, and resulted in a surplus of, respectively, 1.9 and 3.5 Mton CO₂-eq in 2013 and 2014.</p>
	<p>Wallonia Infrastructure plan 2016-2019 (640 millions € - adopted)</p>	<p>Wallonia The objective is to improve mobility, develop multimodality and fight against road congestion in main activity centers</p>
Renewable energy	<p>Flanders In order to promote the investments in renewable energy, the Flemish government took actions for optimizing and simplifying the support mechanism (certificate system for renewables and CHP). With the project Fast Lane for Wind Energy, the Flemish government will investigate the technically and socially acceptable potential of wind turbines, accelerate permitting on suitable locations, and develop a road map for increasing public support for wind energy projects. Solar energy will be further promoted by means of the development of a charter for group purchases of PV panels, and the development of a solar energy map. The support for green heating projects is continued, and extended to deep geothermal energy projects, the production of bio-methane as a fuel and district heating projects. The action plan Clean Power for Transport aims to stimulate the market of clean power vehicles (electricity, CNG, LNG and hydrogen) and the development of the necessary infrastructure.</p>	<p>Flanders According to the intra-Belgian burden sharing agreement, the renewable energy target for Flanders corresponds to a production of 2.156 Mtep (or 90.267 PJ) renewable energy in 2020 (Belgian target: 13% = 4.224 Mtep). In 2014, the production of renewable energy was 54.9 PJ, or 5.7% of the final energy consumption.</p>
	<p>Wallonia New objectives adopted, with distribution of effort by sector.</p>	<p>Wallonia Objective of 13% for 2020 and 20% for 2030</p>

	<p>Brussels Capital Region</p> <p>On December 17th 2015, the Brussels Government adopted a new decree regarding green electricity and quality CHP promotion. The legislation was finally framed to fit with the EU framework, simplifying the management of green certificates and certification procedures. On December 18th 2015, the Government adopted a new decree modifying the decree fixing the green certificate quotas for 2013 and following years.</p> <p>Regarding the development of a fully integrated RES strategy for 2020, the reflection is still running on.</p>	
Energy efficiency	<p>Wallonia</p> <p>Reform of housing and energy support system (in application since april 2015)</p>	<p>Wallonia</p> <p>Support to energy efficiency in buildings through 0% loans</p>
	<p>Brussels Capital Region</p> <p>Since 2014, the Brussels Region is developing a comprehensive strategy for the renovation of buildings (private and public), in accordance with the Energy efficiency directive. In 2015, the particular issue of renovation in rented properties (60% of Brussels inhabitants rent their housing) has been explored. A pilot project has been underway since September 2015 to test a mechanism which allows owners to pass on some of the energy-saving investments on their tenant, who receives in return an improved comfort and a reduced energy consumption.</p>	
	<p>Flanders</p> <p>Introduction of energy performance standards for all type of buildings.</p> <p>A 'Renovation pact' was launched in December 2014. The objective of the Renovation pact is to develop a coherent action plan that, in a short-, medium- and long-term perspective, will lead to a strong increase of the renovation rate of the building stock and optimize the energy performance to the NZEB level.</p> <p>Introduction of loans for energy saving investments in dwellings: 2% or 0% (the latter for low-income families).</p> <p>Start of the new energy policy agreements 2015-2020 between the Flemish Government and the energy-intensive industry (annual primary energy consumption > 0.1 PJ). Large companies that do not belong to this category are obliged to have an energy audit as from 1 December 2015 on.</p>	<p>Flanders</p> <p>To contribute to the national target (43.7 Mtoe primary energy consumption in 2020), and in accordance with the targets for final energy use in the Energy Efficiency Directive, the Government of Flanders aims :</p> <ul style="list-style-type: none"> - for 2016 : to save 9% on the basis of the average final energy consumption (2001-2005) by the non-ETS sectors; - for 2020: to achieve new savings each year from 2014 to 2020 of 1.5 % of the annual energy sales to final customers (excluding transport) averaged over 2010-2012. <p>In 2012, the savings in final energy consumption amount to 1.81 Mtoe. It is estimated that by the end of 2016, an energy saving of 14% is possible.</p>

Early school leaving	<p>Flanders</p> <p>The Flemish government has developed a new action plan 'together against school dropout'. It comprises actions concerning "the right to learn" (the right of every pupil to qualitative education and guidance), as well as truancy and early school leaving. It aims at maximising the number of pupils leaving secondary education with a diploma. A concept note will be further elaborated in cooperation with the relevant stakeholders. The plan contains remedial as well as a preventive aspects, in line with the European Recommendation against early school leaving. Local education and government actors will be rolling out the action plan. Finally, the plan foresees actions to stimulate "information rich environments", to provide all actors involved with the necessary information to execute and follow up on policy (examples are the development of the Flemish indicator early school leaving and the web page "my education" where schools can collect aggregated data on themselves)</p>	<p>Flanders</p> <p>The Belgian national Europe 2020 target is 9.5%. The Flemish target is 5.2%. In 2014, Flanders was at 7%.</p>
	<p>French Community</p> <p>The "Pact for Excellence in education" is now in 3th step. A large consultation will support the definition of priority for action in a 10 years timeframe. Adoption planned for end 2016.</p>	<p>French Community</p> <p>Improve quality and performance of education, better resources allocation, fighting against early school leaving</p>
Tertiary education	<p>Flanders</p> <p>The Flemish government aims to maximize students' chances to pass. To put a stop to the trend of extending the duration of studies, the relevant legislation has been reformed. Through the Databank Higher Education, higher education institutions can monitor student performance across institutions and programmes starting from the academic year 2015-2016. This allows them to provide more adequate and faster guidance and take reorientation measures and potential measures to keep track of students' progress. The system of "learning credit" (leerkrediet), that tracks students' progress as well, is also under revision.</p>	
	<p>French Community</p> <p>Continue to implement the "landscape of higher education". Some improvements were adopted in February and December 2015 so as to simplify some resort procedures and improve the academics pathway. To cope with the increased number of students, the French Community adopted on 1 February 2016, a draft decree providing for a refinancing of higher education for the years 2016-2019, for a total of more than € 100 million.</p>	<p>French Community</p> <p>Optimize resources and raise the performance of tertiary education system; research excellence, consistency of the supply, increasing collaborations, quality of education, accessibility and promoting success</p>

Poverty	<p>Federal government Structural mechanism for adapting social security and social assistance benefits to the development of the general standard of living. Implementation in 2015-2016.</p>	<p>Federal government Supporting the income of the lowest income categories through an increase of (selected) social assistance and social security benefits on top of the adjustment to the consumer price index. The welfare envelopes 2015-16, 2017-18 and 2019-20 (as determined on the basis of the law of 23/12/2005) will be fully used. The government intends to progressively raise the minimum benefits in social security and social assistance to the level of the EU poverty threshold, taking into account certain advantages that accompany those benefits and taking care to avoid financial unemployment and inactivity traps.</p>
	<p>Federal Government Drafting an individualized trajectory towards social integration is made obligatory for all social integration allowance beneficiaries. Community service has been made part of the trajectory.</p>	<p>Federal Government Empowerment and societal participation of social integration allowance beneficiaries and their integration into the labour market.</p>
	<p>Brussels Capital Region The problem of homelessness requires a coherent global plan to fight against the phenomenon on both the short and the long run, with local partners and specialized stakeholders. This comprehensive plan took the form of a "General Policy Note" on the issue of homelessness. That note adds, to the traditional themes linked to homelessness emergencies (night shelters, winter issue), the need to coordinate actions of reintegration through housing and through the opening or maintaining of the client's social rights. Indeed, such actions, centred on the principles of social (re)-inclusion already exist, but the large variety of these in Brussels could be improved by a gain in coordination. That General Policy Note includes the creation of two separate bodies that will support the organization of incoming and outgoing flows : first, a coordination of emergency and winter hosting, which will also be a kind of dispatching of the emergency; secondly, a social (re)-integration agency.</p>	<p>Brussels Capital Region Improving the coordination of reintegration through housing and through the opening, or maintaining, of the client's social rights, should provide an added value to the system in terms of getting more homeless people out from the emergency network towards a longer-term action of re-integration.</p>
	<p>Flanders The Government of Flanders will continue to assume its responsibility using structural initiatives related to poverty prevention and poverty reduction with a specific focus on the prevention and combating of child poverty. A complete list of the Flemish measures can be found in the Flemish action plan for poverty reduction. In 2017 the plan will be reviewed.</p>	<p>Flanders The reduction of the poverty rate in Flanders. Composite indicator (% people in poverty or social exclusion) (2012): 16.0% (2013): 15.4%</p>
	<p>Wallonia 1st regional plan against poverty (adopted)</p>	<p>Wallonia Action plan in several domains will be adopted, for an integrated approach of fight against poverty (housing, food, family, energy, water, health, mobility, leisure, digital, access to rights)</p>
Other key commitments		

