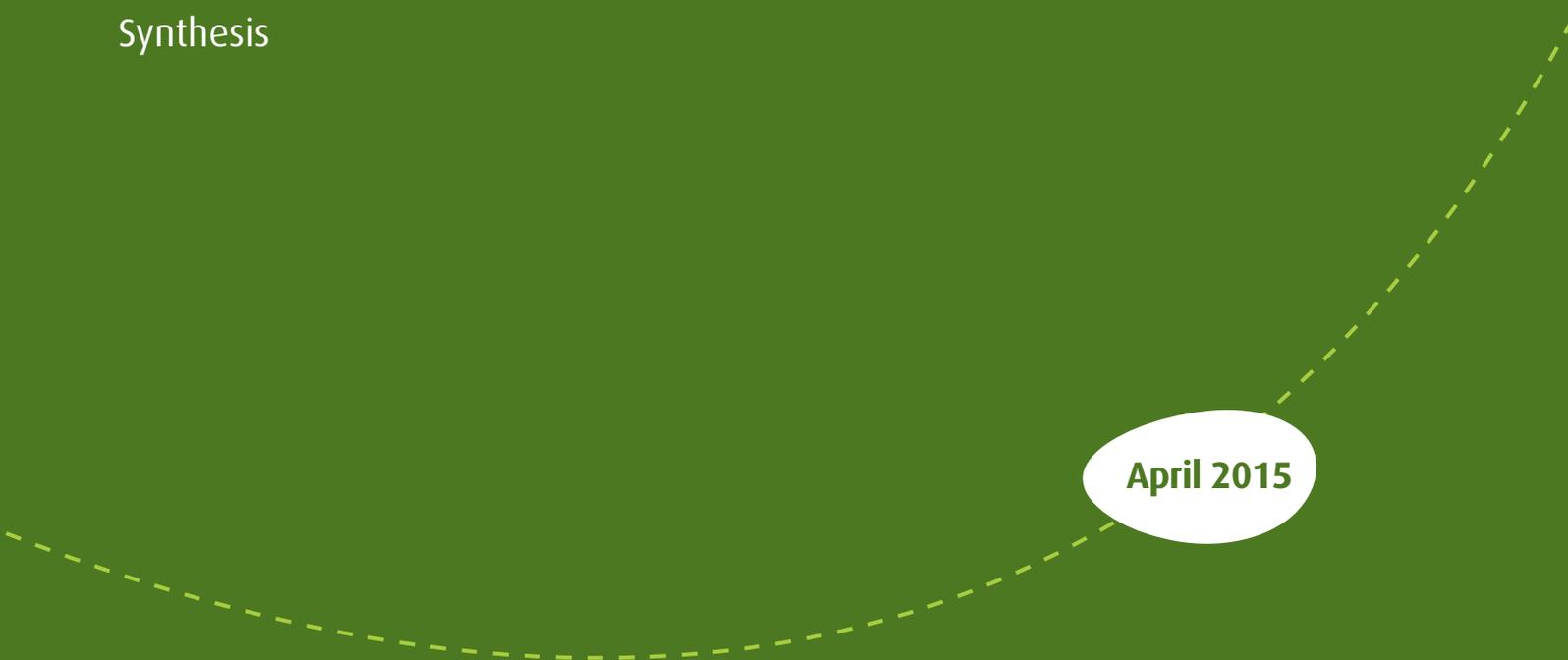


The evolution of the social situation and social protection **in Belgium**

Monitoring the social situation in Belgium and the progress
towards the social objectives and the priorities of the National
Reform Programme and the National Social Report

