



# Integrated approaches to active welfare and employment policies

## Belgium

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## **Summary**

The central focus of this report is on the coordination of activation policy for minimum income recipients. In Belgium this therefore involves the question of coordination between two systems: the social assistance scheme and the unemployment insurance system. This report focusses on coordination in the activation of assistance beneficiaries and job seekers.

### **1. Levels, forms and actions**

The question of the coordination of activation policy for assistance beneficiaries and job seekers has not been given much attention in Belgium until recently. This situation is currently changing, mainly as a result of the favourable economic climate. In 1999 the number of minimex beneficiaries was less than one-fifth (17.4%) of the number of non-working job seekers. In comparison with other EU countries the Belgian assistance scheme can therefore be seen as something of a residual system. The unequal ratio between the two systems means that the target group for the social assistance system is seen as being more difficult to integrate than the target group for the unemployment insurance system. Hitherto the central government has been pursuing a two-track policy: on the one hand the federal authorities have further strengthened the instruments available to the OCMWs (Public Welfare Offices), and on the other hand the regional governments are taking more and more initiatives towards a policy of coordination between the competent institutions (PES and public welfare centres).

#### **1.1 Macro level**

The Belgian unemployment system and the social assistance system are rather autonomous, with their own policy strategies, policy delivery institutions, activation instruments and financing. These differences between the systems significantly restrict coordination. From the point of view of coordination, the following three limiting factors are significant.

First of all, a characteristic feature of the federal state of Belgium is the complexity of the various levels of authority covering activation policy for job seekers and assistance (Minimex) beneficiaries. The activation policy within the context of unemployment insurance (part of the social security system) fits into a complex federal and regional framework, with various institutions. At present each of these institutions is jointly managed. These are centralised, hierarchical institutions with only a limited degree of internal decentralisation into services at the sub-regional level. The activation policy for Minimex beneficiaries is covered entirely by the federal level of authority. The competent authorities in relation to benefit delivery are organised at the municipal level, namely the Public Welfare Centres (OCMWs), as is in fact the case in most European

countries. The difference in the scale at which the institutions in question operate (centralised vs. decentralised) is an extra hindering factor.

The second factor which acts as an obstacle for a policy of coordination is that different objectives and expectations exist in the two systems. Activation in the labour market is not a priority objective for every OCMW. The situation is, in fact, that from a strictly legal perspective the OCMWs can consider their activation task to be fulfilled as soon as the OCMW client has completed a sufficient number of working days of social employment to receive social security again and is therefore entitled to unemployment insurance (or sickness and disability benefit). Hence this also means that a number of OCMWs pursue rather a passive policy. This therefore reinforces the lack of policy cohesion with regard to the clients in question.

A third factor has to do with the link between benefit delivery and labour market mediation. One of the core questions in coordinating the unemployment insurance and social assistance systems is whether to integrate or separate benefit delivery and labour market mediation. In unemployment insurance, benefit delivery (federal level) and labour market mediation (regional level) are separated, unlike the situation in the social assistance system where benefit delivery and activation are integrated at the federal level. This seriously limits the scope of a coordination policy at all levels.

At the macro level there are currently two important forms of coordination which have been put forward by the central authorities (at the federal and the regional level).

The most important coordination problem at the macro level is the lack of coordination between activation instruments. Until recently there was hardly any link between OCMW-specific instruments on the one hand and the generic instruments on the other. During the past few years this problem has led to the streamlining of the range of instruments, including the seriality of instruments mechanism. This means that OCMW clients can move smoothly (without intervening reference periods and without any financial disadvantage) into a generic measure, thus giving them a greater chance of finding a job in the ordinary labour market. Since 2000 it has also been possible for an OCMW client to build up social security rights through participation in a generic instrument.

Secondly, since the second half of the 1990s central government has been propagating the principle of pathways to integration, with intensive individual guidance at various stages. In Belgium this kind of guidance is known as 'route counselling' (trajectbegeleiding). Although the idea of route counselling has many fathers, the major breakthrough in Belgium was significantly encouraged from the European Social Fund (ESF). Since early 1997 promoters have been forced to fit their integration activities into the route approach if they want to continue to claim ESF subsidies. In organisational terms this has led to the setting up of cooperation frameworks, the so-

called ESF consortia, whose aim is to harmonise working processes with each other more effectively. The aims of this type of coordination are to eliminate double work, to achieve greater coherence through the use of a single dossier and to plug any gaps that exist.

## **1.2 Local level**

In 1999, active labour market policy was a complex and poorly organised field. Until recently there was little encouragement for coordination from central or regional government. Existing coordination initiatives were developed from the bottom up with respect for the autonomy of institutions. Nevertheless there are two developments taking place in this area, and the central authorities involved have responded to these recently with new policy coordination initiatives. Both developments are mainly taking place in Flanders.

The first new development is the cooperation with the temporary sector. Due to the favourable economic climate, particularly in the Flemish region, OCMWs are already making quite frequent use of the opportunities to find the client a (temporary) job through a temporary staff agency. The authorities have responded to this by appointing 'facilitators' whose task is to build a bridge between the social actors (NGOs) and temporary staff agencies with a view to finding employment for OCMW clients. From 2000 onwards the Federal government wants to offer encouragement on a larger scale, using financial resources, to allow OCMW clients to work in a temporary jobs with a fixed contract, albeit on a voluntary basis ('fill-in temporary staff'). The temporary staff agency must offer guaranteed employment for two years.

The second initiative involves the integration of basic service provision for job seekers through one-stop shops (local job centres). This is a response to the forms of harmonisation and cooperation which have sprung up here and there. The aim is eventually to set up integrated initiatives. Here the central government authorities (federal and regional) have entered into a cooperation agreement. It still remains to be worked out how extensive the basic service provided will be. It is clear, however, that the benefit delivery function will remain outside the job centre. For that (important) aspect, OCMW clients will therefore still have to go to the OCMW. The OCMWs ultimately decide themselves whether or not to collaborate with the job centre, and if so, how. The greatest willingness is found on the part of the OCMWs which already have some experience of cooperation.

## **2. Coordination in practice**

The four cases in this report first of all reveal the importance of a number of contextual factors, in particular the labour market context, the presence of actors (number, type and scale of activity) and the history of cooperation or competition between them. This has led to various emphases in terms of content between the OCMWs in the four different locations.

The main factors stimulating coordination at the grass roots level (as identified by the cases) are: the existence of reciprocal needs and wants, traditions and positive experiences of coordination in the past and good inter-personal relationships between the persons involved. The main factors hampering coordination are: the amount of time that has to be invested in coordination efforts, the lack of staff and the lack of interest among potential coordination partners.

One feasible division in the debate on coordination is the one which distinguishes between coordination of activation instruments and coordination between institutions. Particularly in the latter case there is tension between the central and regional levels. Policy delivery institutions in the areas of social security (federal labour agency) and labour market policy (PES) are centrally guided institutions, while the policy delivery institutions for social assistance are covered by the municipalities. The extent to which regulatory bodies cope with the need for variation between localities is therefore a crucial question. One key result of the analysis of coordination in the field is that 1) bottom-up coordination works and 2) top-down implemented coordination can only succeed if it is supported at the grass-roots level. Particularly when top-down coordination deals with the question of harmonization of legislative conditions (target groups, budgets, etc.), a balance needs to be achieved with bottom-up coordination in the delivery of basic services and the organisation of routes.

### **3. The impact on minimum income recipients**

Here we must make a distinction between forms of coordination at the macro level and at the local level. The effect of streamlining instruments at the macro level is not yet perceptible in terms of the number of participants; this is because these measures have only very recently come into force. The expected effect is not generally thought to be very great, since major efforts in the area of policy are already being made on the second policy track, with an expansion of the range of OCMW-specific measures and areas of application.

Route counselling is not leading to the results that were hoped for, at least not in terms of the intended coordination at the delivery level and cooperation between the various actors involved in the field. The number of OCMWs participating in sub-regional cooperation frameworks is relatively limited. In fact the organisation and delivery of reintegration routes is still essentially dealt with by the OCMWs themselves, although it is increasingly focused on moving into regular employment and cooperation with external employers. Cooperation in the area of route counselling has largely been introduced from the top down, and it has therefore failed to achieve part of its effect with the OCMWs, which it is much more difficult to compel from above to cooperate in broadly based cooperation frameworks.

The results in the area of cooperation with the temporary staff sector are improving. In 1998-1999 there were 300 OCMW clients. The experiences of OCMWs are not always equally positive.

Often the threshold is too high, there is usually no guidance provided at the workplace and the periods of employment involved are usually short. The new subsidy measure responds to a number of these limitations.

#### **4. The impact on public spending and efficiency**

Recently there have been developments towards partial integration of the two systems through 1) the coordination of working processes (development of one-stop shops) and 2) improved harmonisation of instruments together with further expansion of those instruments. This still has not had any structural impact. Policies are merely stimulating the actors to think in terms of process agreements rather than output agreements.

The steps taken in Belgium towards a policy of coordination have only taken place recently and consequently still have a limited radius of action. It is therefore too early to be able to ascertain the budgetary effects at this stage. The expected effects should not, however, be overestimated. Perhaps more important still are the qualitative effects, such as improved deployment of personnel and a more individualised approach and tailor-made activities.

#### **5. Coordination in policy making - Perspectives**

For a long time there has been little interest in Belgium in a coordination policy on activation. Two trends in policy vis-à-vis the PES under the new legislature (since 1999) may speed up the situation. First of all there is the new policy of creating a separation (also in organisational terms) between the basic service on the one hand and the organisation and delivery of reintegration routes on the other. This should result in an internal separation within the PES. In the new model all providers, including the public provider, will have to compete for contracts through the Compulsory competitive tendering system, as is already the case in certain other countries (Australia, United Kingdom). Secondly, the basic service provided by all public institutions (PES, Public Welfare Centre) will be brought together in the local job centre.

Recent policy developments indicate that activation and reintegration policy is increasingly crossing the lines between the various organisations and benefit categories. Consequently the question arises of whether the relationship between the two systems is not ripe for a more thorough revision.

Various arguments can be brought forward in order to present a model of partial integration of the two systems as the best scenario for the future in the Belgian context:

- Hence observations in practice indicate that the concept of activation for the labour market has already penetrated a long way in the work of the OCMW, as a result of which OCMWs

occupy an important place in local labour market policy and must consequently be seen as a *fully valid actor*. Lack of harmonisation between instruments is, however, a hindrance to a smooth route into the labour market.

- OCMW clients and job seekers would also benefit from a more *integrated basic service*, so that they are not sent ‘from pillar to post’.
- Improved harmonisation between the two systems also makes it possible to achieve *improved distribution of tasks* and synergy between the OCMW, PES, the municipality and the NGOs, whereby the OCMW, for example, focuses mainly on motivating clients (possibly also including high-risk unemployed people) to seek employment, and also the various aspects involved in the preliminary route (referral to a detoxification institution, learning working attitudes etc.). The PES and third party organisations can then take additional initiatives with a view to integration in the labour market (finding vacancies, providing training etc.).

It will be clear from this study that it is not easy in the existing Belgian context to make a smooth transition from the situation of relative autonomy to a partial integration of activation policies in both systems.



# **Chapter 1**

## **Description of the national context**

### **1. Introduction**

Although the overall situation on the labour market has improved in the past two years, especially in the northern part of Belgium, a large proportion of the working-age population still remains unemployed and the groups at risk from exclusion from the labour market are actually growing. This phenomenon is related to structural changes in the labour market, with a hard core of long-term unemployed, poorly qualified people who are at risk from losing their unemployment benefits and moving into social assistance. Other tendencies among the population receiving social support are, for instance, the increasing number of single parents and young adults becoming dependent on social welfare income. For these groups, an activation approach is vital, combined with an approach to their other demands (debts, housing, health problems, etc.).

