

The new OECD Jobs Strategy provides a comprehensive framework and detailed policy recommendations to help countries addressing the labour market challenges following the digital revolution, globalisation and demographic changes, coupled with the productivity and wage growth slowdown and high levels of income inequality. This note highlights a number of key policy recommendations in relation to the implementation of the Jobs Strategy in Belgium.

Make greater use of statistical profiling tools to address employment barriers

A third of the working-age population is long-term unemployed, inactive or has a weak labour market attachment. This group consists of multiple segments that face different combinations of employment barriers related to work readiness, availability and incentives (Figure 1). Belgium should expand its use of statistical profiling tools to address these employment barriers effectively and early on. This would help adapting interventions to the needs of individuals and targeting costly measures to those at greatest risk of long-term joblessness.

Increase work incentives for low-wage workers

The Belgian unemployment benefit system provides good protection against income losses during joblessness, but has raised concerns about its ability to maintain strong work incentives during unemployment (Figure 2). One way of maintaining strong income protection, while strengthening work incentives is through the introduction of in-work benefits, similar to the *Prime d'activité* in France.

Means-test unemployment benefits for the very long-term unemployed

Belgium is the only OECD country that offers time-unlimited and non-means-tested income support for the long-term unemployed (Figure 3). Unemployment benefits gradually converge to a flat long-term level that only varies across three broad family situations. To ensure that the long-term level of support for the unemployed reflects household needs more closely and that no household is left in poverty, Belgium should introduce means-tested benefits for the long-term unemployed.

Further reading

OECD (2020), "Addressing labour market challenges", in *OECD Economic Surveys: Belgium 2020*.

Fernandez, R., Hijzen, A., Pacifico, D., and Thewissen, S. (2020), "Identifying and addressing employment barriers in Belgium, Korea and Norway", OECD Social, Employment and Migration Working Papers, forthcoming.

Hijzen, A. and A. Salvatori (2020), "Designing fair and work-oriented unemployment benefits: The case of Belgium", OECD Social, Employment and Migration Working Papers, forthcoming.

Figure 1. Different groups require different policies

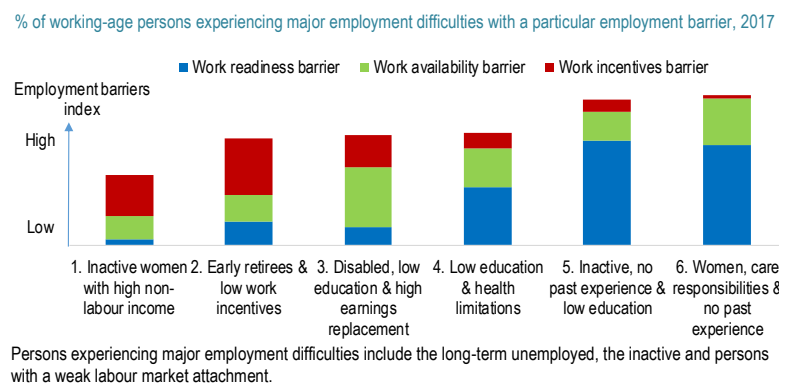
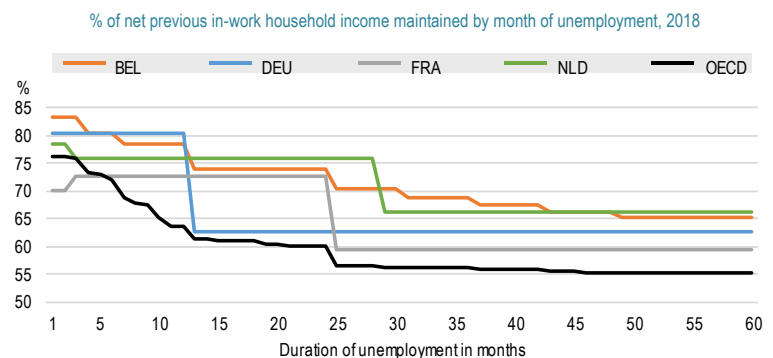


Figure 2. Unemployment benefits are relatively high in Belgium



Average across six family types with previous earnings equal 67% of the average wage.

Figure 3. Unemployment benefits for the long-term unemployed are not means-tested in Belgium