Synthesis



April 2015

I. Key Messages of the analysis of the EU social indicators

- From an EU perspective the **overall social situation remained rather stable** in Belgium over the last years. The negative impact of the crisis on employment and unemployment rates remained limited and lower than on average in the EU. Gross household disposable income and median equivalent household income also remained more or less at the same level. These results must be seen in a socially more diverged EU.
- As regards the Europe 2020 target on the reduction of the number of people in poverty or social exclusion, there is a standstill since the start of the strategy. This implies that the trend of the **Europe 2020 social target remains off-track** compared with the targeted objective.
- Divergent trends can be observed for different population categories. The **poverty risks of the elderly have decreased**. However, the positive evolution among the elderly population is offset by increasing poverty risks in specific segments of the active population. **Poverty risks substantially increased for persons with a low educational attainment**.
- The **adequacy of social protection slightly decreases for the population at active age**. The poverty risk of persons in a very low work intensity household are higher than on average in the EU and increased from 50% in 2004 to 60% in 2013. The share of 'pre-transfer poor' whose income rises above the poverty threshold due to the social transfers decreases slightly among the active population and increases slightly among the elderly.
- The percentage of **persons living in a very low work intensity household (14% in 2013) remains high** compared to other countries. It is among the highest in the EU. Following a slight decrease from 2005 to 2008, it increased again since then.
- **The increase in the poverty risk among the active population is situated exclusively among tenants**. This finding points further to a growing divide between different social categories. It also points to a growing number of people that is confronted with a combination of inadequate income and relatively high housing costs.
- The major challenges regarding the **child poverty and active inclusion priorities** are related to the structural challenges for the working age population, but inequalities in access to services, education and health(care) are also important factors. Persons with a **migrant background, people in quasi-jobless households and single parents** are categories that are in particular risk of poverty or social exclusion

II. Summary

This note summarizes the evolution of the social situation, in view of the objectives of the Europe 2020 strategy¹. This analysis is mainly based on European social indicators, completed with a number of national data and studies.

The evolution of the **social situation in the EU** has been characterised over the last few years by strong **social divergence**. In some Member States the social situation remained relatively stable, but in others living conditions seriously deteriorated. The evolution between the two most recent years seems to indicate a somewhat less pronounced divergence.

In Belgium the **economic situation** has remained relatively unaffected by the crisis. GDP growth has been somewhat better (or in some years, less bad) than the EU-wide performance. Budget deficits have been somewhat lower than the EU28 figure over the last years, but this is forecast to be reversed in the coming years. After decades of public debt reduction, the crisis has brought public debt levels back to over 100% of GDP. Social protection expenditure in percentage of GDP evolved around the euro-area-average, and is slightly above this average in the latest figures.

Belgium is among the member states in which also the **social impact of the crisis** has been relatively moderate. The employment rate is not far below the pre-crisis level. The unemployment rate increased by approximately one percentage point between 2007 and 2013, which is clearly below EU28 increase. Median household income and income inequality also remained stable. EU-SILC estimates point to slight increases of the number of people at-risk-of-poverty or social exclusion. These increases were mainly driven by an increase of the number of people in very-low-work-intensity households, but slight increases were also registered for at-risk-of-poverty and severe material deprivation. So far these changes have not been large enough to be statistically significant and can thus not be extrapolated to the whole population. Furthermore, the most recent 2012-2013 figures point to a slight decrease. Overall, the change in the number of people at-risk-of-poverty or social exclusion between 2008-2013 is not significant. Two important remarks need to be added to this picture of overall relative stability.

Firstly, at about halfway of the Europe 2020 strategy, and with data that go by now up to three years beyond the start of the strategy, **there is no trend towards reaching the Europe 2020 target**.

Secondly, behind the overall stability **divergent trends** can be identified for different social categories.

Several indicators point to **reduced poverty and social exclusion risks for elderly persons (65+)**. Both the at-risk-of-poverty rate and the severe material deprivation rate show a decreasing trend,

¹ The monitoring of the social situation in the context of the aforementioned European reports is coordinated by the Federal Public Service (FPS) Social Security, with the support of the NRP/NSR Social Indicator working group, which consists of experts in the field of social indicators from the federal and regional administrations, universities, research centres and stakeholder organisations (cf. annex 4 for an overview of the persons who contributed to this note). However, the responsibility for the content of this note lies with the FPS Social Security. This note further builds on preparatory work of OSE and HIVA on updating the 2013 analysis of the social indicators. Contact : rudi.vandam@minsoc.fed.be or sebastien.bastaits@minsoc.fed.be

beginning already before the crisis and persisting since then. Also the poverty gap decreased and the aggregate replacement rate increased. It should however be noted that the reduction of the poverty risk cannot be observed using a higher (70%) alternative threshold. The median relative income ratio remained at the same level. So overall, while median relative income of the elderly remained stable, low incomes have increased, lifting a larger share of the elderly, to a limited extent, above the poverty threshold. Although identifying the drivers of this evolution goes beyond the scope of this note, it seems likely that both selective increases of minimum pensions over the last years, as well as cohort effects play a role here.