From a macro-institutional point of view, Belgium can be regarded as an example of a Bismarckian system based on two pillars (insurance and assistance), with a rather limited social assistance pillar compared with other EU countries. In order to have a clear view of the social assistance scheme, it is important briefly to discuss unemployment insurance.

### **2. Unemployment insurance**

The Belgian unemployment benefit system differs from those of its neighbouring countries. It is mainly an unemployment insurance system, financed by contributions from employers and employees, as in other continental countries. The underlying philosophy is that everybody without work is entitled to unemployment benefit. There is almost no restriction in time for unemployment benefits, but the level of the allowance is restricted: it is only a weak insurance instrument. The unrestricted time of the unemployment benefit has to be carefully balanced. There is a restriction in time for some long-term unemployed people with respect to resources other than unemployment benefit alone. They are suspended from claiming unemployment benefit if they exceed 1.5 times the duration for the average long-term unemployed person, taking age, sex and region into account. People with insufficient income resources at household level cannot be suspended.

In order to be entitled to unemployment benefit, a person must:

- be a former employee (self-employed people are not entitled to unemployment benefits);

- be a school-leaver who has exceeded the waiting period;
- be involuntarily unemployed;
- be registered with the public employment service;
- be available for and capable of work;
- be below the age of 65 (men) or 62 (women);
- live in Belgium;
- have worked for at least 312 (624) days in the period of 18 (36) months prior to the unemployment period.

Young graduates are also eligible for unemployment benefit if they have a dependent spouse and/or children.

During the first year, the level of the benefit is 60% of previous gross earnings. In the second year of unemployment, a single person would receive 42% of the previous gross earnings. A head of household with children would continue to receive up to 60% of wages indefinitely.

Whereas, in many European countries, the long-term unemployed are transferred, at least partly, from unemployment insurance to a welfare system, in Belgium only those who are not entitled to unemployment benefit can be taken into the social welfare system (those who are excluded under a sanction, those who have not demonstrated enough working days to be entitled, young people during the waiting period before becoming eligible for receipt of unemployment benefit or waiting allowance and people with an unemployment allowance lower than the subsistence wage level). Unemployed people who are not covered by the unemployment insurance system are not automatically covered by the social welfare system: they have to meet certain requirements (see 3.2.1) and they must claim benefits.

### **3. Panorama of minimum income schemes**

#### **3.1 Introduction**

This initial section gives an overview of the panorama of the national means-tested social assistance schemes available to people of working age with or without previous work experience. In Belgium the retirement age is gender-specific: 65 for men and 62 for women<sup>1</sup>. It is possible to take early retirement from the age of 60 if 20 years of professional activity can be demonstrated.

There are four schemes guaranteeing a minimum income in Belgium:

1. Minimex/minimum income
2. Guaranteed income for the disabled<sup>2</sup>
3. Guaranteed family allowance<sup>3</sup>
4. Guaranteed income for the elderly

The Minimex is a generalised system of means-tested income support. The other schemes are category-based. All the schemes are family-oriented, allowances differ depending on the family situation. In addition to these schemes, there is a system of discretionary supplementary payments either for special needs or for people who for some reason are not entitled to one of the other benefits. There is no national housing benefit system. We will focus on the Minimex as the main scheme.

### **3.2 The Minimex**

The Minimex, which was adopted in 1974, is a social allowance “guaranteeing a minimum income to persons of no resources or insufficient resources, who are unable to provide these resources through personal effort or other means”<sup>4</sup>. People with no other resources receive the full Minimex allowance, people with other income resources receive income support up to the level of the full allowance.

#### *3.2.1 Entitlement and means-testing*

As a general means-tested instrument, entitlement depends on the applicants’ resources being below prescribed limits, together with the criterion of being available for work, unless certain exemptions apply. The applicants must have attained the age of 18, unless a claimant is pregnant or has children. Students are also entitled to claim the Minimex, but there is no general agreement as to whether it is reasonable for the authorities to apply the “availability for work” rule in their case. Thus, some PWCs (OCMW/CPAS)<sup>5</sup> do grant benefit to students while others do not.

The 1976 law on the municipal welfare centres states: “everyone is entitled to social assistance. This (law) aims to ensure that everyone has the possibility of living in conditions compatible with

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1 The retirement age for women will rise progressively to the age of 65 between now and the year 2009.

2 This is paid to handicapped adults between the ages of 21 and 65 (men) or 61 (women) who have a physical/mental handicap which restricts them to earning no more than one third of the amount a healthy person is able to generate.

3 This is paid to people with no access to the insurance-based family benefits.

4 Article 1 of the law on the municipal welfare centres.

human dignity.” In practice there are still restrictions. People entitled to the Minimex are Belgian citizens, EU nationals, stateless persons and recognised refugees. Foreigners not entitled to the Minimex (mainly non-EU nationals or asylum-seekers awaiting decisions) can claim a similar but more discretionary allowance (the social minimum allowance (*sociale bijstand*)). As far as these social minimum allowances are concerned, only maximum amounts are prescribed by law, so that social welfare centres can award lower amounts at their discretion. If the request for asylum is rejected, the allowance often ceases even though, by law, the recipient should be entitled to continued help.

Recipients have to be available for and seeking work, unless this is regarded as “unreasonable”. Those often exempted from this criterion are lone parents and people suffering from ill health. The claimant has to provide proof of his/her willingness to work. Registration with the public employment offices is not legally required but, in practice, welfare centres take a firm stand on this. In practice, the claimant can provide proof by submitting application letters. Since the right to the Minimex is a residual right and is only granted when all means not contrary to human dignity have been exhausted; the claimant cannot restrict applications to certain activities in a certain economic sector. Since there are no objective criteria, the welfare centres have considerable discretion on this issue. Disputes are settled by industrial tribunals.

Most forms of income are taken into account for the Minimex means test, except child benefits, maintenance payments for children, other discretionary assistance payments made by PWCs, study grants for the claimant or a child, war-related pensions or compensation and gifts from people not resident with the claimant or with no maintenance obligations. Income from cash savings or from property is included, subject to allowances.

In 1990 earnings allowances were introduced to improve work incentives:

- General income allowance of BEF 13,005 per year for families with children, BEF 6,503 for cohabiting couples without children and BEF 10,404 for single people;
- In addition, if the claimant is employed by the PWC or the public employment offices, the first BEF 7,030 per month of earnings from work are disregarded for the first year of the claim. This falls to BEF 5,859 in the second year and BEF 3,516 in the third and final year. This is known as the socio-professional integration bonus (see also Chapter 2).

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<sup>5</sup> OCMW/CPAS stands for the Dutch and French terms respectively for public welfare centres (PWCs), which are organised at municipal level.

### 3.2.2 Levels of benefit and types of household

The levels of benefit are prescribed by law. There are four categories of claimant, all receiving a net fixed monthly amount:

- Couples: married or unmarried recipients living with a partner and who have a duty to support their partners and children (if any);
- Single parents: a single person responsible for the care of children;
- Single people: an applicant living alone;
- Cohabitees: recipients sharing a household but not necessarily sharing the household management and resources.

Table 1.1 gives the evolution in the net monthly Minimex rates for the different family types.

*Table 1.1* Monthly Minimex rates, evolution according to household situation

Year	Couples	Single parents*	Single people	Cohabitees
1/1990	22,617	20,356	16,963	11,309
1/1992	24,971	24,971	18,729	12,486
1/1994	25,990	25,990	19,485	12,990
1/1996	26,805	26,805	20,103	13,402
1/1998	27,888	27,888	20,915	13,943
6/1999	28,445	28,445	21,331	14,223

\* For single parents and couples with children, the Minimex can be supplemented by the guaranteed family allowance. The monthly guaranteed family allowance is (June 1999) BEF 4,165 for the first child, BEF 5,978 for the second child and BEF 7,778 for the third and subsequent child/children.

Source: Belgian Law Gazette

Compared to other EU countries, Belgian social assistance guarantees low levels of minimum income. There are two main reasons for this: 1) the fact that there are no national housing subsidies for people on low incomes; 2) the low level of social assistance benefits for couples. The following facts illustrate the low level of the Minimex: 1 in 3 Minimex recipients finds it difficult to pay rent, on which an average of 40% of the Minimex amount is spent; 1 in 4 has difficulty paying electricity and gas bills. Health spending is also often a problem. One in three has a high debt burden resulting from the past.

Table 1.2 shows the evolution in the Minimex allowances as a % of national income per capita.

Table 1.2 Minimex as % of the national income per capita

Year	NI/capita*	Couples (%)	Single parents (%)	Single people (%)	Cohabitees (%)
1990	526.9	51.5	46.4	38.6	25.8
1992	577.2	51.9	51.9	38.9	26.0
1994	620.4	50.3	50.3	37.7	25.1
1996	665.3	48.3	48.3	36.3	24.2
1997	689.3	47.6	47.6	35.7	23.8

\* x BEF 1,000

Source: Poverty and social exclusion, yearbook 1999

The income gap between Minimex recipients and people on other incomes is widening. Compared to the national income per capita, the Minimex has fallen continuously since 1992. The Minimex is indexed, but other incomes rise more rapidly than inflation because salaried workers improve their income from labour through collective bargaining, as well as through the growth of income from capital.

### 3.2.3 Size and characteristics of Minimex population

Since its inception in 1976, there has been a constant increase in the number of recipients, from 9,436 in 1976 to 82,711 in 1999. These figures do not include people not entitled to the Minimex, receiving the more discretionary allowance known as *bijstand* (assistance). In 1999, 6,270 people received this allowance. Table 1.3 shows more detailed evolution of the number of recipients in the 1990s, divided by region.

Table 1.3 Total number of recipients broken down by region (social minimum allowances included)\*

Year	Flemish region		Walloon region		Brussels region		Belgium	
	Number	As % of residents	Number	As % of residents	Number	As % of residents	Number	As % of residents
1990	21,518	3.7	21,735	6.7	6,226	6.5	49,479	5.0
1992	21,643	3.7	24,782	7.6	7,449	7.8	53,874	5.4
1994	24,592	4.2	28,914	8.7	9,218	9.7	62,724	6.2
1996	27,987	4.8	35,479	10.7	11,717	12.4	75,183	7.5
1998	29,462	4.9	40,230	11.6	14,049	13.5	83,741	8.1
1999	29,218	4.9	39,600	11.9	13,893	14.6	82,711	8.1

\* Social minimum allowances (*sociale bijstand*) are more discretionary allowances paid to people who are not entitled to the Minimex. Since those people are also targeted in activation measures, they are included in the figures.

Source: Ministry of Social Affairs

There was a steady rise in the number of recipients in every region until 1999. The proportional number of recipients has always been higher in the Walloon and Brussels regions. In the nineties these differences actually intensified.

It is important to note, especially when focusing on activation measures, that not all people receive the full Minimex amount. In 1999, 34,584 people (included in the overall figure of 82,711) received a Minimex allowance on top of other income sources. Thus, in 1999, 54,397 people received the full Minimex allowance.

The rise in the number of recipients can be explained by demographic, social and economic factors such as increased exclusion from the labour market and the rise in the divorce rate, as well as by certain institutional factors such as the lowering of the age of majority from 21 to 18 in 1990 and the administrative measures leading to an organised shift away from unemployment insurance towards social welfare. This has taken two forms:

- the longer period school-leavers have to wait before receiving unemployment benefit and the lowering of the waiting benefit to below the minimum income have led to increased numbers of young people applying for the Minimex;
- suspension from unemployment insurance<sup>6</sup>: Johan Wets (1998) found that, for example, in 1996, 63,825 people were suspended from unemployment insurance. Eight percent of them transferred to the Minimex. In 1996, 1 in 3 new requests for social welfare were linked to unemployment insurance: suspensions (27%), supplements to unemployment benefit (39%), advance payments (34%).