(Related to AGS priorities, Euro Plus Pact commitments, commitments in relation to 2020 targets, to National Job Plans, to other key bottlenecks identified in the NRPs, commitments in relation to flagship initiatives)		
Federal implementation of the EU action plan on circular economy:	<p>Set up of a Knowledge Center :</p> <ul style="list-style-type: none"> • Elaboration of a Federal Strategy and a roadmap for circular economy • Development of a set of indicators and a scoreboard. • Set up of a platform for exchange of information • Set up of a system to collect information and studies at national and international level • Elaboration of a Study on product lifespan 	<p>These indicators will be used for educational purposes and will form the basis to monitor Belgian policies for a sustainable economy</p> <p>This platform is aiming at fostering exchanges and encounters between the main actors, namely an inter-ministerial economic committee workgroup on sustainable economy.</p> <p>This study has yet to be established.</p>
Federal Plan for SMEs	<p>Implementation of the Federal Plan for SMEs: Some examples of measures entered into force in 2015</p> <p>Measures have been taken to improve the social status of independent contractor and, thus, encourage entrepreneurship.</p> <p>Since 2015 pension scheme for self-employed has been improved (minimum amount and calculation method), as have social security contributions, which are now based on current year of revenue and no longer on the revenue of three years earlier (Y-3).</p> <p>A provision has been put in place for the helper who is taking care of a seriously ill child or parent.</p> <p>Enter into force of the reform and simplification regarding allowed activities for people unable to work or in disability.</p> <p>Particular attention paid to retail sector and local shops by the launching of a broad consultation with the concerned organisations in order to identify existing problems and propose possible solutions.</p> <p>A special status "student entrepreneur" is under consideration.</p>	<p>The Federal Plan for SMEs aims at 6 priorities :</p> <ol style="list-style-type: none"> 1. Promoting competitiveness and fighting social dumping. 2. Promoting entrepreneurship. 3. Facilitating access to finance. 4. Reducing administrative burdens. 5. Promoting the internationalization of SMEs. 6. Special attention for labour-intensive sectors.

	<p>Flanders</p> <p>The Flemish Government has approved a concept paper for Entrepreneurship in which the new Flanders Innovation and Entrepreneurship agency will have a leading role. Among the main principles are a life cycle approach (with focus on (pre)start and access to finance, promotion, a culture of entrepreneurship and the image of it, and internationalisation. Other aspects include restarts of bankrupted businesses and issues such as takeovers. Another initiative is the new action plan 2015-2019 on entrepreneurial education.</p>	<p>Flanders</p> <p>Budget in 2016 is 19 million euro.</p> <p>Expected outcome is a better understanding of entrepreneurship by more people, during more stages in the life cycle of companies, and support entrepreneurs during specific moments of their careers e.g. at take-overs or transfers onto another generation.</p>
	<p>Flanders</p> <p>The new strategic research centre Flanders Make vzw, established by the Flemish Government in 2014, focuses on the long-term strengthening of international competitiveness position of the Flemish manufacturing industry by implementing industry-driven, pre-competitive, excellent, strategic and applied research in three fields of technology (mechatronics, product development methods, advanced production technologies).</p>	<p>Flanders</p> <p>Flanders Make: 2015: 13.2 million euro; 2016: 13.2 million euro</p>
	<p>Wallonia</p> <p>Renewal of the Competitiveness Poles policy, in line with the regional smart specialisation policy ((642 millions € for 2015-2019. A focus will be given to industrial valorisation, SMEs involvement, innovation and creativity, internationalisation and circular economy.</p> <p>Digital action plan 2015-2019 (503 millions € - adopted), covering actions in several areas: connecting the territory, digital economy and industry 4.0, administration 4.0 and skills</p>	<p>Wallonia</p> <p>Fostering innovation, creation of innovative value chains, and support to industrial projects.</p>

Annex 9: Opinion of the Central Economic Council and the National Labour Council (in French)

En Belgique, la rédaction du programme national de réformes (PNR) se fait dans le cadre de mécanismes de concertation établis entre l'Etat fédéral, les Régions et les Communautés (Comité d'accompagnement). La Chancellerie du Premier Ministre assure la direction du Comité de rédaction du PNR. Le document de planification montre qu'un premier draft du PNR sera disponible le 7 mars 2016 et l'avis des Conseils est demandé pour le 9 mars 2016. Les deux Conseils souhaitent qu'une présentation du projet de PNR soit faite aux interlocuteurs sociaux au moment le plus opportun.

La lecture des indications données au Comité de rédaction du PNR montre que d'importants domaines qui seront repris dans le PNR recourent largement les domaines qui sont traditionnellement au cœur du dialogue social développé au niveau national, sectoriel et régional.

Quelques considérations et moments clés (en 2015) du dialogue social connecté à la problématique de l'intégration européenne et des exigences accrues de la coordination européenne des politiques socio-économiques :

- Le 30 avril 2015, une rencontre, voulue par le vice-président de la Commission européenne M. Dombrovskis, a eu lieu au Conseil central de l'Economie (CCE) et au Conseil national du Travail (CNT), avec le « Groupe des dix ». Cette rencontre s'inscrivait dans le prolongement de la conférence européenne de haut niveau tenue le 5 mars 2015 et qui portait sur une meilleure implication des interlocuteurs sociaux dans la conception et la mise en oeuvre des politiques décidées aux niveaux européen et national. Cette initiative consacre la volonté maintes fois affirmée par les instances du Conseil central de l'Economie et du Conseil national du Travail d'organiser le dialogue et les consultations avec les interlocuteurs sociaux dès les premiers jalons du processus décisionnel européen pour que leurs débats, leurs travaux et leurs contributions puissent alimenter de manière effective et pertinente le positionnement politique du gouvernement belge. Une rencontre similaire entre le Groupe des dix et Mme THYSSEN, Commissaire européen en charge de l'Emploi, des Affaires sociales, des Compétences et de la Mobilité est prévue fin mars 2016.
- Dans le cadre du Semestre européen, et de manière récurrente, dans la foulée de la publication par la Commission européenne de l'Annual growth survey (AGS) et du Rapport sur le mécanisme d'alerte sur les déséquilibres macro-économiques, des contacts et auditions sont organisés au niveau du CCE avec les représentants belges auprès du comité de politique économique (CPE). Au travers des activités du CNT, les interlocuteurs sociaux sont étroitement associés aux travaux du Comité de Protection sociale et du Comité de l'emploi, via des contacts réguliers avec les représentants belges auprès de ces comités ainsi qu'avec les représentants des cabinets ministériels concernés.
- Depuis quelques années, à l'occasion de la publication du « Country profile – Belgique » par la Commission européenne, une rencontre se déroule entre les membres du CCE et du CNT avec le Desk Belgique de la Commission. Ce dialogue avec la Commission européenne apparaît comme une clarification nécessaire du cadre analytique et des évaluations de la Commission européenne de la politique socio-économique du pays, des défis sous-jacents de ces évaluations mais aussi des intentions des autorités politiques du pays dans la perspective de la coordination des politiques socio-économiques au niveau européen ainsi que leurs articulations à tous les niveaux de pouvoir avec les autres objectifs de l'action des autorités publiques et des interlocuteurs sociaux.

