

# **Improving economic opportunities for all in Belgium**

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Belgium has low income inequality overall, thanks to extensive tax and transfer policies and strong institutionalised social dialogue. However, as in other OECD countries, there is scope to improve equality of opportunities. Indeed, Belgium's good overall performance regarding income distribution hides an unequal access to life chances, with considerable disparities according to, notably, parental background and country of origin.

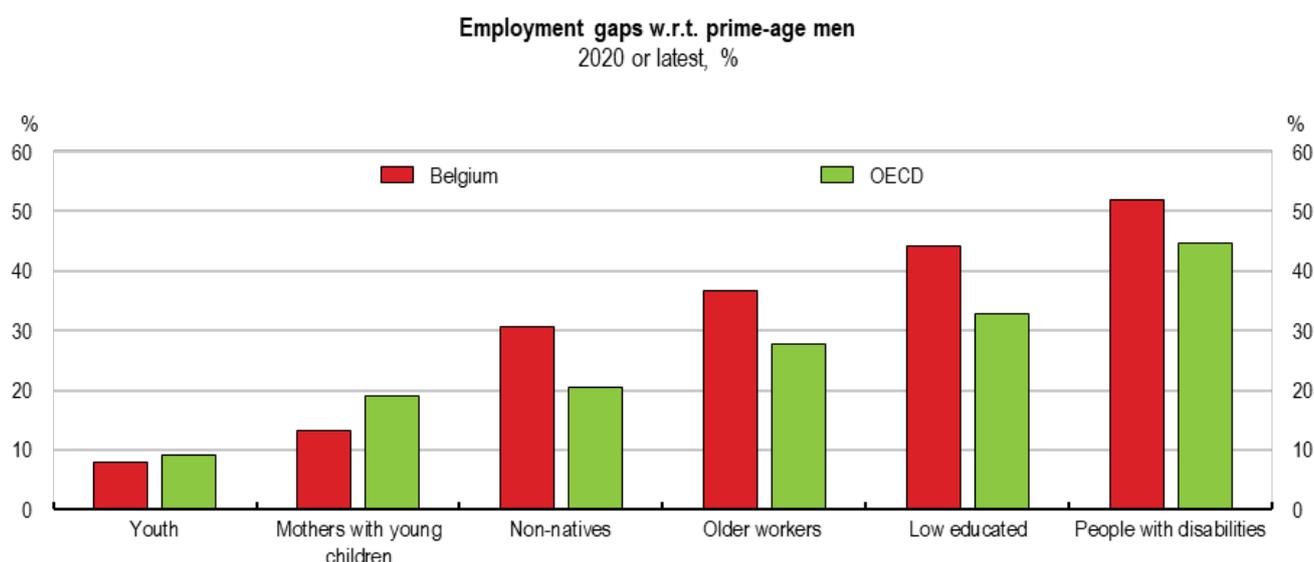
Improving economic opportunities for all in Belgium would promote well-being and potential growth by better allocating talents, but also help alleviate fiscal sustainability challenges by reducing the need for redistribution. Based on new OECD evidence from survey microdata (Périlleux et al., forthcoming), the latest Economic Survey of Belgium identifies three key barriers to equal opportunities: low labour market transitions, inequity in compulsory education and a lack of affordable housing. The Survey discusses policies that can tackle these barriers, with a particular focus on the situation of vulnerable groups, such as the low-skilled, people with a migrant background and single mothers. As competencies concerning the labour market, education and housing spread across different levels of government, some recommendations are more relevant to specific regions and communities according to their policy needs and priorities.

## **Improving the labour market outcomes of vulnerable groups**

Important reforms have contributed to increasing the

participation of low wage earners and older workers in Belgium. Yet, employment gaps remain particularly large for disadvantaged groups, such as non-EU migrants, the low educated and people with disabilities (Figure 1), in part reflecting weak digital skills and low participation in training. Lifelong learning programmes and actors involved should be streamlined and vulnerable groups prioritised for face-to-face career guidance, as complexity is particularly detrimental to their participation.

**Figure 1. Employment gaps are particularly large for disadvantaged groups**



Note: Employment gap defined as the difference between the employment rate of prime-age men (aged 25-54) and that of the group, expressed as a percentage of the employment rate of prime-age men (more details).

Source: OECD calculations based on OECD Employment database, OECD International Migration database, OECD Education Database and OECD Family database.

The planned introduction of the individual training account, as recommended in the previous Economic Survey of Belgium, is a major step in the direction of increasing lifelong learning efficiency and inclusiveness, but successful implementation requires the provision of high quality training in areas of skill needs and coordination across regions. Moreover, the use of statistical profiling tools for delivering employment