Compared to the early nineteen nineties, changes have occurred in the family structure of people receiving the Minimex. The proportions of couples, single parents and cohabitantes have declined, whereas the proportion of single people has risen sharply. Table 1.4 shows this evolution and divides the 1999 proportions according to region.

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<sup>6</sup> People can be suspended from unemployment insurance for three reasons: administrative sanctions (fraudulent use of dole card), refusal to work and long-term unemployment (see 2).

*Table 1.4* Evolution in types of household numbers

Year	Couples	Single parents	Singles	Cohabitees	Total
1990	7.4	21.6	47.4	23.7	100.0
1992	7.1	19.9	48.3	24.6	100.0
1994	7.1	19.1	50.2	23.6	100.0
1996	6.8	19.0	53.7	20.5	100.0
1998	6.7	18.8	55.9	18.6	100.0
1999	6.8	19.0	56.2	18.0	100.0
Regional breakdown of the 1999 figures					
Flemish region	7.2	17.6	57.9	17.3	100.0
Walloon region	5.4	20.4	53.7	20.5	100.0
Brussels region	10.0	17.7	60.3	12.0	100.0
Belgium	6.8	19.0	56.2	18.0	100.0

Source: Ministry of Social Affairs

The biggest differences compared to national averages can be seen in the Brussels region. More couples and single people receive the Minimex, accompanied by a smaller proportion of single parents and, especially, cohabitees. In the Flemish region, which has more couples and single people and fewer single parents and cohabitees, the differences with the national average are much less marked. In the Walloon area, the proportion of single parents and cohabitees is above the national average.

When focusing on activation, the period of dependency is also important (Table 1.5). Almost 30% of all recipients remain dependent on the Minimex for more than 3 years. For young people, the Minimex functions more as a transition between school and work. One in five young recipients depend on the Minimex for longer than two years, whereas this is 51% for people over the age of 25.

*Table 1.5* Minimex dependency (over a period of 3 years) by age (in %)

1996	18-24 years	25+	All ages
6 months	19	11	13
7-12 months	31	17	20
13-24 months	30	22	24
25-35 months	12	15	14
36 months	8	36	29
Total	100 (N=18,957)	100 (N=54,583)	100 (N=73,540)

Source: Ministry of Social Affairs



Table 1.6 shows that a gradual increase has occurred in the proportion of male recipients. In 1999, more than two-thirds of all male recipients were single and almost 1 in 3 female recipients were single parents.

*Table 1.6* Evolution in number of recipients by gender.

Year	Male	Female
1990	39.6	60.4
1992	41.9	58.1
1994	44.2	55.8
1996	45.0	55.0
1998	45.1	54.9
1999	44.7	55.3
Breakdown of the 1999 figures by household type		
Couples	11.0	3.3
Single parents	2.1	32.6
Single people	67.2	47.0
Cohabitees	19.6	17.1

Source: Ministry of Social Affairs

Table 1.7 shows the evolution in the proportion of recipients by age. The 1990s saw a huge increase in numbers of young adults and a decline in the number of elderly people. Factors underlying this process include reducing the age of majority in 1990, the rise in youth unemployment, the rising number of students applying for the Minimex, increased family instability and the rise in the income position of pensioners.

*Table 1.7* Evolution in number of recipients by age.

Age	1990	1999
<25	11.7	26.0
25-29	11.4	11.8
30-34	11.8	9.8
35-39	12.6	10.5
40-44	12.8	10.4
45-49	9.4	9.5
50-54	10.1	8.7
55-59	9.7	6.6
60-64	5.4	3.7
>65	5.0	2.9
Total	100.0	100.0

Source: Ministry of Social Affairs

### 3.2.4 *Recovery*

Since its inception in 1974, PWCs have had the right to claim back Minimex payments from spouses, parents or children of claimants. In the early 1980s an intense debate on recovery practices resulted in a Royal Decree in 1983 compelling PWCs to recover payments. This met with strong opposition from the PWCs and was later mitigated, largely restoring the autonomy of the centres. Little is known about actual practice or figures. A survey conducted in 1986 showed that only about one per cent of assistance expenditure was claimed back from relatives. Other studies indicated that returns from the recovery process barely exceeded the administrative costs of implementing it (Lambrechts and Dehaes, 1986).

In cases where a person receives the Minimex and is actually entitled to another kind of social security benefit, the PWC can claim back the Minimex from the claimant, who will have to claim his benefit from the social security organisation concerned.

### 3.2.5 *Organisation and financing*

Policy responsibility is exercised by the Minister of Social Integration and Social Economy. The municipal PWCs are the executive authorities. They are autonomous institutions under public law, governed by Councils for Social Welfare (*Raad voor Maatschappelijk Welzijn*) whose members are chosen by the elected councillors of the municipality. In addition to administering the Minimex, the PWCs also deal with discretionary cash or social services assistance to recipients.

The Minimex is jointly financed by national tax revenue and by the municipalities. Since 1992, the federal government has assumed 60% of Minimex financing for municipalities with more than 500 recipients and 65% for municipalities with more than 1,000 recipients. Benefits for asylum-seekers and people not yet registered within a municipality are wholly financed by central government. Additional financing is provided by central government for people on training programmes or in social employment. This will be discussed in the second part of this first chapter.

### 3.2.6 *Administration and claiming process*

Claims for the Minimex can be made in person or in writing to the PWC. The claim must be made by the claimant or a person he/she designed as a representative. Claims are formally recorded by the Centre and a written acknowledgement is made to the claimant. Immediate help can be given, although not necessarily in the form of cash. An appointed social welfare assistant carries out a "social inquiry" to assess the claim, during which the claimant or representative has the right to give evidence. A decision must be made by the Welfare Council within 30 days. The written

decision, which specifies the amount of the benefit and the method and frequency of payment, must reach the claimant within a further 8 days. Payments are backdated to the date of the claim.

Claimants are supposed to report any change in their circumstances, but the full means test only takes place annually, unless fraud is suspected. PWCs have considerable discretion. Luyten (1993) found that PWCs seemed to be taking an increasingly firm stance on claims from certain groups, especially young men and refugees.

Although there is some discussion about the prevalence of certain kinds of fraud, there is no evidence as to its extent. There is no national policy on fraud, but Luyten (1993) found that local social workers took their responsibility seriously to avoid granting fraudulent claims and carried out detailed checks on claims.

Until 1992, two different procedures were in operation for appealing against the decisions of PWCs concerning social assistance. For the Minimex, appeals were made to the Industrial Tribunal, which also deals with social security and other social assistance schemes. Appeals against decisions on supplementary assistance were made to special “appeal courts” or tribunals in each region. Since this dual system was often confusing for claimants, it was replaced in 1992. The appeal courts were abolished and jurisdiction for all social assistance appeals was given to the Industrial Tribunal.

Three studies (van Huffel, 1990; Bodart and Dijon, 1990; Huyse *et al.*, 1991) found that appeals to the Industrial Tribunal could be slow and cumbersome (taking up to five months), but that they provided a superior level of legal justice compared to the special appeal tribunals. The studies recommend that waiting periods and costs be reduced.

### *3.2.7 The role of non-governmental organisations (NGOs) in social assistance*

NGOs are active more in the field of welfare rights lobbying than in the direct provision of money and services. Two particular movements exist for the poor themselves: the Fourth World Organisation (*Vierde-Wereld* or *Quart Monde*) and the People on Low Incomes and Children’s Movement (*Beweging van Mensen met een Laag Inkomen en Kinderen*).

The Fourth World Organisation is part of the international organisation founded by P ere Joseph Wr esinski in 1957. It operates mainly in the French-speaking part of Belgium and its main interests are housing, health, education and culture.

The People on Low Incomes and Children’s Movement is particularly active in the Flemish Region and aims to organise the long-term poor against social exclusion. Its demands are that the living standards of the poorest be used as a measure for evaluating and shaping the well-being of

society. It concentrates on issues such as the failure to take up benefits due to administrative complexity, housing problems and the placing of children from poor families in institutions.

Both organisations were involved in drawing up the first General Poverty Report (*Algemeen Verslag over de Armoede, AVA*)<sup>7</sup>, which was organised by the Federal Minister of Social Integration.

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<sup>7</sup> See chapter 2, section 3.

## **Chapter 2**

### **Activation policies for minimum income recipients**

#### **1. General information on activation policies and developments in poverty policies**

Two major developments in poverty policy took place during the 1990s: firstly, more serious attempts were made to give the policy more legitimacy by involving the poor and their organisations in this policy and, secondly, increased effort was made to achieve an integrated policy.

This new development was influenced in particular by the compilation of a General Poverty Report (AVA) in 1995, in which associations of poor people were themselves involved. This report is monitored politically by the interministerial Social Integration conference which, chaired by the Prime Minister, meets at least twice per year and is charged with ensuring a global, integrated and coordinated approach to the policy.

In 1998, the decision was taken, via a co-operation agreement between the federal states and the Communities and Regions, to compile a “Report on Social Insecurity, Poverty, Social Exclusion and Unequal Access to Rights” every two years. This report contains the following points:

- an evaluation of the evolution of insecure living conditions, poverty and social exclusion using a number of fixed indicators;
- an evaluation of the actual exercise of social, economic, cultural, political and civil rights, together with the inequality which continues to exist in terms of access to these rights;
- an inventory and evaluation of the policy and the actions carried out since the previous report;
- firm recommendations and proposals to improve the status of the people in question in all areas, in both the short and the long term.

In order to be able to achieve all this, the decision was also taken to set up a Centre to combat poverty, social insecurity and social exclusion, with the following remit:

- to list, systematise and analyse information about social insecurity, poverty, social exclusion and access to rights;
- to make specific recommendations and proposals concerning policy;
- to draw up a report at least every two years;
- to issue advice at the request of the various authorities or the interministerial conference or at its own initiative.

The Centre involves in its activities, in a structured and lasting way, the associations in which the poor can have their say. All authorities are represented on the management committee, the support committee includes representatives of the social partners, the medical insurance companies, the poverty organisations and the Belgian cities and Municipalities.

The attempt at more integrated policy making is combined with developments towards more specific policies. This results in a number of goodwill measures, as well as the elimination of a number of injustices in existing measures and the opening up of generic measures for Minimex (minimum income) recipients. Poverty policy has developed its own instruments (the General Poverty report and *steunpunt armoede* (the poverty support centre)) and devotes specific attention to certain target groups. This is placed within a general framework of broader policies such as sustainable urban policy and safety policy. In the nineteen nineties, work was more structured and policy-agreements with targeted results were made between central and local actors. This was accompanied by clear priorities in budget spending both at territorial level (most disadvantaged cities) and as regards the policy fields (infrastructure, housing, employment, economy, welfare and health). As with employment policies, poverty policy is driven by the idea of activation.

An increasing shift is taking place towards the weakening of the principle of rights and the strengthening of the concepts of merit and charity. This can be seen in the shift from indirect to direct poverty combating (weakening of principle of rights), from public to private initiative, from the collective towards citizens and their household (strengthening of charity) and from solidarity to competition as the principle of policy (strengthening of the concept of merit). Examples include the social integration contracts which, in addition to the contractualisation of service provision, introduce the concepts of mutual rights and duties and *quid pro quo*; the shift of financial responsibility concerning social policy to the local level and the emergence of various initiatives which belong unmistakably in the area of charity (e.g. *resto de coeur* and food banks).