- En novembre 2015, dans le cadre des discussions européennes sur la mise en place des conseils de compétitivité, les interlocuteurs sociaux ont estimé dans un courrier adressé au gouvernement qu'il est important de ne pas procéder à la mise en place d'une nouvelle structure. Avec d'autres institutions du pays (Bureau fédéral du plan, BNB,...), le Conseil central de l'économie apporte, grâce à la crédibilité de ses analyses, une contribution forte à l'examen de la compétitivité macro-économique du pays. D'ailleurs, ce rôle du Conseil central de l'économie est reconnu explicitement et donné en exemple dans le Rapport européen des cinq présidents : plan pour renforcer l'UEM de juin 2015. Les interlocuteurs sociaux conviennent qu'ils disposent ainsi dans le cadre du dialogue au sein du Groupe des dix, des rapports économiques solides pour déterminer, d'une part, la norme salariale permettant une maîtrise au niveau macroéconomique de l'évolution des coûts salariaux en Belgique mais aussi des éléments permettant d'objectiver et d'inscrire l'action des interlocuteurs sociaux et du gouvernement dans un cadre macroéconomique plus large que la négociation classique sur les salaires.
- Le Comité national des Pensions a été institué en juin 2015. Cet organe de concertation sociale (dont le secrétariat est assuré par le CNT et le CCE) rassemble des représentants des employeurs et indépendants, des travailleurs et du Gouvernement. Il a pour mission de préciser les contours de plusieurs réformes structurelles importantes concernant, notamment, la prise en compte de la pénibilité du travail et la possibilité de prendre une pension partielle.
- Ces dernières années, la Commission européenne souligne, notamment dans ses recommandations à la Belgique, les problèmes de coordination inhérents à la structure fortement régionalisée de la Belgique, qui rendent nécessaire une organisation efficiente de la gestion publique étant donné l'existence de multiples niveaux de pouvoir. Pour ce qui concerne les interlocuteurs sociaux, des plateformes communes ont été mises en place entre le Conseil central de l'Economie, le Conseil national du Travail et les Conseils économiques et sociaux régionaux pour examiner conjointement des questions de mobilité, de formation et de stages en entreprises.
- Avec l'exécution de la sixième réforme de l'Etat en Belgique, les interlocuteurs sociaux ont interpellé, en 2014, le gouvernement en soulignant l'importance de la stabilité et de la continuité de la représentation belge au niveau européen et de préserver la prise de position coordonnée de la Belgique dans les différentes instances européennes tout en tenant compte suffisamment des points de vue de l'ensemble des entités fédérées.
- Outre leur rôle dans le semestre européen, les Conseils constituent les relais institutionnels essentiels pour la mise en œuvre au plan national des accords conclus au niveau du dialogue social européen (voir notamment la mise en œuvre de l'accord cadre sur les marchés du travail inclusifs du 25 mars 2010). Les Conseils sont également associés à la plateforme regroupant, autour du Comité économique et social européen, les Comités économiques et sociaux nationaux pour échanger des informations sur la stratégie Europe 2020 (comité de pilotage Europe 2020).

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La présente contribution donne un aperçu des principaux avis, rapports et études émis par les Conseils les dix-huit derniers mois qui peuvent avoir un lien avec l'adoption du programme national de réformes - 2016.

1. *Emploi / compétitivité*

La thématique de la compétitivité et de l'emploi est au cœur des objectifs de la stratégie UE-2020. La loi fédérale de 1996 sur la promotion de l'emploi et la sauvegarde préventive de la compétitivité confie au CCE la mission permanente de surveillance de l'état de la compétitivité de la Belgique. Cette loi fait du CCE un pivot de la politique économique du gouvernement. La loi prévoit que le secrétariat du CCE émet chaque année un rapport technique, discuté par les interlocuteurs sociaux en commission du CCE, sur les marges maximales disponibles pour l'évolution du coût salarial. Cette commission discute également des rapports sur les aspects structurels de la compétitivité dans lequel des suggestions peuvent être formulées. Ces Rapports sont transmis au Parlement ainsi qu'au Gouvernement fédéral et en ce qui concerne le Rapport sur les salaires aussi aux interlocuteurs sociaux. La loi prévoit que sur la base du Rapport technique, les interlocuteurs sociaux interprofessionnels définissent le cadre de la négociation collective au niveau des Commissions paritaires et des entreprises. En matière de compétitivité structurelle, le gouvernement peut soumettre les rapports à une concertation avec les interlocuteurs sociaux.

En 2015, le Rapport¹ est complété d'études documentaires discutées par les interlocuteurs sociaux. Ces études documentaires ont fait l'objet de conclusions de la part de des interlocuteurs sociaux. Elles concernent une note documentaire relative à l'emploi : le taux d'emploi et l'évolution structurelle de l'emploi ; une note documentaire relative au compte des ménages, partie 1 "Ontwikkeling van de koopkracht van de particulieren" ; une note documentaire relative au contexte macroéconomique ; une note documentaire relative à la consolidation budgétaire : un arbitrage entre des considérations à court et à long terme ; une note documentaire : Belgium 2.0. naar een succesvolle digitale transformatie van de economie: de rol van breedbandinfrastructuur en andere elementen ; documentatienota betreffende de werkloosheidsverzekering : opvolging van de effecten van de versterkte degressiviteit, ainsi qu'une note documentaire relative à la (para)fiscalité. Tous ces documents sont disponibles sur le site du Conseil central de l'économie (www.ccecrb.fgov.be).

Les deux Conseils ont adopté un avis commun portant sur l'avant-projet de loi du Pacte de compétitivité, d'emploi et de relance et projets d'arrêtés d'exécution². Les deux Conseils ont également adopté un Rapport sur la « Stratégie de relance – Introduction d'un engagement global des employeurs en matière de places de stage »³. En vertu de la loi du 24 décembre 1999 en vue de la promotion de l'emploi, le Conseil central de l'Economie et le Conseil national du Travail ont établi une évaluation globale de l'application dispositif légal intitulé « Convention de premier emploi »⁴.

Le Conseil national du Travail a, en outre, été amené à se prononcer sur un certain nombre de mesures en lien avec la compétitivité des entreprises et l'emploi :

- Dans son avis n° 1.936 du 27 avril 2015, le Conseil s'est prononcé en faveur d'un arrêté royal fixant, en exécution de l'accord social du 30 janvier 2015 et à partir du 1er janvier 2016, le nouveau plafond des avantages non récurrents liés aux résultats à 3.200 euros.
- L'avis divisé n° 1.964 du 15 décembre 2015 concerne un projet de loi instaurant une réduction des cotisations patronales pour l'engagement d'un sixième travailleur et un projet d'arrêté royal modifiant l'arrêté royal du 16 mai 2003 en vue d'étendre la réduction groupe cible premiers engagements.

¹ CCE 2015-2655 Données relatives à l'évolution des coûts salariaux en Belgique et dans les trois pays de référence (23/12/2015).

² CCE 2014-0318, CNT avis n° 1.895, Avant-projet de loi du Pacte de compétitivité, d'emploi et de relance et projets d'arrêtés d'exécution (25/02/2014).

³ CCE 2015-1461, CNT rapport n° 92, Stratégie de relance – Introduction d'un engagement global des employeurs en matière de places de stage - Évaluation annuelle - année 2014 (14/07/2015).

⁴ CCE 2014-2151, CNT rapport n° 91, Évaluation des conventions de premier emploi (19/11/2014).

Concernant l'emploi dans le secteur horeca, le Conseil national du Travail s'est prononcé, dans son avis n° 1944 du 24 juin 2015 relatif à un avant-projet de loi portant des dispositions sociales diverses, sur un certain nombre de mesures spécifiques proposées par le Gouvernement en exécution de l'accord de gouvernement du 9 octobre 2014 ainsi que du plan d'action horeca adopté par le Conseil des ministres du 6 février 2015. Ces mesures consistent en des réductions de charges supplémentaires pour 2015 par une extension du système des heures supplémentaires et l'introduction d'un système de flexi-jobs. Ces mesures n'ont pas fait consensus au sein du Conseil. Le Conseil s'est également prononcé dans son avis n° 1.945 (avis divisé) sur un projet d'arrêté royal prévoyant une adaptation du régime du travail occasionnel dans le secteur de l'horeca.