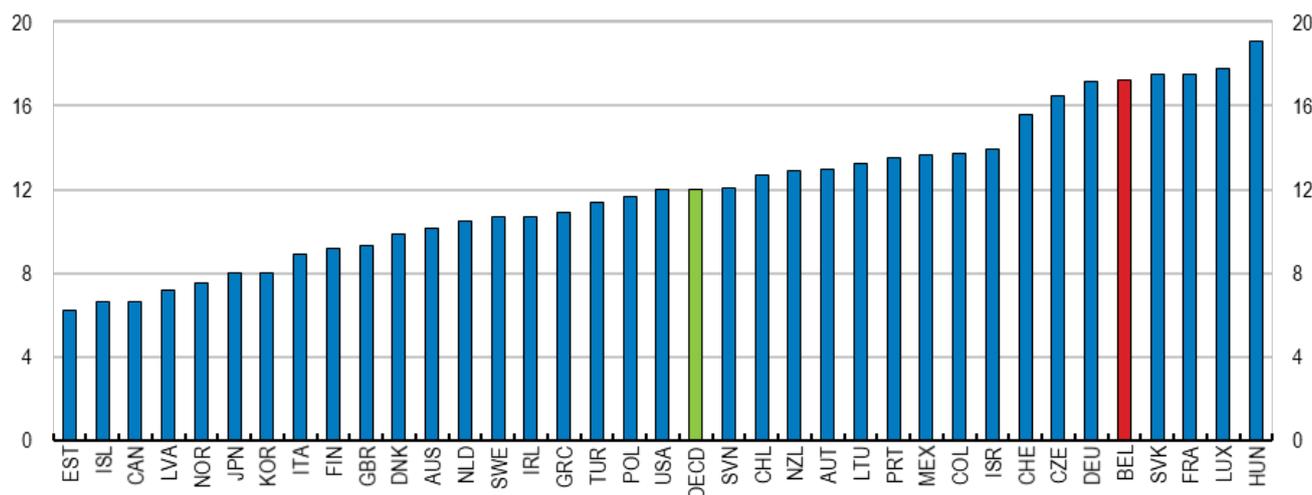
services to target vulnerable groups should be expanded. As low employment rates also reflect gaps in individual support for sickness and disability beneficiaries, individual placement and support programmes should be scaled up further, conditional on their evaluation. Finally, introducing in-work benefits for low-wage workers with children would strengthen their work incentives, as low-income single parents and second earners with children face among the highest participation tax rates in the OECD.

### **Enhancing equal opportunities in compulsory education**

Belgian students' overall academic performance is at par with peer countries. However, student achievement strongly depends on parental background (Figure 2), leading to large disparities across schools and programmes due to a cumulative process of socio-economic self-sorting and academic selection. Schools are incentivised to diversify their student intake, but not to achieve good educational outcomes for weaker students. Reliable performance indicators and other data on successful study progression should be used to inform school funding based on educational improvements made with disadvantaged students. Moreover, schools should be further encouraged to organise programmes across the general and vocational tracks and to enable transfers between them, as low mobility between tracks reduces the prospects of students from disadvantaged backgrounds. Finally, stronger incentives and training for new teachers can reduce attrition and attract teachers to schools with a high concentration of disadvantaged pupils, through strengthening induction programmes and rewarding teaching in disadvantaged schools with financial incentives or improved and stable career prospects.

**Figure 2. Student achievement strongly depends on parental background**

Variance in PISA reading test score explained by socio-economic background  
2018, %



Note: OECD calculations based on regressions of PISA test scores in reading on the index of economic, social and cultural status (ESCS).

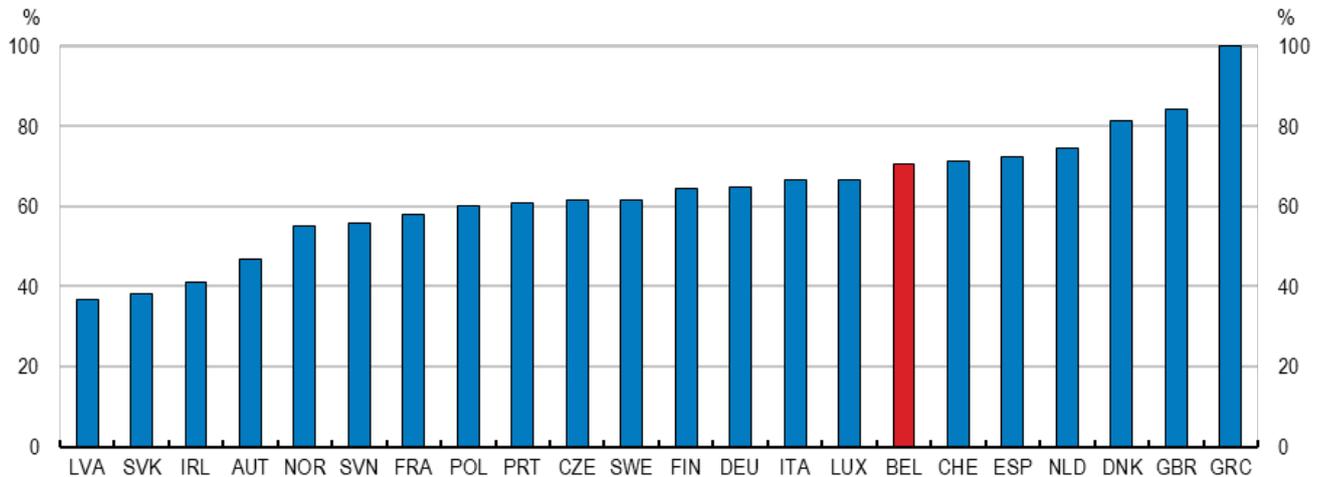
Source: OECD (2019), *PISA 2018 Results (Volume II): Where All Students Can Succeed*, OECD Publishing, Paris.

### **Promoting affordability and quality on the housing market**

In Belgium, housing conditions overall are among the best in the OECD according to the OECD Better Life Index. However, access to affordable housing has become increasingly challenging for low-income households, who bear a high burden from housing costs (Figure 3). The supply of social housing is too low, especially in large cities, such as Brussels, and price differentials with the private housing market hinder moves, thereby distorting work incentives. The regions should expand rental allowances to cover low-income private market tenants, while proceeding to increase the social housing stock.

**Figure 3. Low-income households bear a high burden from housing costs**

Share of low-income households overburdened by total housing costs  
2019 or latest, %



Note: Households on the private rental market; low-income households belong to the bottom income quintile; overburden is more than 40% of disposable income on total housing costs (more details).

Source: OECD Affordable Housing database.

## References

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