The coalition agreement of 14 July 1999 states that the top priority in combating poverty should be integration into the labour market of Minimex recipients. This should be done by expanding the existing employment instruments by raising the state subsidies for employment.

## **2. Overview of activation policies/insertion policies for minimum income recipients**

### **2.1 Introduction**

Within the panoply of activation measures, we have to make a distinction between the generic activation measures (open to anyone who is unemployed) and the specific welfare centre-related

activation measures (open only to Minimex recipients). Tables 2.1 and 2.2 provide a summary of the most significant activation measures.

*Table 2.1* Summary of the most significant activation measures (situation in 1999)

Employment and work experience		Training, counselling and employment-finding	
PWC-specific	General	PWC-specific	General
- Article 60 §7	- WEP-plus, WEP-privé, Gesco-WEP-plus	- TOK	- Training by Flemish Employment Office (VDAB)
- Article 61	- PWA	- Training by the PWC	- Training by third parties
- Integration Contract	- Service job (Dienstenaanbaan)	- Recognition as Agency for Free Employment-Finding	- Individual Vocational Training in the Company (IBO)
- Socio-professional integration premium	- Special jobs plan	- Involvement in Flemish Interim Bridge Project	- Young people's work placements
	- Social employment	- Involvement in employment agreement (now Local Work Shop)	
	- Initiatives regarding labour care		

Table 2.2 Characteristics of the most important activation measures

	Legal basis	Service level	Target group
<b>Specific welfare centre-related activation measures</b>			
Art. 60 §7 Employment in public sector	Federal	Municipal welfare centres	Minimex recipients
Art. 61 Employment in private sector	Federal	Municipal welfare centres	Minimex recipients
Integration contracts Employment in public or private sector	Federal	Municipal welfare centres	- Compulsory for welfare customers < 25 years old - Voluntary for other welfare customers
<b>General activation measures</b>			
PWA Employment in public sectors and in private households	Federal	Municipalities	- Long-term unemployed (> 2 years) entitled to unemployment benefit - Minimex recipients who are registered as job-seekers
Service jobs ( <i>Dienstenbanen</i> ) Employment in private and public sector	Federal	PWA services (municipal level)	- Long-term unemployed (> 5 years) - Poorly educated unemployed (> 2 years) - Minimex recipient for 3 years (2 years when low educated) - People over age 45 who are 1 year unemployed
WEP-plus Employment in public sector + non-profit	Region	PES and regional administration	- More poorly educated people + - Long-term unemployed > 2 years - Or min. 1 year Minimex recipient
Gesco wep-plus Employment in public sector + non-profit	Region	PES and regional administration	- More poorly educated people + - Long-term unemployed > 2 years who are not entitled to unemployment benefit - Or min. 1 day and max. 1 year Minimex recipient

Table 2.3 Characteristics of the most important activation measures. Continuation

	Legal basis	Service level	Target group
Wep-privé Employment in private sector	Region	PES and regional administration	- Long-term unemployed (> 3 years) - Or min. 1 year Minimex recipient



## 2.2 Specific welfare centre-related activation/insertion measures

Municipal welfare centres have 3 employment instruments. They can act as an employer for their customers, they can place customers within the private sector and integration contracts can be used.

### 2.2.1 Employment within Art. 60 §7

Art. 60 §7 of the law on the municipal welfare centres gives the centres the possibility of acting as employers for their customers (internal use of Art. 60 §7) or to employ their customers within the municipal services and non-profit-making organisations (external use of Art. 60 §7). Thus, minimum income recipients are temporarily placed on the welfare centre's payroll in order to give them sufficient working days to be entitled to the unemployment benefit<sup>8</sup>. In the 1980s, this "passing on" system was broadened to include what is now known as "social employment".

Table 2.4 Number of people in social employment (Art 60 §7) broken down by region for October 1998

	Flemish region		Walloon region		Brussels region		Belgium	
	numbers	%	numbers	%	numbers	%	numbers	%
Number of people	2,610	53,12	1,688	34,36	615	12,52	4,913	100,00
Full-time equivalents	2,543	52,64	1,674	34,65	614	12,71	4,831	100,00
Minimex	2,339	91,01	1,621	96,95	483	78,54	4,443	90,78
Social min. allowance	268	8,99	51	3,05	132	21,46	451	9,22
Total	2,607	100,00	1,672	100,00	615	100,00	4,894	100,00

Source: Belgian Ministry of Social Affairs

The overall majority of social employment by virtue of Art. 60 §7 is full-time employment. Only a very limited number of people work part-time due to the original purpose of this measure (making people socially secure within a certain reference period).

Major differences in the application of this measure are evident between the regions. Many more people are employed under this measure in Flanders, probably as a result of the wider application

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<sup>8</sup> In order to be entitled to unemployment benefit, one must have worked:  
312 days in the 18-month period prior to unemployment for people under the age of 36;  
468 days in the 27-month period prior to unemployment for people between 36 and 49;  
624 days in the 18-month period prior to unemployment for people aged over 50.

of the TOK projects. Flanders has a longer tradition of collaboration and its institutional frameworks are different (e.g. Social Impetus Fund<sup>9</sup>).

TOK: support measure

The non-profit-making organisation TOK (Employment and Training for the Poor) was founded in 1989 in order to give the municipal welfare centres the opportunity to integrate their customers into the labour market through a combination of employment and training. TOK provides training and guidance for Minimex recipients employed under Art. 60 §7. Welfare centres can start TOK projects on their own or in co-operation with other welfare centres. TOK is responsible for the coordination of the various projects. The TOK projects have become a key value in the national programmes co-financed by the ESF within the context of guideline 3. Most of the projects are “work experience projects”: employment within the municipal welfare centres combined with training (400 hours of practical vocational training, 400 hours of theoretical vocational training and 40 hours on new technologies). The TOK non-profit-making organisation also organises collective methodical training for welfare staff.

In 1994, the TOK projects were evaluated in terms of the effectiveness of the projects in the medium term using a follow-up questionnaire involving the first participants and a control group (Wouters W., Van Meensel R., Nicaise I., Higher Institute of Labour Studies, K.U.Leuven, 1994). Results showed that, although participants had lower starting positions (in terms of work experience) the TOK projects yielded better results compared to the control group (welfare customers in social employment but not participating in the TOK project):

- transition to further training programmes (5% compared to 1.5%);
- employment rate 35 to 40% (5% more employment within 3 months, 10% more employment within 18 months).

The TOK project continues to grow. As a result of an observed regional imbalance in the use of this measure, it was decided put a ceiling on the resources for the Flemish PWC's until 1999. The catching up movement intended in the agreement was thus clearly initiated. Whereas, in 1994, the initiative still looked like an exclusively Flemish affair, the share of Walloon and Brussels municipalities committing themselves to the project has steadily increased. In Flanders the situation for some time has been that one in five PWC's has been involved. In Wallonia, the proportion increased from 13.5% in 1997 to 20.8% in 1999. In 1999, Brussels - which has only

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9 The Social Impetus Fund (sociaal impulsfonds SIF) is a fund operated by the Flemish government which makes funds available to local authorities for a more inclusive welfare

19 municipalities - actually achieved 52.6% coverage. This means that almost 23% of municipalities in the country are prepared to apply the TOK methodology to their Art. 60 customers. Table 2.3 shows the growth in the proportion of Art. 60 customers in the overall minimum wage population. These figures very clearly reflect the catching up which has been achieved.

*Table 2.5* Evolution in the share of recipients under Art.60 §7 out of the total population of Minimex recipients (1992=100)

Region	1992	1993	1994	1995	1996	1997	1998	1999
Flemish region	100	110	127	131	136	150	178	196
Walloon region	100	136	180	192	163	180	203	315
Brussels region	100	96	111	116	91	113	118	129
Total	100	113	136	141	132	146	167	204

Source: Ministry of Social Affairs

### 2.2.2 *Employment under Art. 61*

Art. 61 of the law on the municipal welfare centres give the centres the possibility of attracting private employers for their customers. Until recently, the state did not participate in the costs. Without financial incentives, the municipal welfare centres made almost no use of this possibility. In most cases, the welfare centres had to pay the employers in order to find employment for their customers.

Since early 1998, the federal government has been providing subsidies up to a total amount of BEF 100 million. This subsidy has to be spent entirely on the support measures offered to customers within the company or by the welfare centres. It can also be spent on training these customers. The subsidy amounts to BEF 10,000/month per client. This measure is virtually unused (118 cases by 1/1/99). Financing will be rearranged and, if needed, changed into a “social proton”. In order to create new job opportunities, the additional support for individual route counselling will be allocated to the new employees on an individual basis (“social proton”).

### 2.2.3 *Employment within integration contracts*

A 1992 measure called the “Programme for Greater Solidarity in Society” introduced a compulsory “integration contract” for people under the age of 25. For all other customers, this contract is

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policy. The social situation in the municipalities is measured using various criteria so that the municipalities with the severest social problems receive greater financial support.

voluntary. This integration is not strictly seen as labour market integration but as social integration and it has to be signed within three months of claiming. This contract is compulsory for customers under the age of 25 in the sense that benefits can be (fully or partially) suspended on a temporary basis if the claimant fails to comply. The signature of the contract provides proof of the willingness to work criterion. Different forms of employment are possible: employment for a trial period, employment for a short period or occasional employment. If the client attends training for at least 10 hours a week or works between 10 and 20 hours a week, the federal government raises its funding up to 70%.

In 1999, 1,672 integration contracts had been concluded in Belgium, 67% of which were in the Walloon region. Compared to the potential target group, this is very low. There are no indications of an acceleration in the outflow of young people from social assistance as a result of integration contracts.

An evaluation of integration contracts in 1996 found that contracts in the cities tended to be shorter and more formalised. This is not in line with the original purpose of a individualised contract, adapted to the needs and capabilities of the customers. Lack of time and staff were the main obstacles to individualised counselling.

#### *2.2.4 Outline of labour market efforts<sup>10</sup>*

The table below provides a summary of the extent to which the Flemish PWC's make use of the various activation instruments, together with an estimate of the number of customers involved in these measures over the course of 1998 and the extent to which a number of other activation initiatives are being taken.

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<sup>10</sup> Based on the survey "PWC's in labour market policy: inventory of policy efforts and analysis of collaborative ventures", Sannen L; & Struyven L. (HIVA, 1999).

*Table 2.6* Summary of the most significant activation efforts by PWC's (extrapolation for all of Flanders)

	Percentage of PWC's using the measure for customer activation	Number of customers involved per measure in 1998*
PWC-specific measures		
Article 60 §7	93.9	5 636
TOK (Employment and Training for the Poor)	26.2	1 742
Article 61	19.6	153
Integration contract	85.6	8 415
Generic measures		
WEP-plus	29.7	783
Gesco-WEP-plus	32.3	807
Service job	22.3	259
Jobs plan benefit	18.3	411
Employment with PWA	73.8	2 260
Training possibilities		
Training by PWC itself	34.5	1 070
Training by VDAB (Flemish Employment Office)	68.9	911
Training by third parties	60.3	1 296
Some work processes		
Screening new PWC customers for "suitability" for the labour market	45.9	-
Maintaining customer database or file to follow customer through route to work	61.6	-
Registering customers with VDAB	90.8	-
Systematic renewal of registration with VDAB by PWC	26.2	-
Action for specific target groups		
Young people	35.4	-
Women	21.4	-
Immigrants	7.4	-
Older customers	4.8	-

\* This is a cumulative figure covering all of 1998.