1.1. Simplification administrative

Le Conseil national du travail est associé depuis 1996 aux importantes réformes qui ont conduit à ce que les employeurs puissent aujourd'hui accomplir toutes une série de formalités administratives dans leurs relations avec l'administration de la sécurité sociale, par voie électronique. Ce travail se poursuit par un suivi régulier avec l'ONSS et les Secrétariats sociaux du stade d'avancement et des éventuelles difficultés rencontrées dans l'implémentation des différents volets de la réforme. Le Conseil national du Travail a veillé dans ses avis, depuis le début des travaux, à ce que cette opération de simplification administrative se déroule dans le respect de trois principes essentiels, à savoir les principes de simplification, de neutralité et de faisabilité.

Les travaux menés au sein du Conseil national du Travail concernant le travail intérimaire ont ainsi abouti ce 23 février 2016 à un accord sur la suppression de la règle des 48 heures (endéans lesquelles le contrat de travail doit être constaté) et l'introduction du contrat de travail électronique. L'objectif est de parvenir à terme à une généralisation du contrat électronique dans le secteur afin de réaliser une significative simplification administrative et d'atteindre une plus grande sécurité juridique, à la fois pour travailleurs intérimaires et les entreprises d'intérim (avis n° 1.972 du 23 février 2016).

Deux autres domaines plus spécifiques ont également permis aux interlocuteurs sociaux d'enregistrer des résultats en termes de simplification administrative.

Ainsi, dans le cadre de la mise en oeuvre du système des titres-repas électroniques, le Conseil national du Travail a émis l'avis n° 1.902 du 25 mars 2014. Le passage total et définitif vers les titres-repas électroniques est intervenu le 1^{er} janvier 2016. Ce succès a pu être engrangé grâce au travail en commun mené depuis plusieurs années entre les partenaires sociaux au sein du Conseil national du travail, les émetteurs de titres repas, les secrétariats sociaux et l'Agence pour la simplification administrative.

Dans son avis n° 1.952 du 14 juillet 2015, le Conseil national du Travail s'est également prononcé sur un projet d'arrêté royal introduisant les éco-chèques électroniques et fixant les conditions d'agrément et la procédure d'agrément pour les éditeurs. Ce projet d'arrêté royal a été examiné au regard des considérations et propositions concrètes, des conditions de passage vers des éco-chèques électroniques (stabilité du système, coûts attractifs pour toutes les parties...) et du planning de mise en place d'un tel système, figurant dans son avis n° 1.926 du 24 février 2015.

1.2. Fins de carrières

En lien avec la problématique des fins de carrières, le Conseil national du Travail a conclu le 27 avril 2015 huit conventions collectives de travail concernant les régimes de chômage avec complément d'entreprise. L'avis n° 1.937 rendu concomitamment à ces conventions collectives de travail a pour objet d'explicitier la démarche du Conseil en la matière. Ces travaux sont venus concrétiser l'accord intervenu au niveau du Groupe des 10 le 17 décembre 2014 sur un certain nombre de volets en vue d'amender certaines propositions du Gouvernement s'inscrivant dans la suite de l'accord de gouvernement du 9

octobre 2014, lequel a prévu dans son volet "fin de carrière" que "le gouvernement s'efforcera de porter progressivement la durée de carrière effective, peu à peu, à 45 ans" pour retarder davantage la sortie du marché du travail.

Le Conseil national du Travail a également conclu le 27 avril 2015 (toujours en application de l'accord du Groupe des 10 du 17 décembre 2014), la convention collective de travail n° 118 fixant, pour 2015-2016, le cadre interprofessionnel de l'abaissement à 55 ans de la limite d'âge en ce qui concerne l'accès au droit aux allocations pour un emploi de fin de carrière, pour les travailleurs qui ont une carrière longue, qui exercent un métier lourd ou qui sont occupés dans une entreprise en difficultés ou en restructuration.

1.3. Travail des âgés

Dans son avis n° 1.922 du 27 janvier 2015 sur le rapport annuel 2013 du Fonds de l'expérience professionnelle, le Conseil national du Travail a rappelé l'importance qu'il attache à la thématique de la participation au travail des travailleurs âgés, ainsi que les recommandations qui étaient reprises dans ses précédents avis. Dans l'actuel contexte de vieillissement de la population, le Conseil a jugé qu'il convient de continuer à soutenir et encourager l'occupation des travailleurs âgés sur le marché du travail.

Depuis le 1er juillet 2014, à la suite de la sixième réforme de l'État, les compétences du Fonds ont été transférées aux Régions. Vu l'importance de la cohérence des politiques que les Régions vont mener en matière de participation des travailleurs âgés au marché du travail, le Conseil s'est à nouveau dit disposé à organiser l'échange de données en la matière en fonction des moyens qui peuvent y être consacrés.

1.4. Retour au travail volontaire de personnes présentant un problème de santé

Concernant le processus de retour au travail volontaire de personnes présentant un problème de santé, une plate-forme a été instituée depuis 2012 comme cadre de concertation structurel regroupant les interlocuteurs sociaux (Conseil national du Travail) et les acteurs institutionnels (INAMI, FAT, FMP, ONEM, SPF Emploi, Travail et Concertation sociale) impliqués dans ce processus. Le Conseil national du Travail, qui joue un rôle de coordination et de réflexion, a jugé opportun d'établir un premier bilan des travaux de cette plate-forme.

Dans son avis n° 1.923 du 24 février 2015, il a souligné la nécessité d'assurer une sécurité juridique à toutes les parties concernées, d'éliminer les entraves au retour au travail et de créer un climat stimulant, sans toutefois complexifier la législation ni alourdir les charges administratives. Il a formulé un certain nombre de propositions concrètes à cet effet.

1.5. Groupes à risque

Le Conseil national du Travail s'est prononcé dans son avis n° 1.954 du 14 juillet 2015 sur un projet d'arrêté royal visant à renforcer les conditions qu'une commission paritaire devait remplir pour faire approuver un projet supplémentaire en faveur des jeunes de moins de 26 ans appartenant aux groupes à risque. Le Conseil a également adopté le second rapport de suivi du cadre d'action européen du 7 juin 2013 sur l'emploi des jeunes (rapport n° 94 du 5 octobre 2015).

Il a par ailleurs émis l'avis unanime n° 1.949 du 14 juillet 2015 sur un projet d'arrêté royal visant à octroyer un bonus à l'emploi sous la forme d'une réduction des cotisations personnelles de sécurité sociale aux travailleurs salariés ayant un bas salaire et à certains travailleurs qui ont été victimes d'une restructuration.

1.6. Meilleure conciliation de la vie professionnelle et familiale

Le Conseil national du Travail a conclu sur ce point la convention collective de travail n° 64 bis adaptant la convention collective de travail n° 64 du 29 avril 1997 instituant un droit au congé parental dans le but de la mettre en conformité avec l'accord-cadre européen révisé sur le congé parental tel que contenu dans la Directive 2010/18/EU du Conseil du 8 mars 2010.

L'évaluation globale des systèmes de congé existants est actuellement à l'ordre du jour des travaux du Conseil national du Travail de même qu'une actualisation de la CCT n° 103 du 27 juin 2012 instaurant un système de crédit-temps, de diminution de carrière et d'emplois de fin de carrière.

2. Lutte contre la fraude sociale et fiscale

La problématique de la lutte contre la fraude sociale et fiscale est suivie régulièrement et conjointement par les deux Conseils. Une plateforme commune d'information a été créée à cet effet qui regroupe les membres des deux Conseils, les administrations et les cellules stratégiques concernées.

Plus spécifiquement, le Conseil national du Travail s'est prononcé dans son avis n° 1.943 du 24 juin 2015 sur un avant-projet de loi-programme portant un certain nombre de mesures concernant la lutte contre la fraude sociale, à savoir l'enregistrement digital des présences dans le secteur de la viande, la lutte contre la fraude au domicile, l'élargissement de la responsabilité solidaire subsidiaire (vis-à-vis de l'ONSS et du fisc) de l'entrepreneur jusqu'au donneur d'ordre, le doublement des amendes administratives pour affiliations fictives en tant qu'indépendants. Ces mesures n'ont pas toutes fait consensus au sein du Conseil.