Notwithstanding this positive evolution, it needs to be noted that the poverty rate of the elderly remains clearly above the population poverty rate. It needs to be noted further that the relative income position of the elderly still considerably lags behind average EU28 levels: elderly poverty rates are higher and both aggregate replacement rates and relative median income ratio are clearly lower than EU28 levels. Depending on a set of assumptions, the future replacement rate for a person with a 40 year career and average earnings is projected to decrease slightly by 2053.

On the other hand, **for the working age population (18-64), an increasing risk of poverty (or social exclusion)** can be observed within specific- already high-risk- subgroups of this age category. The increase is situated among low-skilled persons and exclusively among persons renting their home, a group with overall a weaker social profile in Belgium-certainly in the case of the social housing sector. **The number of persons in very low work intensity households increased, and at the same time the poverty risk of this group increased.** Furthermore, the employment rate of persons with a low educational level decreased. Although further research should substantiate this more², taken together, these observations point to **a growing social divide within the working age population.**

The very high poverty risks of **single parents** and persons with a nationality from outside the EU are linked to this but might require a specific policy focus. After slight increases in the preceding years, the level of **child poverty** or social exclusion now seems more stable. However, the fact that child poverty is still higher than the overall poverty rate and the existence of persistent structural inequalities according to the social origin of children, e.g. in the field of education, health behaviour, etc., make that fighting child poverty also remains a key challenge in a more structural approach for tackling poverty and social exclusion. Regarding the socio-economic position of **persons with a migrant background**, Belgium is among the worst performing EU Member States.

As regards the **housing** situation, the indicators show that the number of persons living in situations of poverty or social exclusion increases only on the rental market. At the same time, the EU-SILC survey reveals high housing costs for persons with incomes below the at-risk-of-poverty threshold. As weaker income situations and higher necessary expenses for housing-related aspects coincide in the same population categories and among the same persons, this undoubtedly leads to difficult living situations.

There are strong **regional differences** in the levels of poverty or social exclusion (AROPE), with very high rates in Brussels (+40%), around 25% in Wallonia and around 15% in Flanders

² On the basis of an analysis of the income evolution of a set of theoretical household types with incomes at different points in the income distribution Cantillon et al. come to similar conclusions (Cantillon et. al., 2014)

Recent new results from the Health Interview Survey 2013 confirm the existence of **significant socio-economic differences in health status and health behaviour an life-style**. Based on existing evidence on the drivers of health inequalities, it is safe to assume that the growing social divergences among the active population also enforce health inequalities among the working age population. Belgium scores good as regards the accessibility of health care, but the small increase in the last years in the percentage of persons in the lowest income quintile needs to be monitored further. More and better comparable data to assess the performance on the accessibility of health care are much needed.

To conclude, the most important trends that were shown in this note concern the changes in the socio-economic position of the elderly and persons with a low educational attainment. These trends already started before the outset of the crisis in 2008. They can also be observed at EU-level. Certainly in the case of persons with a low educational attainment, they thus point to structural changes that weaken the position on the labour market of this group and which also put the adequacy of social protection for this category under pressure. In this regard, this analysis points to the key importance of the joint challenge of the high incidence of very low work intensity, which is relatively unaffected by the business cycle and changes in the employment rate, and the low- and decreasing- adequacy of social allowances for vulnerable working age categories.



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FPS Social Security / DG Strategy and Research

Administratief Centrum Kruidtuin

Finance Tower

Kruidtuinlaan 50, box 115

1000 Brussels

www.socialsecurity.fgov.be

dg-strat@minsoc.fed.be

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