The standard instruments for activation are Article 60 §7 and the Integration Contract which PWC's are obliged to conclude for customers below the age of 25. These measures are - as expected - used by most PWC's and reach the widest range of customers. We also observe that - with the exception of employment with the PWA - the actual scope of the generic employment measures in 1998 was (still) fairly limited. The reasons given are the lack of changeover possibilities from Article 60 §7 to these measures at the time of questioning, the relative lack of knowledge about the measures, the absence of implementing decisions and the over-complex procedures. Article 61, which makes possible the accumulation of social security rights via employment in the private sector, has also yet to get off the ground. The lack of interest among external employers in taking on PWC customers is given as the chief explanation, which is in turn

linked to the lack of (financial) incentives. Here, too, the policy can work towards making these measures more attractive to the private sector. We noted a positive link between the use of the activation measures and the number of those entitled to the minimum income who make use of the PWC. PWC's with more people entitled to the minimum income also have a longer tradition in terms of the application of Article 60 §7.

As far as *training* their customers is concerned, over 60% of Public Centres turn to the Flemish Employment Office (VDAB). The various third-party organisations, however, reach the largest number of customers, often because they specialise in counselling difficult target groups, while the threshold for training with the VDAB is too high for many PWC customers. It is also striking that job-seeking PWC customers are registered with the VDAB by 9 out of 10 PWC's. The problem, however, is with the lack of systematic re-registration once the (limited) period has expired. Close co-operation with the VDAB or monitoring by the PWC could offer a solution. It also appears that only a very limited number of PWC's are taking specific initiatives aimed at immigrants and older job-seeking customers. Consequently, this deserves extra attention in the policies of those PWC's which have to deal with such customer groups.

#### 2.2.5 *The activation range*<sup>11</sup>

Although the idea of activation is increasingly making an impression within the PWC operation, it is important to stress that not all customers are deemed "activatable" by the PWC's. The most frequently occurring problems on the customer's side are unadjusted working attitudes, (excessively) low level of training and limited mobility, particularly in smaller municipalities where public transport is usually not well established. Moreover, PWC customers often have to deal with a multiplicity of problems making them unsuitable (now) for the labour market, but rather more likely to be accommodated in labour care projects, for example. Activation with a view to the regular labour market is consequently not a feasible solution for every customer, as the table below also shows.

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11 Based on the survey "PWC's in labour market policy: inventory of policy efforts and analysis of collaborative ventures", Sannen L; & Struyven L. (HIVA, 1999).

Table 2.7 Activatability of customers\*

Number of inhabitants in the municipality in 1997	Average percentage of potentially activatable customers as proportion of total customers	Average percentage of activated customers as proportion of customers deemed potentially activatable	Average percentage of activated customers as proportion of total customers
= 10 000	37.6	76.6	28.7
> 10 000 = 15 000	36.6	72.2	26.7
> 15 000 = 30 000	39.9	70.9	29.3
> 30 000	32.8	64.5	18.6
Average for all PWC's	37.5	72.5	27.5

\* In the absence of an objective measure of the activation potential of PWC customers, the PWC's in question were asked to make their own estimate of the proportion of customers they regard as eligible for activation.

The average percentage of customers for potential activation is 37.5% of total customers. This percentage is lowest in the PWC's of the largest cities (32.8%), which may be linked to the burden of customer-related problems facing these PWC's. However, this is only an assumption, since we have not examined this. Over the course of 1998, an average of almost 3 out of 4 (72.5%) customers deemed for potential activation were contacted by the PWC with an activation offer.

We can see that the activation efforts are well distributed across the various size categories of the municipalities; in other words not only the larger PWC's are making efforts, which is assumed to some extent. The percentage of customers for whom steps towards the labour market are being taken - related to the customers deemed potentially activatable and as a proportion of total customers - is the lowest for PWC's from the largest municipalities (64.5% and 18.6% respectively). In other words, the higher the number of inhabitants in a municipality, the lower the proportion of customers activated. An additional financial stimulus for the PWC's in large cities - as envisaged in the Spring Programme (see 1.2.9) - can help to eliminate this inequality.

### 2.2.6 *The characteristics of people in social employment*

A survey of all the municipal welfare centres (589, response rate 95%) in October 1998 produced the following characteristics of the people in social employment: (Table 2.4)

Table 2.8 Characteristics of people in social employment (Art. 60 §7) broken down by region

		Flemish region	Walloon region	Brussels region	Belgium
Gender	Male	40.04	40.68	59.34	42.66
	Female	59.96	59.32	40.66	57.34
Age	<25	18.33	16.57	10.78	16.80
	25-39	38.98	47.90	51.74	43.56
	>39	42.69	35.53	37.48	39.65
Education	No degree	35.86	38.39	38.16	36.97
	Lower secondary education	27.77	27.67	23.15	27.19
	Vocational secondary education	11.43	13.25	7.59	11.58
	Technical secondary education	7.01	5.43	3.98	6.13
	General secondary education	6.62	7.69	16.27	8.12
	Higher education non-university	3.02	4.01	5.24	3.61
	University	1.36	1.75	5.61	1.99
	Other	6.93	1.81	0.00	4.42

Source: Federal Ministry of Social Affairs

- 57% of people in social employment are female (55% of all recipients are women);
- 17% are under 25 (27% of all recipients are younger than 25 years);
- 43% are between 25 and 39 years old (versus 32% of all recipients);
- 40% are 40 or over (versus 41% of all recipients);
- 66% have a qualification from lower secondary school or less.

The overall majority of jobs consists of cleaning and maintenance work. Additional research (Sannen, 1999) showed that the internal use of Art. 60 §7 focuses mainly on “female” tasks (cleaning, maintenance, kitchen help, providing meals, etc.). The external use of Art. 60 §7 focuses mainly on “male” tasks (gardening, jobs in the recycling business, road maintenance, etc.). One possible explanation could be that the internal use of Art.60 §7 can be more flexibly organised to meet the interests of women with children. In addition, the external use of Art. 60 §7 has to compete with generic employment measures such as the PWA, which employs a significant number of unemployed women.



## 2.2.7 Outflow: how efficient is social employment?

Table 2.9 Outflow results immediately upon termination of social employment

	Flemish region	Walloon region	Brussels region	Belgium
Minimex/Soc. min. allowance	15.14	6.36	22.22	11.14
Unemployment insurance	38.51	66.36	55.56	50.98
Same job	11.28	13.44	11.11	12.15
Other job	22.20	10.00	0.00	16.73
Not known*	12.87	3.84	11.11	8.99

\* People who moved, died or with whom welfare centres have no further contact.

Source: Federal Ministry of Social Affairs

Fairly significant differences exist between the regions in terms of outflow results. In the Flemish region, 33% of people are still employed after social employment ends, 39% go on to unemployment insurance and 15% remain on social assistance. In the Walloon region, 23% of people move on to work, 66% are entitled to unemployment benefits and 6% remain on social assistance. In the Brussels region, 11% of people move on to work, 56% are entitled to unemployment benefits and 22% stay on social assistance.

## 4.2.8 Bottlenecks in activation of minimum income recipients

Previous research (Sannen L. & Struyven L., 1999; Demeyer e.a., 1998) found the following bottlenecks in activation policies targeted at minimum income recipients:

### Customer-related bottlenecks

- Most widespread extrinsic bottlenecks: lack of stimuli to accept a job and lack of mobility
- Most widespread intrinsic bottlenecks: lack of labour attitudes and low educational level

### Welfare centre-related bottlenecks

- Lack of staff
- Financial implications for the small-scale municipal welfare centres
- Lack of jobs available within the welfare centres to employ applicants

### Other bottlenecks

- The regulation concerning activation measures is too complicated
- Rise in administrative workload
- Lack of expert support at the beginning and during counselling
- Lack of interest from potential employers for employing applicants

### a Customer-related bottlenecks

- Lack of affordable childcare for single mothers. The cost deduction for childcare will be broadened by a system of credit payments.

- The unemployment and poverty trap is very problematic for single parents. Net wages from social employment have to be raised by fiscal or parafiscal measures. To tackle the unemployment traps, the federal government has decided to raise the lowest incomes from labour<sup>12</sup>. Unemployed single parents who accept a job will receive a one-off bonus of BEF 30,000 and will still be entitled to the system of increased child benefit for a maximum of 6 months.
- Since activation usually involves part-time work and cannot therefore guarantee a wage higher than the minimum income, the legislator has decided to introduce a socio-professional integration bonus which should make up for the loss of income. People finding work themselves do not receive this bonus; only those employed by the PWC under Art. 60 §7 can receive this bonus. This means that employed people can earn up to BEF 7,000 more than the minimum wage. See also Chapter 1: 1.3.2.1.

b Welfare centre-related bottlenecks

b.1 Staff

A pilot project was launched in 1998 by the state secretary for social integration. Fifteen large urban welfare centres and 3 clusters of small rural welfare centres receive an additional grant of BEF 2 million to employ an additional counsellor. The pilot projects also stimulated co-operation between small welfare centres.

b.2 Financial implications

Where a person is employed, state intervention is equal to the minimum income. Without employment, the municipal welfare centres only receive half of that amount. In cases of training and/or occasional employment, the state gives 70% of the minimum income.

Since early 1998, municipal welfare centres have been exempt from paying social security contributions where a person is employed under Art. 60 §7. This means that for each employed customer an amount of BEF 160,000 becomes available within the welfare centres. Investment of the money saved by municipal welfare centres resulting from this exemption [results?] in additional social employment, training and additional support measures. This represents an annual cost of BEF 500 million for the government.

b.3 Limited pool of suitable and available jobs

Since early 1996, the scope of Art. 60 §7 has been expanded to employment by placement in municipality services, non-profit-making organisations with a social or cultural goal and other municipal welfare centres.

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<sup>12</sup> From April 1 2000 onwards, employees on low wages (between BEF 34,000 and 53,000) will be granted a reduction in social security contributions of BEF 1,900-3,000 net (BEF 3,564 for workers).

In early 1998, the scope was further expanded to public hospitals, non-profit-making organisations with a social goal (social economy) and inter-urban services. The social and cultural goal is supplemented by ecological goals.

### 2.2.9 Action plan of the minister of social integration: The active welfare state

The goals of the action plan by the Belgian minister for social integration are to reduce the number of full Minimex recipients by 25%, to reduce the number of additional Minimex recipients by 50% and to raise the number of activated recipients by 50%.

*Table 2.10* Goals of the action plan (Spring Programme, March 2000) by the minister for social integration

	Full Minimex recipients	Additional Minimex recipients	Activated Minimex recipients
1999	54,397	34,584	7,033
Goal 2005	40,798	17,292	14,066

According to the minister, the Minimex too often serves to provide supplements to other social security benefits which do not guarantee income at the Minimex level. This practice has to be reduced. This will be addressed for pensioners and single unemployed people over 21 on a waiting allowance:

- in 1999 2,243 people requested an additional Minimex allowance because the guaranteed pension is lower than the Minimex amount. The regulations regarding the guaranteed income for the elderly will be changed in order to eliminate this problem;
- almost 1 in 3 people receiving additional Minimex allowances receives unemployment benefit below the Minimex. The waiting allowances will be raised to the Minimex level for all single unemployed school-leavers over the age of 21. This should reduce the number of young people applying for the Minimex by 6,500.

Administrative sanctions in unemployment insurance lead to 6,985 people applying for the Minimex allowance. A change in the sanctioning policy of not reducing the unemployment allowance below the Minimex level should prevent this flow.

People entitled to unemployment benefit can ask for advance payments to bridge the period between applying for unemployment benefit and the time they receive it. Speeding up the decision process could lead to a reduction of 80% in advance payments.