Cet avis a été complété par l'avis n° 1.950 du 14 juillet 2015 relatif à deux projets d'arrêtés royaux fixant les modalités concrètes relatives à l'instauration d'un enregistrement des présences dans le secteur de la viande. Est également intervenu un avis divisé (avis n° 1.956 du 5 octobre 2015) sur un projet de loi modifiant la loi-programme du 29 mars 2012 concernant le contrôle de l'abus d'adresses fictives par les bénéficiaires de prestations sociales.

La question de la sanction pénale des CCT a fait l'objet de l'avis n° 1.961 du 27 octobre 2015. Les partenaires sociaux sont parvenus à un accord sur la sanction pénale du non-respect d'un nombre important de CCT du Conseil national du Travail, dans un souci de respect du principe de légalité en matière pénale, de lutte contre le dumping social et de respect des règles relatives à la négociation collective.

Enfin, dans son avis n° 1.970 du 26 janvier 2016 sur la loi sur la nature des relations de travail (Titre XIII de la loi-programme (I) du 27 décembre 2006) le Conseil national du Travail a abordé notamment le fonctionnement de la loi dans le cadre de la fraude transfrontalière (dumping social).

3. Energie

Dans un avis du CCE de juin 2014 concernant le projet d'étude sur les perspectives d'approvisionnement en électricité à l'horizon 2030 et le rapport sur les incidences environnementales y afférent⁵, les interlocuteurs sociaux estiment que l'objectif principal et essentiel d'une politique de transition énergétique doit être de mener à une société durable, qui garantisse: (1) le respect des limites environnementales et la volonté de lutter contre les changements climatiques, selon le principe de responsabilité

⁵ CCE 2014-1145 Projet d'étude sur les perspectives d'approvisionnement en électricité à l'horizon 2030 et le rapport sur les incidences environnementales y afférent (25/06/2014)

commune, mais différenciée ; (2) la sécurité d’approvisionnement énergétique, tant pour les consommateurs que pour le pays dans son ensemble ; (3) une économie performante, assurant le développement de l’emploi et la compétitivité de nos entreprises ; (4) la justice sociale et une transition juste, respectant les cinq piliers de celle-ci : dialogue social, création d’emplois (investissement, recherche et développement, innovation), formation et compétence, respect des droits humains et des droits des travailleurs et une protection sociale concertée et forte. Cet avis souligne l’importance de garantir la sécurité d’approvisionnement dans un contexte de marché de l’électricité élargi à la zone CWE (Central West Europe) et met en avant des moyens essentiels pour atteindre cet objectif.

Dans son avis du 21 janvier 2015 intitulé « L’engagement des interlocuteurs sociaux face aux enjeux énergétiques »⁶, le CCE souligne l’importance des enjeux énergétiques, qui jouent un rôle majeur dans le cadre de la sauvegarde de la compétitivité de notre pays et de la promotion de l’emploi. L’avis met en évidence qu’une réaction commune des interlocuteurs sociaux s’impose car les réponses apportées aux défis énergétiques et climatiques (en ce compris le paquet « Energie/Climat 2030 ») auront des répercussions sur les prix de l’énergie, l’environnement, la sécurité d’approvisionnement énergétique, les capacités de production électrique, la formation et la mobilité des travailleurs, la mobilité, etc. Ils soulignent la nécessité de développer la future politique énergétique sur base d’une vision à long terme (2030-2050) stable, cohérente et coordonnée s’appuyant sur un enrichissement mutuel et un dialogue permanent entre les interlocuteurs sociaux, les administrations et les cellules stratégiques des ministres concernés directement et/ou indirectement par la problématique énergétique.

4. Mobilité

Via la concertation sociale, les interlocuteurs sociaux contribuent de façon importante au processus visant à rendre plus efficaces et plus durables les déplacements domicile-travail qui sont essentiels pour le bon fonctionnement de l’économie et pour un emploi de qualité. Ce dispositif contribue à accroître la mobilité géographique de la main-d’oeuvre et incite les travailleurs à effectuer des déplacements (plus) durables entre leur domicile et leur lieu de travail.

Dans l’avis commun du 21 janvier 2015⁷, les Conseils définissent les principes de base sur lesquels la nouvelle politique tarifaire de la société de chemins de fer (SNCB) devrait s’appuyer. Un de ces principes est que la nouvelle politique tarifaire de la SNCB doit encourager les gens à se déplacer en train et contribuer ainsi à réduire les problèmes de congestion de plus en plus aigus qui ont des conséquences néfastes tant sur l’économie que sur le fonctionnement du marché du travail, l’environnement et la santé publique. A cette fin, ils appellent les différents niveaux de pouvoir à veiller à ce que leurs lignes politiques œuvrent de manière cohérente et ne se neutralisent pas. En janvier 2016, ils adoptent leur avis "Les plans de la SNCB concernant les tarifs différenciés aux heures de pointe et aux heures creuses : les interlocuteurs sociaux expliquent leurs positions communes"⁸.

Les Conseils ont adopté un avis sur le projet de plan pluriannuel d’investissements du groupe SNCB pour la période 2013-2025, le 19 juin 2013⁹. Ils attirent l’attention sur le fait que la mobilité a une place centrale et de moins en moins régulée dans la politique de réduction des émissions de gaz à effet de serre. Ils soulignent qu’une politique ferroviaire ambitieuse peut contribuer de façon substantielle à relever les défis de la mobilité. Les Conseils estiment qu’il est important de soutenir des investissements ferroviaires bien réfléchis, étant donné que le transport par rail dispose d’un réel potentiel de croissance

⁶ CCE 2015-0135 L’engagement des interlocuteurs sociaux face aux enjeux énergétiques (21/01/2015)

⁷ CCE 2015-0110, CNT avis n° 1.921, La nouvelle politique tarifaire de la SNCB (21/01/2015)

⁸ CCE 2016-0186, CNT avis n° 1.968, "Les plans de la SNCB concernant les tarifs différenciés aux heures de pointe et aux heures creuses : les interlocuteurs sociaux expliquent leurs positions communes" (26/01/2016)

⁹ CCE 2013-0770, CNT avis n° 1.854, Projet de plan pluriannuel d’investissements du groupe SNCB pour la période 2013-2025 (19/06/2013)

et que ces investissements peuvent contribuer à la relance économique. Dès lors, ils soulignent d'abord la nécessité d'une vision stratégique nationale préalable en matière de mobilité, laquelle doit déboucher sur l'adoption de mesures cohérentes et efficaces au service tant de la mobilité durable que du développement économique. Les Conseils attirent l'attention sur le fait que la révision à la baisse du budget du projet de plan pluriannuel d'investissements et du budget d'exploitation dans le cadre des conclaves budgétaires successifs, risque d'aggraver le sous-investissement dans la politique de maintenance (c.-à-d. l'entretien régulier ainsi que le renouvellement de l'infrastructure ferroviaire existante) et de freiner l'extension nécessaire de la capacité de notre réseau ferroviaire, et donc la qualité du réseau. Ils rappellent que le sous-investissement, observé en particulier depuis 2010, appelle un rattrapage à moyen terme, source de surcoûts dommageables pour les finances publiques.

En avril 2015, les deux Conseils ont adopté un avis en prévision des négociations sur les futurs contrats de gestion de la SNCB d'INFRABEL¹⁰.

Les interlocuteurs sociaux ont également adopté des avis sur l'évaluation du diagnostic fédéral sur les déplacements domicile-travail¹¹, un avis visant à promouvoir le covoiturage en Belgique¹² ainsi qu'un avis sur les principes de base pour une politique de mobilité durable¹³.

5. R&D et innovation - Entrepreneuriat - PME

En avril 2014, le Conseil central de l'économie a adopté un avis concernant le projet d'AR portant exécution de l'article 23 du projet de loi exécutant le pacte de compétitivité, d'emploi et de relance (établissement d'un tableau de bord sur l'innovation dans les Commissions paritaires)¹⁴.

Le CCE a adopté un avis concernant la transposition de la nouvelle directive comptable (2013/34/UE)¹⁵ et un autre avis portant sur la « Simplification administrative : analyse d'impact préalable de la réglementation »¹⁶.

En matière de droit de la concurrence, les interlocuteurs sociaux se sont prononcés, en 2014, sur la proposition de directive : Actions en dommages et intérêts pour les infractions au droit de la concurrence¹⁷ et, en février 2016, sur l'application efficace des règles de l'UE par les autorités nationales de concurrence¹⁸.