The third part of the plan is to increase the number of activated recipients. The number of employed Minimex recipients has risen from 3,377 in 1995 to 7,033 in 1999. Still, only 8.5%

(13.9% of full Minimex recipients) of Minimex recipients are integrated into the labour process and half of the people employed under Art 60 §7 go on to unemployment insurance afterwards.

The action plan lists 5 pathways to employment and 3 ways of expanding the success of integration into the labour market.

#### 2.2.9.1 Pathway 1: employment under Art 60 §7

Only 5.4% (8.7% of full Minimex recipients) of Minimex recipients are employed under this Article and only 30% find a job in the regular labour market. Since the federal state now subsidises this employment up to an amount equal to the Minimex, the cost of employing a single person or a cohabitee is higher than the cost of employing a single parent or a married person. The Minister proposes lowering the cost of this kind of employment by giving equal subsidies to all types of recipients.

The current regulation restricts the opportunities of social employment as a work experience instrument. In order to become socially insured within the given time period, full-time employment is usually required. For certain recipients, a part-time job is more appropriate as a lever towards employment. Part-time employment within the current regulation is sanctioned financially. The minister proposes making half-time employment possible for a period of 6 months.

The minister wants to promote employment in the private sector. This will be achieved through placement in the private sector. The welfare centre is still the employer but places the customer in the private sector. In this case, the private employer has to pay the difference between the wage and the state subsidy to the welfare centre. In order to prevent displacement, the private employer has to offer an open-ended contract to the customer when the contract with the welfare centres ends<sup>13</sup>. The state subsidy of BEF 10,000/month for guidance or training will be transferred to the private employer.

#### 2.2.9.2 Pathway 2: Temporary labour

The second route is to open up temporary labour in the sense that placement offices can recruit certain target groups (poorly educated people who have been unemployed for more than 2 years and Minimex recipients with a minimum dependency of 6 months) for secondment under conditions of permanent integration into the labour market and minimum training. The minister

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<sup>13</sup> The contract with the welfare centre ends automatically as soon as the customer has worked enough days to be entitled to unemployment benefit.

proposes granting BEF 20,000 in wage subsidies over a maximum of 24 months, with a supplementary premium of BEF 10,000/month for guidance.

#### 2.2.9.3 Pathway 3: Social economy

The scope of Art. 60 §7 was expanded in December 1999 to cover all initiatives recognised as social economy projects. The minister proposes 1) raising the state subsidy to cover the existing difference between gross wage costs and the 100% subsidy (Minimex amount) and 2) the opening up of the generic activation programme SINE to Minimex recipients.

#### 2.2.9.4 Pathway 4: The knowledge society and new technologies

The federal government wants to launch joint pilot projects with employers and welfare centres with the aim of permanent integration into the regular labour market. The first project aims to integrate 20 recipients into the information and communication technology sector. The projects consist of vocational training on the shop floor, followed by a regular employment contract for the same duration as the training. The welfare centre and the employers can obtain additional support based on agreements reached with central government.

#### 2.2.9.5 Pathway 5: ESF projects

ESF projects have been successful in the past (see 1.4.3.5 TOK). In the 2000-2006 programme, the ESF has decided to grant an annual budget of BEF 297.3 million. The federal government has submitted two projects: 1) equal opportunity policy and 2) training and employment of Minimex recipients. The second project aims to integrate 15,106 recipients into the regular labour market through targeted employment mediation and by providing training and employment projects for 3,336 recipients with the aim of integration into the regular labour market.

The following three measures are support measures to enhance the success of integration into the labour market.

#### 2.2.9.6 Additional support for large cities

Minimex recipients are often concentrated in large cities (over 40,000 inhabitants). The federal government has selected those cities with the highest financial burden of Minimex recipients and people employed under Art. 60 §7. The selected cities will receive additional support of 25% per person employed in Art. 60 §7 for investment in route counselling, application training, etc.

#### 2.2.9.7 Guidance and support for the municipal welfare centres

For the action plan to succeed, guidance and support are necessary. The recruitment of 2 people for the Flanders region, 2 for the Walloon region and 1 for the Brussels region should help with implementation of the action plan. They will focus on the regional coverage of the different efforts and make sure that attention is focused on the disadvantaged group of people who have a long way to go to reach the labour market.

#### 2.2.9.8 Monitoring system

To strengthen the policy basis, the minister is launching a monitoring system. A sample of 50 welfare centres will be selected from the three regions. They will provide the ministry with data on a monthly basis. This on-going data collection should allow developments in the field to be monitored.

## **Chapter 3**

### **Coordination from an institutional perspective**

#### **1. Analysis of coordination**

##### **1.1 Conceptual mapping**

Despite all the attempts to coordinate policies, the general perception is one of a lack of coordination in Belgium. This phenomenon can be analysed from different angles:

- the vertical angle, i.e. the coordination of different policy levels versus the horizontal dimension, i.e. coordination seen from the various policy fields (economics, employment, welfare, housing, health care);
- the lack of coordination in policy objectives (e.g. voluntary versus compulsory participation), instruments (similar instruments for separate target groups), actors (public, semi-public, NGO's, etc.), provision of (customer-related) services (for the various phases).

Active labour market policy is a complex and badly organised field. Many different providers, such as local authorities, public services, non-profit-making organisations, employers, unions, etc., are developing and occasionally collaborating on many kinds of programme within the sphere of labour market integration and job creation. The current situation is highly dependent on contingent factors such as the labour market context, tradition in co-operation, the local policy agenda, etc. Many of the Public Welfare Centres are assuming different roles, such as organiser, mediator, producer, director and policy-maker. In some cases, the Public Welfare Centres make a clear choice in favour of the role of policy-maker and director rather than organiser, by running training and work experience programmes on their own. In other cases, the situation is more ambiguous.

On the other hand, many new measures, regulations and initiatives tend to combine the efforts made towards successful labour market integration, both at the macro level (legislation, instruments, institutions, key actors) and the meso level (provision of services):

- the assimilation of instruments intended for the unemployed and instruments intended for social assistance customers (e.g. work experience, training);
- a growing number of social assistance customers are registered within the PES (although they remain dependent on the social service budget);
- labour market programmes explicitly refer to social assistance customers as a target group (targeting); no targets have yet been set;

- providers of services for social welfare customers tend to operate within a partnership framework with the PES and the local authorities (Employment Agreements: in some cases the Social Welfare Services are integrated, in others they are not);
- new possibilities exist for contracting-out by Social Welfare Centres;
- Social Welfare Centres can become recognised as regular job brokers for their customers;
- another aspect of coordination is the involvement of all actors in local or sub-regional networking structures (consortia, working groups, etc.);
- the introduction of the “one-stop-shop” or “single counter” (*locale werkwinkels*, especially in the Flemish Region and probably, in the near future, in the Walloon Region too) where all the basic services for the unemployed and employers are concentrated.

In table form, these attempts can be shown systematically as follows:

	Coordination problem	Alternatives
Macro level	Different goals, distinct instruments Centrally earmarked budgets Contest between actors	Seriality of instruments Lump sum financing, decentralised funds Networking, contracting-out, stipulation of covenants
Meso level	Duplication of services, unequal treatment	One-stop shop, integration between different bodies for the provision of services

## 1.2 The context for the implementation of coordinated initiatives

### 1.2.1 Position of the Public Administration and Agencies and other key actors

Figure 2.1 shows the 3-column system of public institutions involved in a) employment-finding, b) unemployment benefit and c) Minimex.



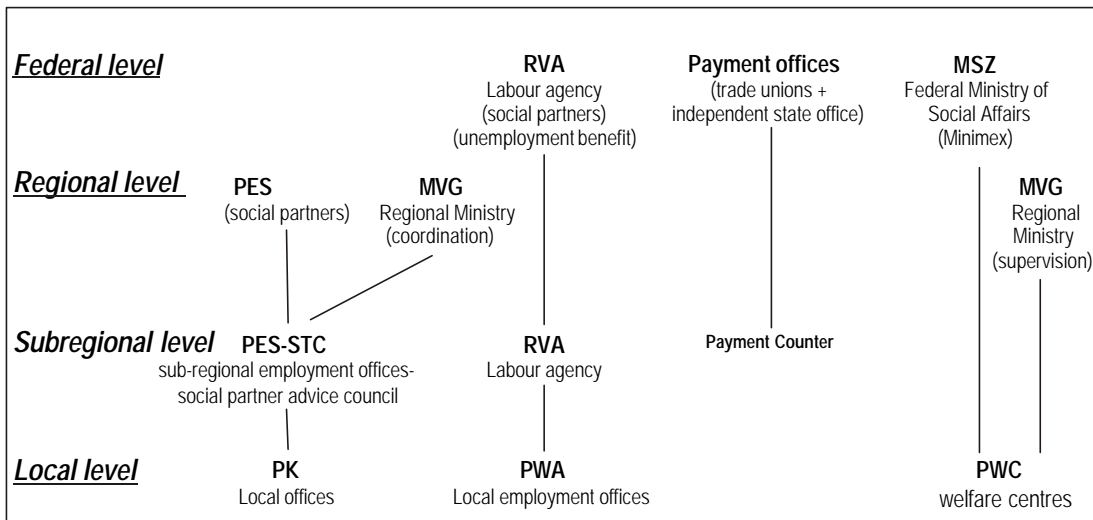


Figure 3.1 Public institutions involved in social security and labour market policy

Within the institutional framework, competence in employment policy has been apportioned as follows:

- the federal authority retains responsibility for social security (unemployment insurance and social welfare) and labour law;
- the regional authorities are responsible for vocational training and further training, including for the disabled. The placement of workers, schemes for returning fully employed or equivalent people to work and the application of rules relating to the employment of foreign workers also fall within the competence of the regional authorities.

The Public Employment Service (PES) (VDAB/Forem (*Vlaamse Dienst voor Arbeidsbemiddeling en Beroepsopleiding/Formation et Emploi*), as the main public agent in the field of active labour market policy, operates in different fields. The PES is an institution under the auspices of the Regions (Flanders, Brussels, Wallonia), with a limited degree of internal decentralisation to sub-regional level. The service covers training as well as employment and is in charge of mediation and counselling as well as vocational training. Until recently, the PES had a (quasi) monopolistic position in terms of mediation. At the beginning of 1999, this monopoly position was abolished. Private actors are allowed to organise mediation services. The PES can recognise other public and private non-profit-making services as competent to mediate. The PES is the central actor in employment and vocational training policy, but other institutions are also involved in organising and implementing the measures. The key actors are:

- the Public Welfare Centres (OCMW/CPAS): federal legal basis, but embedded in the municipalities;
- the Federal Labour Agency (RVA Rijksdienst voor Arbeidsvoorziening), responsible for unemployment benefits, also responsible for the Local Employment Offices (PWA Plaats-

- selijke Werkgelegenheidsagentschap), based in the municipalities: they organise the brokering of new small-scale jobs within the households of the long term unemployed;
- the NGO's, with a broad range of labour integration activities, such as local employment projects, training, special guidance services, etc..

One major coordination problem results from the fact that policy responsibility for the integration of Minimex recipients remains at federal level. Under the latest state reforms, this is the responsibility of the regions. A problem therefore exists regarding the division of competence's between the federal and regional authorities.

### *1.2.2 Position of the Public Employment Service regarding social assistance customers*

The services provided by the PES consist of a number of typical employment agency services, specifically employment-finding, basic services (registration, information, etc.) and route services (specialist counselling, training, job clubs, etc.). In addition, the PES also fulfils a (limited) administrative task for several regional employment programmes. The PES services are in theory open to all job-seekers, irrespective of benefit status. This means that PWC customers can also make use of them, although they must first register themselves as (non benefit-entitled) job-seekers.