6. Secteur financier

Un avis du CCE du mois d'octobre 2015 porte sur les attentes des interlocuteurs sociaux vis-à-vis du système financier belge¹⁹. Cet avis répond à une demande adressée aux interlocuteurs sociaux par un groupe d'expert, constitué à l'initiative du Ministre des Finances. Ce groupe d'experts a pour mission d'opérer une réflexion sur le paysage financier belge en dressant, après de larges consultations, un état

¹⁰ CCE 2015-0890 Avis en prévision des négociations sur les futurs contrats de gestion de la SNCB et d'infrabel (22/04/2015).

¹¹ CCE 2014-0317, CNT avis n° 1.894, L'évaluation du diagnostic fédéral sur les déplacements domicile-travail 2011 et les améliorations proposées pour 2014 (25/02/2014).

¹² CCE 2014-1820 Proposition d'actions fédérales visant à promouvoir le covoiturage en Belgique (15/10/2014).

¹³ CCE 2015-2220 Les principes de base pour une politique de mobilité durable (18/11/2015).

¹⁴ CCE 2014-0630 Projet d'AR portant exécution de l'article 23 du projet de loi exécutant le pacte de compétitivité, d'emploi et de relance (23/04/2014).

¹⁵ CCE 2015-0600 Transposition de la nouvelle directive comptable (18/03/2015).

¹⁶ CCE 2013-1215 Simplification administrative: analyse d'impact préalable de la réglementation (23/10/2013).

¹⁷ CCE 2014-0025 Proposition de directive : Actions en dommages et intérêts pour les infractions au droit de la concurrence (9/01/2014).

¹⁸ CCE 2016-0290 Avis relatif à l'application efficace des règles de l'UE par les autorités nationales de concurrence (05/02/2016).

¹⁹ Avis : Attentes des partenaires sociaux vis-à-vis du système financier belge (21/10/2015).

des lieux des défis pour ce secteur après la crise financière de 2008, et d'analyser ses perspectives d'avenir.

7. Economie circulaire

En 2014, c'est principalement la question du recyclage et de ses impacts environnementaux et économiques qui a attiré l'attention des interlocuteurs sociaux. Ils ont discuté de l'étude réalisée par la plateforme « Ressource Efficiency » intitulée²⁰ : « Les principes généraux d'une politique de stimulation du recyclage »²¹. Cette étude fait suite à un workshop organisé par le CCE le 23 avril 2013, intitulé « Les déchets, levier de la compétitivité », auquel ont assisté les différents acteurs politiques fédéraux et régionaux compétents en matière d'utilisation efficace des ressources. Durant ce workshop, les acteurs politiques ont marqué leur intérêt pour un échange d'informations et une analyse commune des possibilités de synergies et de complémentarités entre les différents instruments politiques régionaux et entre les instruments fédéraux et régionaux.

Le 24 février 2016, le CCE a adopté un avis : « Vers une économie circulaire belge créatrice d'emplois de qualité et de valeur ajoutée – focus sur le recyclage ».

8. Inclusion sociale

Aux termes de la loi du 23 décembre 2005 relative au pacte de solidarité entre les générations, le Conseil national du Travail et le Conseil central de l'Économie se sont prononcés sur l'importance et la répartition des moyens financiers destinés à l'adaptation au bien-être des prestations de remplacement de revenus et des allocations d'assistance sociale²².

Suite à la conclusion par les partenaires sociaux européens d'un accord cadre sur les marchés du travail inclusifs le 25 mars 2010, les partenaires sociaux belges ont assuré au niveau interprofessionnel la coordination de la mise en oeuvre et le suivi durant les trois années suivantes de cet accord-cadre. Un compte rendu des actions menées à chaque niveau a ainsi été dressé dans deux rapports annuels successifs de mise en oeuvre qui ont été transmis par le Conseil national du Travail au Comité du dialogue social (rapport n° 81 du 23 mai 2012 et rapport n° 83 du 28 mai 2013). L'évaluation finale des partenaires sociaux belges est reprise dans le rapport n° 87 du 15 juillet 2014.

Enfin, dans le domaine de la responsabilité sociale des entreprises, les deux Conseils ont adopté un avis commun concernant l'avant-projet du plan d'action national Entreprises et Droits de l'Homme²³.

²⁰ Les interlocuteurs sociaux ont chargé le secrétariat du CCE de créer une plateforme informelle au sein de laquelle les différents acteurs politiques compétents en matière d'utilisation efficace des ressources pourraient se rencontrer. L'objectif des travaux de la plateforme est de trouver le mix des instruments régionaux et fédéraux le plus adapté pour une gestion efficace des matières non énergétiques (y compris les déchets vus ici comme matières « secondaires ») afin de créer de la croissance et des emplois et d'améliorer notre environnement sans impacter négativement les aspects sociaux.

²¹ <http://www.ccecarb.fgov.be/bxt/fr/doc14-998.pdf>.

²² CCE 2015-0700, CNT avis n° 1.935, Liaison au bien-être 2015-2016 – Loi relative au pacte de solidarité entre les générations - Pacte de compétitivité, d'emploi et de relance (24/03/2015).

²³ CCE 2016-0187, CNT avis n° 1.969, Avis concernant l'avant-projet du plan d'action national Entreprises et Droits de l'Homme (26/01/2016).

Annex 10: Opinion of the Federal Council for Sustainable Development Belgium on the Belgian National Reform Programme 2016

- Own Initiative
- Prepared by the Strategies Working Group
- Approved by the General Assembly in a written procedure (See Appendix 1).
- The French language version of this opinion constitutes the original text

Background and Preliminary Remarks

[1] As part of the European Semester, our country is due to present its National Reform Programme (NRP) 2014 to the European Commission in April. This NRP is currently prepared by a drafting committee, as supervised by a Policy Monitoring Committee²⁴. A contribution has also been requested from social partners and civil society. It is in this context that the FRDO issues this opinion²⁵.

[2] The NRP must contain an overview of measures both planned and taken by our country with a view to implementing EU2020 strategy objectives as well as responding to the specific recommendations for Belgium which the Commission published on the occasion of the previous NRP²⁶. This FRDO opinion draws on four of its earlier consensus opinions: its 2010 Opinion on the NRP, its 2011 Opinion on Energy Efficiency in Buildings²⁷, its Framework Opinion on Greening Taxation²⁸ and its 2013 Opinion on the NRP²⁹.

[3] The fact that in this opinion, the Council is focussing in particular on Commission recommendations regarding CO₂ reduction, energy and resource efficiency and greening taxation is in response to its specific mission and the work which the Council has already carried out on this subject. This does not of course detract from the importance of implementing other aspects of the EU2020 strategy in Belgium. These aspects are an integral part of the sustainable development approach which the FRDO considers to be of vital importance in this context, not just at Belgian but also at European level. Group members of the Council may also bring in their own approach and priorities, in addition to this consensus opinion.

²⁴ To find out more about these two organisations, go to: <http://www.be2020.eu/nhp/procedure.php?lang=en&IS=102>.

²⁵ The FRDO has in the past published its "Opinion on the National Reform Programme for transposition of the 'Integrated Guidelines for Growth and Jobs 2005-2008'" (2005a07), its "Opinion on the Advance Report on the Lisbon Strategy - Implementation of the National Reform Programme of Belgium" (2006a11), its "Secretariat Note on the Lisbon Strategy - Belgium's National Reform Programme - second cycle" (2007a12), its "Opinion on the Belgian National Reform Programme in the context of EU2020 Strategy" (2010a11) and its "Opinion on the National Reform Programme 2013" (2013a04).

²⁶ See: http://ec.europa.eu/europe2020/pdf/nd/csr2013_belgium_en.pdf.

²⁷ Avis sur la réduction de la consommation d'énergie dans les bâtiments [Opinion on energy efficiency in buildings, French version only] (2011a04f).

²⁸ Opinion on Greening Taxation in the Framework of Sustainable Development (2009a15e).

²⁹ The Council also consulted the opinion of Belgium's national council for people with disabilities, the Conseil Supérieur National des Personnes Handicapées which includes proposals to improve disability inclusivity at NRP level.