From the PES angle, areas of overlap do exist with the activation efforts made by the PWC's in implementing subsidised employment measures, in implementing the various phases of route counselling and in employment-finding for PWC customers on the open labour market.

The role of the PES in the policy regarding subsidised employment is limited. Two types of instrument are available: PWC-specific instruments and generic instruments (see Chapter 2). The PES plays no role whatsoever in the PWC-specific instruments. The PWC's act as implementing institutions for all aspects of implementation. A limited role has been reserved for the PES in the generic measures (temporary Flemish and Walloon work experience programmes, federal Service Jobs). The PES deals with registration and publicising the vacancy in the vacancy database and is responsible for guiding candidates towards the vacancies in question. The PES plays no role at all in registration or guidance towards vacancies in PWC-specific instruments.

In terms of the provision of basic services and route services, the PES makes no distinction by benefit-entitled job-seekers and non benefit-entitled job-seekers. PWC customers count as non benefit-entitled. They have to register with the PES on their own initiative or through the offices of the PWC in order to be eligible for the PES services. The PWC target group does not represent an explicit target group for PES services. This also means that no targets exist for it. The PWC

target group is not explicitly mentioned in policy plans (e.g. VDAB Company Plan) or agreements (e.g. Management Agreement between VDAB and Flemish Employment Minister).

In terms of placement services in the strict sense of the word, a recognition ruling exists for public providers of placement services. This means that if the PWC's (or others) wish to find employment for their customers themselves, they must have themselves recognised by the PES. The ruling implies that the PWC's pass on information regularly to the PES relating to vacancies and placements.

## **2. The levels of coordination**

### **2.1 Horizontal coordination at national level**

#### *2.1.1 Coordination problems*

The lack of streamlining between the various measures is the main coordination problem at macro level. Different activation measures run through different programmes, with different flows of funding, different eligibility requirements and different statutes. Subsidised employment policy instruments overlap each other in target groups, areas of application and jobs. This creates problems because all the other aspects (statutes, time periods, financing, support measures for guidance and training) differ. This means that, internally, activation programmes tend to compete with each other. Externally, the danger exists that regular jobs will not be filled or will be displaced. Activation programmes tend to be isolated, with little transition to regular jobs. Activation tends to lead to dead-end jobs.

Besides the lack of streamlining, decision-making and application with respect to the various measures are spread over different politico-institutional and administrative circuits. Procedures and treatment terms differ. This leads to a number of problems relating to coordination and fine-tuning. Different actors find themselves in a competitive position with respect to each other. As a result of the complexity of the measures, potential employers cannot see the wood for the trees.

A number of indicators (the growing number of suspensions) suggest that an institutional shift from employment insurance towards social welfare could be occurring, together with a lack of social protection for minimum income recipients.

Another coordination problem is the fact that the wage conditions in activation measures are quasi-regular, with almost no tension with minimum wages on the labour market.

### 2.1.2 Coordination initiatives

Until recently, the number of initiatives especially intended for minimum subsistence customers was rather limited. Throughout the second half of the nineteen-nineties, this has changed dramatically due to a) the rising number of Minimex recipients, b) changes in the characteristics of recipients (more young people and single parents) and c) the growing number of suspensions from unemployment insurance. Two trends should be mentioned here: the opening up of generic (not welfare-specific) employment measures to people receiving social assistance benefits and the implementation of a new guidance concept known as route counselling.

#### 2.1.2.1 Opening up of generic employment measures

The opening up of generic employment measures does not mean that the welfare-specific measures have been cut back - on the contrary. However, the entry of welfare customers into generic employment measures does not follow as a matter of course. From a coordination perspective, this means that a policy of *streamlining measures* (goals, instruments, entry conditions, duration, customer's status, etc.) is needed in order to make entry and changeover genuinely feasible. In previous research, we have proposed the mechanism of the *seriality of instruments*. Figure 3.2 illustrates this for the Belgian situation (Struyven & Sannen, 1999):

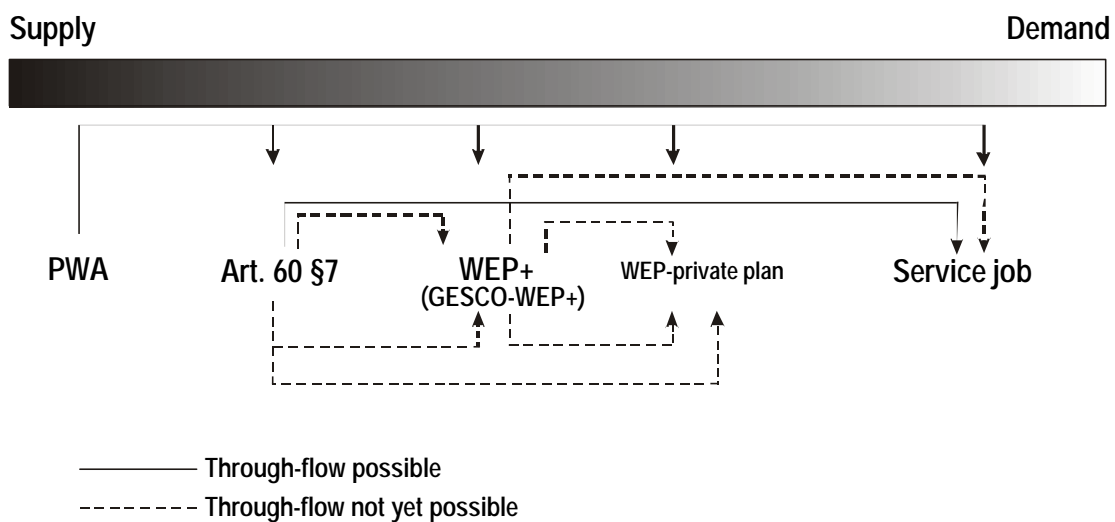


Figure 3.2 Changeover possibilities in the most important activation measures

Most activation instruments tend to be located neither on the demand side nor on the supply side, but somewhere in between. This incorporates a bureaucratic tendency.

The diagram above shows that many coordination problems are present within the generic measures. When focusing on Minimex recipients, four additional coordination questions arise:

- The welfare-specific measures have as their main legal objective to make the recipients socially secure in order to be entitled to unemployment benefit. So, the first question is whether this legal framework is appropriate for attaining reintegration goals.
- The second question is whether these generic measures offer the possibility of providing social security.
- Thirdly, are the generic measures open to Minimex recipients who are now socially secure?
- The fourth question raises the problem of coordination between generic and specific measures: in terms of target groups, the measures are complementary, in terms of employment places they are not.

On 1 September 1999 only 166 Minimex recipients were employed by generic activation measures.

#### 2.1.2.2 Implementation of a new guidance concept

Secondly, the implementation of route counselling as a new guidance concept is a complementary trend, not only in Belgium. This implies intensive and individualised guidance for unemployed people. The ESF Objective 3 programme has been an important catalyst in the development of Route Counselling. The main phases are: 1) entry, 2) intake and diagnosis, 3) preliminary route and labour market route, 4) placement and employment, 5) aftercare.

Route Counselling is generally organised at a decentralised level (sub-regional and local level) and relates to the strategy of streamlining the activities of organisations in order to create an integrated package of services. Although the new counselling concept is rather supply oriented, simultaneous initiatives are underway to create new jobs or to foster entry into regular jobs.

Route counselling was adopted as the main methodology of the ESF programme, resulting in a special co-operation formula, the ESF consortia, which were launched in 1997. Its official purposes are threefold: 1) to promote an integral and customised approach; 2) to guarantee a route based on complementary competence's and specialisation within organisations; 3) to enhance the quality and professionalisation of services. Three types of consortia exist in the Flemish region: consortia between PES and NGO's for job-seekers in general; consortia for disabled people and networks for Minimex recipients. Each type has its own regulatory framework, with different institutions, instruments and funding flows. In the short term, the high expectations have not been met. The main bottlenecks are at methodological level (towards the individual) and at the macro-level of integration instruments and financing requirements.

## **2.2 Horizontal coordination at local level**

### *2.2.1 Coordination problems*

The most significant coordination problem concerning services is the fact that route counselling is used by the PES, municipal public welfare centres and NGO's. Each organisation creates its own specialists. This leads to a duplication of services and consequent differences in treatment. Initiatives such as the one-stop-shop model have recently been proposed as a way of tackling this problem of a lack of integration between basic services.

The PES achieves more autonomy but, in the agreement with the Flemish government, no specific targets for minimum income schemes are fixed, so the service level provided to Minimex recipients depends on the goodwill of PES workers; for example, a Minimex recipient needs to obtain special permission from the PES to be allowed to attend vocational training programmes, which means that they are reliant on the discretion of the PES. The administration of the PES is not in tune with the possibilities of Minimex recipients. Minimex recipients are registered with the PES, but have to renew their registration every 6 months. If they fail to do so, they are dropped from the registration list. Another question is how welfare centres use the instruments. Do problems exist with discretionary authority (which route and for whom, what about sanctioning)?

### *2.2.2 Coordination initiatives*

#### *2.2.2.1 Co-operation with temporary sector and the Flemish Interim Bridge Project*

In recent years, the temporary sector has increasingly been involved in activation for minimum income recipients in Flanders. A study carried out by the HIVA (Sannen & Struyven, 1999) shows that over two-thirds of all Flemish PWC's co-operate with the temporary sector. This trend was encouraged by the government via the Flemish Interim Bridge Project (VIB) and, recently, by the Spring Programme introduced by the Belgian social integration minister, which should get underway in September 2000.

This Spring Programme, which will start in September 2000, encourages the temporary labour circuit through financial incentives. Employment agencies are given the possibility of recruiting target groups which are difficult to place - the unemployed who have been unemployed for a minimum of two years, those with a lower secondary education qualification and those entitled to the minimum income and with six months' benefit - so that they can then be found work. The initiatives must satisfy a number of limit conditions: recruitment by the employment agencies must be under an open-ended contract, a minimum of training and counselling must be provided and

sufficient guarantees must be present regarding integration into the labour market. As far as financial support for this measure is concerned, the following are envisaged:

- a new activation programme with a wage cost subsidy of BEF 20,000/month for two years;
- a counselling and training premium of BEF 10,000/month for 12 months.

As a result of Belgium's flourishing economy, tension has arisen in recent years on the supply side of the labour market. Consequently, the temporary employment sector in Belgium has for some years concentrated on projects aimed at the employment and reintegration of job-seekers from the *risk groups*. In order to reinforce this social role, UPEDI - the professional association of employment agencies - set up the *Stichting Interim vzw* (Temporary Work Foundation (non-profit-making association)) in 1996. This is a unique body with representatives from the temporary sector, employers and trade unionists on the Board of Directors. During the course of 1997, a major step was taken in developing the *Stichting Interim* with the launch of the Flemish Interim Bridge Project (VIB). The VIB project is the result of co-operation between the office of the Flemish Minister of the Environment and Employment, Theo Kelchtermans, the Employment Administration and the *Stichting Interim*. This non-commercial project is aimed at structurally promoting the reintegration into the labour market of target groups of job-seekers through temporary work. This is achieved through 1) initiatives by individual employment agencies concerning the reintegration of risk groups into the labour market by financially supporting temporary labour and 2) by taking action to sponsor joint projects working towards this objective.

The role of the VIB project is not so much that of project developer, but of project facilitator. The role of the VIB coordinator is to bring together social actors and employment agencies in order to draw up a specific co-operation model. The coordinator ensures that all the parties fulfil their obligations and assume their responsibilities. A VIB coordinator has been recruited in every province of Flanders. Existing collaborative ventures are formalised and structured through the VIB project, which creates a framework to replace the informal contacts - if such exist - without explicit commitments.