Content of the Opinion

The Overall NRP Vision

[4] The FRDO notes that, compared to the Lisbon Strategy, the EU2020 Strategy aims to widen its strategic focus, giving social and environmental issues equal emphasis alongside economic issues. The Council believes that these three sustainable development areas should, in an integrated approach, be relevant to both EU policy (the European Semester) and Member State policy (the reform and stability programs which are being tackled together).

[5] The FRDO would also like to see greater clarification on the connections between the short and medium-term vision of the EU2020 Strategy and the longer term vision of the European Sustainable Development Strategy (EUSDS). Should the latter be revised, our country “shall be actively involved in this revision process with a view to ensuring maximum efficiency and coherence with regard to EU-2020 strategy”³⁰. Similarly, the NRP should also refer to the sustainable development policy framework in our country, as well as the long-term sustainable development vision approved on 17 May 2013 by the Council of Ministers and the concept of a low carbon society by 2050. The EU2020 mid-term review³¹ will be a key moment for organised social debate on the aims of this strategy and the aforementioned relationships.

[6] In its 2010 opinion on the Belgian National Reform Programme as part of the EU2020 Strategy Framework, the FRDO requested that the issue be examined from an international viewpoint, taking account of Belgium’s competitive position at international level and the impact of our growth on the reduction of world poverty and sustainable development in the South. In the same 2010 opinion, the Council noted that employment was an absolute priority, and one which involves looking at not only the quantity but also the quality of jobs available.

Process Management

[7] The FRDO considers that the political decision-makers and the federal and regional government bodies dealing with economic, social and environmental issues must all be involved in the drafting of the NRP, in order that it embody the integrated vision referred to in [4]. The Council also wishes to see the NRP containing more than a single summary of the actions being taken at various levels of authority. The Council is consequently pleased to note that the federal government has decided to include in the NRP 2014 a section covering scheduled actions, as requested by the European Commission.

[8] The FRDO has often emphasised the importance of the sustainable development impact study as a tool for both EU2020 and NRP processes, to evaluate the long and short-term social, economic and environmental aspects of a political issue and thereby arrive at integrated decisions. As of 1st January 2014, the federal government has decided to deploy a wider impact study instrument, namely the Regulatory Impact Analysis (RIA). The Council recommends the effective use of this tool, and that the RIA take into account the three aspects of Sustainable Development in an integrated manner.

[9] The FRDO appreciates the fact that civil society, through various advisory bodies, is regularly involved in the process, and especially through this latest regulation. It hopes that in the future, its contribution will be more fully taken into account.

³⁰ See the general Policy Document on Sustainable Development 2012: <http://www.lachambre.be/FLWB/PDF/53/2586/53K2586025.pdf>.

³¹ The mid-term review was announced for the second half of 2014 as part of the programme of the Greek presidency of the Council of Europe.

Energy and Resource Efficiency

Regarding Recommendation 7 of the European Commission: "Take concrete measures and agree a clear division of tasks between the federal and regional authorities to ensure progress towards reaching the targets for reducing greenhouse gas emissions from non-ETS activities, in particular from transport and buildings."

[10] Energy efficiency is essential to meeting climate change targets. Ambitious energy efficiency aims will drive green employment and sharpen the competitive edge of our businesses. There is great potential for this in our energy-intensive country, right across the industrial, transport, domestic and construction sectors. The Council calls for a better interactively-compiled list of potential money and energy-saving measures to be made in order to improve competitiveness and employment, and that a list of current barriers to energy efficiency be drawn up in association with stakeholders. Moreover, to overcome these obstacles, a route map must be drawn up for the implementation of any appropriate measures found, including the creation of test fields and research into innovative tools. This must be set up in tandem with a monitoring and evaluation system which will enable progress to be tracked. This approach will in many cases require regional collaboration.

[11] The FRDO hereby proposes for consideration its opinion on energy efficiency in buildings³², which proposes an approach which utilises a number of tools (e.g. industry standards, the distribution of information, taxation, the financing of investments, new types of housing etc.) and which integrates, coordinates and optimises work done at various levels of authority. This opinion also includes a series of Council recommendations. It also made the case for the greater use of third-party investment systems, in order not only to create new jobs but also improve energy efficiency, reduce energy consumption and increase the proportion of renewable energy

[12] Resource efficiency (for both energy and materials) is an important aspect of reducing the consumption of raw materials and the production of greenhouse gases. It can also help to create jobs and drive innovation and therefore potentially market competition; it also aims to break the direct connection between economic growth and the use of these commodities. The FRDO would therefore like to see this concept being better integrated into the NRP. Resource efficiency requires a coherent framework connecting regional and federal action, as well as the implementation of appropriate policy tools and resource efficiency indicator monitoring to measure, inter alia, our consumption of raw materials, water, space as well as our greenhouse gas emissions. This means examining resource consumption impact across the entire lifecycle of a product, i.e. including a product's manufacturing, use, recycling and end-of-life stages. From this point of view, innovation has an important role to play in helping manage resource consumption so as to ensure more sustainable and efficient production and consumption methods.

[13] With regard to transport, the Council has issued a number of practical proposals in its previous opinions. These have included six proposals for reducing environmental damage and energy consumption in this area related to the supply and demand of sustainable mobility, a "modal shift", technological solutions, taxation and education and awareness campaigns³³ (also including the aim of limiting demand). The Council also recommends the inclusion of the results of the recently launched pilot study into the kilometre tax.

³² See: <http://www.frdo-cfdd.be/sites/default/files/content/download/files/2011a04f.pdf>.

³³ See: <http://www.frdo-cfdd.be/sites/default/files/content/download/files/2007a09f.pdf>.

Taxation

Regarding the first section of Recommendation 5 by the Commission: "Establish concrete and time-specific proposals for shifting taxes from labour to less growth-distortive tax bases, notably by exploring the potential of environmental taxes"

[14] In 2009, the FRDO published an opinion on "Greening Taxation in the Framework of Sustainable Development"³⁴ which may make a useful contribution to the NRP 2013. This opinion contains ten criteria which need to be fulfilled for greening taxation. The Council also includes in this opinion a series of measures which in many cases require regional collaboration. These proposals may be the key to achieving EU2020 objectives.

Appendix 1: Voting members of the General Council who voted on this opinion

➤ The Chair and two Vice-Chairs:

M. Aelvoet, L. Cloots, O. Van der Maren, M. Verjans

➤ 2 representatives of non-governmental organisations for environmental protection:

M. Bienstman, M. Cors

➤ 2 representatives of non-governmental organisations for development cooperation:

R. De Meyer, B. Gloire

➤ 4 representatives of workers' organisations:

B. De Wel, S. Storme, F. Van Daele, C. Verdoot

➤ 5 representatives of employers' organisations:

V. Biebel, A. Nachtergaele, M.-L. Semaille, P. Vanden Abeele, F. VanTiggelen

➤ 1 representative of youth organisations:

O. Beys

Total: 18 of 24 voting members

Appendix 2: Meetings for the preparation of this opinion

The Sustainable Development Strategies working group met on 16 January 2014, 23 February 2014 and 18 March 2014 to prepare this opinion. On 16 January, Mr Kim Lievens, Advisor to the Prime Minister's Strategy Group, presented the Federal Government's vision of the AGS and the NRP.

Appendix 3: Participants in the preparation of this opinion

➤ Chair

³⁴ See: <http://www.frdo-cfd.be/sites/default/files/content/download/files/2009a15e.pdf>.

Prof. Tom Bauler

➤ FRDO voting members and their representatives

Olivier Beys (Jeugdraad)

Vanessa Biebel (FEB)

Antoinette Brouyaux (Associations 21)

Lieze Cloots (BBL)

Philippe Cornelis (CSC)

Rudy De Meyer (11.11.11)

Jonathan Lambregs (Jeugdraad)

Stijn Rocher (FEB)

Olivier Van der Maren (FEB)

Diana Van Oudenhoven (CGSLB)

Geert Vancronenburg (FEB)

Lars Vande Keybus (ABVV)

Olivier Vermeulen (Conseil de la Jeunesse)

➤ FRDO Secretariat

Jan De Smedt

Fabrice Dehoux

Koen Moerman

Annex 11: Opinion of Belgium's Disabled Persons' Council

Opinion 2016/07 on the European semester: an opinion of the Conseil Supérieur National des Personnes Handicapées (CSNPH – Belgium's Disabled Person's Council) issued during the 21 March 2016 plenary session.

Opinion issued at the request of the Prime Minister via e-mail on 11 March 2016.

Purpose

As part of the European Lisbon Economic Strategy, each Member State is required every year to provide the European Union authorities with an inventory of their achievements and the projects they have undertaken to comply with European Union recommendations. The report is used as a basis not only for issuing further recommendations but also for imposing penalties on Member States. Scheduled to be presented in April, the Belgian report for this year on the country's priorities is based on two documents:

- COUNCIL RECOMMENDATION of 14 July 2015 on Belgium's national reform programme for 2015 focused on the Council's opinion on the Belgian stability programme for 2015 (http://ec.europa.eu/europe2020/pdf/csr2015/csr2015_council_belgium_fr.pdf);
- published in February 2016, the Commission's 2016 country report for Belgium providing an in-depth review on the prevention and correction of macroeconomic imbalances (http://ec.europa.eu/europe2020/pdf/csr2016/cr2016_belgium_fr.pdf).

In the light of the report (National Reform Plan) presented by Belgium, the Commission will issue the country with its recommendations for the 2016-2017 period.

Analysis

The European Union Council recommended on 14 July 2015 that Belgium should take action during the 2015-2016 period to:

1. achieve a fiscal adjustment of at least 0.6% of GDP towards the medium-term objective in 2015 and in 2016; use windfall gains to put the general government debt ratio on an appropriate downward path; complement the pension reform by linking the statutory retirement age to life expectancy; agree on an enforceable distribution of fiscal targets among all government levels.
2. adopt and implement a comprehensive tax reform broadening the tax base, shifting the tax burden away from labour and removing inefficient tax expenditures.
3. improve the functioning of the labour market by reducing financial disincentives to work, increasing labour market access for specific target groups and addressing skills shortages and mismatches.
4. restore competitiveness by ensuring, in consultation with the social partners and in accordance with national practices, that wages evolve in line with productivity.

The European Commission has assessed the Belgian economy in the light of the annual growth survey the EU institution made and published on 26 November 2015. The survey recommends three priorities

for the EU's economic and social policy in 2016: relaunching investment, pursuing structural reforms to modernise Member States' economies, and responsible fiscal policies.

It highlights a series of observations and shortcomings to explain Belgium's severely reduced economic growth.

The Commission's 26 February report identifies several areas beset by risks and problems.

Opinion

The CSNPH delivered an advisory opinion in 2015 (<http://ph.belgium.be/fr/avis/avis-2015-17.html>). The thrust of this was that the social inclusion of disabled people is a key component of economic recovery. The following areas of action have to be investigated and measures have to be taken to reflect the specific situation of people affected by disability or illness: employment and the labour market, education and training, social protection systems, including pensions.

The CSNPH believes that the abilities of people and their economic contributions have to be fully acknowledged. "Back-to-work" measures are a first step in this direction. The assessment scheduled for the first half of 2016 will be universally beneficial. However, further measures are required to bring the world of work and disabled people closer together. Awareness-raising among employers and the financial incentives provided are reaching their limits and fail to reach out enough to the tens of thousands of people medically recognised as qualifying for ARR (income replacement benefits, paid to people whose earning ability is one-third of what an able-bodied person can earn on the labour market – Law of 27 April 1987) but having virtually no access to training schemes and employment support.

In the case of taking measures, governments generally refer to measures for the unemployed and migrants. It is surprising to see the vulnerable groups category does not include disabled people, as a comparison also shows a more than a 20% gap between the able-bodied and disabled rates in Belgium. Depending on the sources and parameters used, the employment of disabled people varies between 35-47%, hence Belgium's rate is below the European average. Solely Hungary (23.7%) and Ireland (29.8%) have lower disability employment rates. Conversely, the highest rates are reported in Sweden (66.2%) and Luxembourg (62.5%).

Eurostat has also reviewed the risks of poverty and social exclusion for all disabled people, based on the year 2013. Belgium is lagging behind at European level, as 34.3% of disabled people run this risk, compared with 16.6% for the non-disabled (17.7-point gap). The only one with a worse record is Bulgaria, with its 19.6-point gap and a disastrous 63.7% rate for disabled people at risk of poverty. Reporting a 4.4-point gap, Italy is the European country where the disabled are less at risk of poverty.

The European Union's Strategy 2020 has set the target of improving employment opportunities for any disabled people excluded from the labour market owing to their activity limitation. The NRP 201 needs to take up and find solutions to these challenges.

The concerns expressed in recent years about early school leavers and the mismatch between training and market requirements obviously also applies to disabled people (and perhaps even more than in the case of all other adolescents). A large number of disabled young people leave school early owing to the lack of any reasonable adjustment to premises, teaching, lack of specially adapted transport,... or quite simply because some young people are deprived of the care they should be entitled to during the school day. This is unacceptable!

Owing to their disability they are very often offered training that does not lead to a qualification and does not meet the market demands.

A recent Eurostat survey reported that trends similar to those reported on the labour market are found in the case of access to education. In each European Union Member State for which figures are available, fewer disabled people than non-disabled people aged 25 to 64 were involved in lifelong learning in 2011. This situation has to be remedied as a matter of urgency. The NRP has to provide specific measures to lend support to disabled children and young adults. The CSNPH also repeats its call for a more inclusive education system, which should also help to reduce early school leaving. This does not mean phasing out special education but tailoring mainstream education to the needs of disabled children, while allowing the people in question freedom of choice.

The CSNPH stresses just how difficult it is for many disabled people to extend their working lives, whereas it should be possible to adjust their end-of-service situations. These people often have to cope with their work and career prospects being curtailed, not because they want this but because their bodies and/or working environments have become too much of a burden for them, with all the situations of social exclusion and poverty this implies.

Pensionable age for these individuals is often experienced as a second downward spiral, while their old age and health-related expenses inevitably increase. The government should also consider creating another system in the form of a more favourable system for recording the working life of disabled people, with a view to facilitating employment.

In other words, the CSNPH draws particular attention to the need to introduce special career-related pension calculation measures for disabled workers.

Extending a career to 45 years is hardly feasible for many disabled workers, whose disabilities result in "gaps" of varying lengths in their working lives.

The CSNPH believes that raising the actual retiring age will be detrimental to disabled people, whose disabilities result in more tiredness and commitment in an end-of-service situation, making it more difficult for them to continue working. Disabled people often work part time owing to their health and also because of how hard it is for them to find a full-time job.

On the other hand, the CSNPH believes consideration should be given to the idea of allowing disabled people to retire early while retaining their entitlements. For example, if a pension points system were to be introduced, one year of service could earn more points for a disabled person, in order to encourage them to work and to take into account how very demanding this is for them.

Article 28 of the United Nations Convention on the Rights of People with Disabilities states in particular that: *"The States Parties recognize the right of persons with disabilities to social protection and to the enjoyment of that right without discrimination on the basis of disability, and shall take appropriate steps to safeguard and promote the realization of this right, including measures to (...) (...) ensure equal access by persons with disabilities to retirement benefits and programmes."*

The CSNPH opinion 2015/17 very much regretted the absence of a recommendation in relation to the 5th pillar of the Strategy 2020 on combating poverty and, in particular, reducing the number of people living in precarious situations in Belgium. In late 2014, the number of people eking out precarious lives in Belgium amounted to 2,286,000 compared with 2,194,000 in 2008 (page 3 of the National Social Report). The original target figure, enabling 380,000 people to escape poverty, should therefore be raised to at least 472,000. In the absence of any target clearly spelled out in the NRP 2016, the CSNPH is concerned the numerical reduction in the level of poverty will simply be cast aside in the political aims.

Forwarded

- ❑ To the Prime Minister for action;
- ❑ For information purposes to Ms Elke Sleurs, Secretary of State for People with Disabilities;
- ❑ For information purposes to UNIA, Interfederal Centre for Equal Opportunities;
- ❑ For information purposes to the interfederal coordination mechanism.

For the CSNPH

A handwritten signature in blue ink, appearing to read 'Gisèle Marlière', with a long horizontal stroke extending to the right.

Gisèle Marlière
Président