In the second year of operation, many types of action and sub-projects were developed with a view to qualitatively deepening the existing forms of collaboration. These came about at the request of actors who, following on from the standard co-operation, felt the need to operate more on a bespoke basis. Thus, the unipolar operation - i.e. the flow of candidates from training and counselling projects to employment via employment agencies - has made way for an approach founded on three main pillars:

1. *in the counselling to employment phase*: flow of job-seekers who are ready for the labour market into a temporary employment assignment by linking customer profiles to job profiles;

2. *in the familiarisation to counselling phase* re-routing (with express consent) of job-seekers not ready for work into training and counselling organisations;
3. *bespoke* projects at the request of one or more actors.

Three parties are usually involved in these employment projects: a social actor, an employment agency and a user. The co-operation procedure is contained in a co-operation protocol. The social actor is responsible for the recruitment and screening of candidates and, where necessary, for attitude-to-work training. The employment agency sets the technical tests and the company is in charge of technical training on the shop floor. Regular consultation and evaluation are envisaged between all the parties involved.

In the period between 1 October 1998 and 30 September 1999, 1281 people were employed in the temporary sector via the Interim Bridge Project, with an average reintegration duration of 51 days. This led to a permanent job for 175 people. Of the 1281 people employed:

- 67% were male;
- 67% were under 30 (51% under 25); 13% over 41;
- 84% were Belgian;
- 77% were poorly qualified (maximum lower secondary education);
- 23% were entitled to PWC support;
- 82% had blue-collar status; 10% white-collar status.

The number of actively involved PWC's has risen from 121 in 1998 to 173 in 1999. In the first year of operation, 144 PWC customers were employed via this VIB project (17% of the total); in the second year of operation this figure rose to 295 (23% of the total).

Through this project, PWC's come into contact with an extensive network of employment agencies which, in turn, represent a substantial network of companies, which is useful when it comes to transfer into the regular labour market. The project offers the economic added value for the temporary sector of broadening the influx basis. In addition, the VIB project makes temporary employment consultants aware of risk groups.

Although temporary work can lead to a permanent job, the experiences of the PWC's involved are not always equally positive. Counselling in the workplace is not usually provided; the work requires the employed person to be highly mobile; the employment is usually for short periods (on average 51 days) which provides little security and can also mean that the customer is no longer eligible for long-term employment because he/she no longer fulfils the conditions for the employment measures. In brief, the threshold for temporary work is often (too) high, which means that only the best candidates are eligible for temporary work.



### 2.2.2.2 Local Work Shops

#### *Location*

This is a political initiative in which a framework agreement was concluded between the federal government, the Flemish government and the VVSG<sup>14</sup> with the aim of offering an integrated basic service to job-seekers and of developing and supporting local service employment. This initiative can be set against the background of the increasing importance attached by the government to the development of a local employment policy. This framework agreement also then has to be locally ratified by local co-operation agreements and local control must be in the hands of a local consultative forum. The intention is systematically to integrate future policy initiatives with an impact on local employment policy within this framework agreement. The initiative was first put into practice in Flanders. The French-speaking Community is currently considering a similar initiative.

The local work shop initiative builds upon the existing local employment counters (LEC's). The LEC's were an initiative by the former Flemish Minister of Employment as a reaction to the observation that increasing numbers of actors were joining forces to co-operate with a view to an integrated approach to unemployment. These spontaneous forms of co-operation were fairly varied, ranging from occasional negotiations on regular, joint consultation to close co-operation governed by an agreement. From 1998 onwards, employment covenants were drawn up, at the initiative of the Minister, between the Flemish government, the VDAB (Flemish Employment Office) and the Flemish towns and communities. The Flemish government sees these covenants as a way of strengthening existing co-operation and, where there is as yet no co-operation, it wants to promote the launch of an urban/municipal employment policy. More particularly, these covenants focus on the labour market opportunities of risk groups. As part of these employment covenants, the LEC's were designated as one of the potential instruments. The LEC's were distinctive in that the municipalities could voluntarily choose to take part in the project. Integration was actually put on the back burner given that only a number of services were combined under one roof but one single file was not used, an integrated approach was not assumed and no integration of basic services took place. The LEC's merely offered a front-line service where the job-seeker could register and be referred on to existing local facilities (VDAB, PWC, third parties, etc.).

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14 VVSG: The Flemish Association of Towns and Communities is a representative umbrella organisation for all Flemish towns and municipalities. It defends the interests of towns, municipalities and PWC's with other authorities and third parties and offers support in the form of information, advice and consultation.

The local work shop project aims to go further than the LEC's. In 2000, 35 local work shops will be launched in 32 towns and municipalities. For this purpose, BEF 245 million has been earmarked in the Flemish budget for the year 2000 "for expanding local work shops". The Flemish government is making an additional BEF 35 million available for guidance activities towards the work shops.

#### *Objectives of the Local Work Shop project*

1. To provide integrated basic services for all job-seekers and employers under the direction of the VDAB (one-stop job shops).
2. To develop and support local service employment under the direction of the local authorities.

Management of the work shop is steered jointly by two directors: the local VDAB and the local government. It is essential that the work shop also be given a central role in fine-tuning between the employment policies at Flemish, Federal and European government levels.

#### **Offering integrated basic services**

*"Co-operation should lead to a more flexible flow between the services of the various initiatives and actors operating locally and should promote route-based thinking".* From the framework agreement.

The local work shops become "one-stop-shops" which should provide integrated basic services to job-seekers and employers. The integrated basic services consist of at least the universal services of the VDAB, plus the services of the town or municipality, the PWC and other local actors. Moreover, these services are also supplemented by information about important limit conditions for employment, such as childcare and mobility. However, not everything is in one place: the payment function remains separate so that the job-seeker still has to shuttle backwards and forwards between the payment institution and the local work shop; PWC customers will not receive help with financial matters at the local work shop.

A fairly important aspect of the first objective is the furthering of the concept of route counselling, which in the agreement refers to free, intensive and individual basic services. The ultimate aim of the work shops is to achieve 1 file per user. This makes a number of requirements of existing actors in terms of adjusting working processes to one another and redrawing existing services and job profiles. The VDAB is committed to making a customer monitoring system available to all the actors in the work shop.

A major area of attention for the local work shops is also to fit in with organisations which are not themselves part of the joint venture. The VDAB will exercise the directorial role: developing a

vision of co-operation. The question is whether the VDAB should play this role since it is also the most significant actor. The present discussion is heavily focused on the mutual relationship between VDAB and local governments. As a result, the debate concentrates too much on the division of labour, which rapidly boils down to a splitting up of tasks.

### **Expanding and supporting the new service employment**

As well as offering integrated basic services, the local work shop must also play an encouraging role in the development of new service employment. The central aspect here is the creation of long-term jobs as a priority - but not exclusively - for underprivileged groups. No adequate measures have yet been developed for this.

## **3 The rhetoric of coordination**

### **3.1 Coordination problems in activation measures from the point of view of the towns and municipalities**

#### *3.1.1 Employment measures*

The government actually subsidises in two ways: by releasing the employer's contribution and by activating the payments. Recently, the map of benefit activation has been fairly clearly outlined (Art. 60 §7 has somewhat degenerated into an activation measure). At first sight, this is not detrimental because, within the framework of these measures, several forms of actual discrimination are eliminated. Since the amount of the minimum income varies depending on the category to which the beneficiary belongs, the activatable amount also varies per category of beneficiary. Very recently, the decision was taken to iron out this form of discrimination and to fix the state allowance for employment at the same amount for everyone (Spring Programme).

On the other hand, this new trend threatens to detach employment from the general social services provided by the PWC's. Many PWC's have themselves set up services, within the context of the employment measures, to fulfil a number of limit conditions, such as mobility and childcare.

According to the umbrella association of towns and municipalities, the local labour market actors urgently need equality for the employment measures. Within a given project, employment measures should be able to follow one another unhindered. Nonetheless, we see that the federal government made no use of the first opportunity which presented itself to achieve closer alignment. The through-flow programmes were not adjusted in terms of time periods (12 and 24 months), which recently re-confirmed their incongruity with several Regional (in this case Flemish

and Walloon) measures. Another example is that no agreement yet exists between the periods equated with employment for unemployed people with an unemployed status on the one hand and unemployment people with the status of someone entitled to the minimum income. No further discrimination exists for several employment measures, while for others (e.g. Smet jobs) it does still exist.

One other problem is the application of the socio-professional integration premium (SPI) within the context of the activation measures. Since activation usually implies part-time work and does not therefore guarantee wages above the minimum income, the legislator has decided to introduce a socio-professional integration premium which should make up for the loss of income when in part-time employment. Use of the SPI was ruled out for PWA's applying the new ruling. The premium is however applied to employment within the context of Art. 60 §7. In this case, a new unemployment trap is therefore created.

At organisational level, a number of PWC's have developed sound employment policies. Art. 60 §7 and the possibilities for secondment compete with several other employment measures. The legislation was recently adjusted again so that jobs with private employers are now subsidised up to a total of BEF 38,000 per month. The minimum wage in the private sector is an average of BEF 10,000 gross per month lower than in the public sector. The law states that PWC customers employed under Art. 60 §7 must be paid according to public scales. Since only the best customers are likely to find regular employment, PWC's farm out their best customers to the private sector, where they are paid an average of BEF 10,000 gross less than those employed internally.

The towns and municipalities adopt a reserved attitude towards the Spring Programme introduced by the federal minister, Mr. Vande Lanotte. The measures described are good but the minister's objective of raising the number of those activated and entitled to the minimum income to 50% is not realistic and takes no account of the harsh reality. Based on our own research (Sannen et al, 2000) an average of 37% of customers are deemed eligible for activation (by the PWC's). Currently, 71% of potentially activatable customers are activated by the PWC's.

### *3.1.2 Counselling, training, route counselling*

The umbrella organisation of towns and municipalities has assumed the role of broadening the visions of the relevant municipalities and PWC's, which it wants to put specifically into practice by identifying and publicising good practices. The Flemish interviewees believed it critical that enough space be left locally for interpreting the practice of the local work shops. The PES wants to achieve sufficient scale, which is often a sticking point for the municipalities. The municipalities want to work together on satisfactory clustering, but believe that sufficient account must be taken

of current reality. Fulfilment of the director's role can vary locally, depending on local history and practice. The local work shops are also handy because a map will be compiled of existing training initiatives and new initiatives will only be possible if they fill an existing gap. As far as the second strand of the local work shops are concerned, the Flemish government expects much from the directorial role of the municipalities in aligning the actors in terms of the new service economy and associated social economy projects. Within the context of the social economy projects, financing takes place via budgets, not via activation.

Several years ago, the PWC's were encouraged to pursue an active employment policy. It may have taken a few years, but we are now seeing that all PWC's acknowledge that they have an employment role to fulfil. Based on this practice, it is neither possible nor desirable for this employment task to be dropped again now.

The field of tension between the PES and the PWC can usually be reduced to 2 factors: 1) a matter of local personal contacts and 2) a difference in the way of working. In its route counselling, the PES primarily adopts an administrative angle of approach, whereas the angle of approach taken by the PWC's, as well as being administrative, is also much more methodical. A great many problems could be resolved if the PES were to recognise the counselling taken on by the PWC. Currently, PWC projects are only recognised in a given PES module but, from a methodical point of view, they could be incorporated into several modules. The organisational culture of the PES is not after all geared towards the target group of people entitled to the minimum income. In practice, we see that in towns where the PWC can carry enough weight, the PES is an interested partner.

A number of those interviewed in the municipalities questioned the social role of the employment agencies in those initiatives which want to allocate a larger role to the temporary sector. The economic logic of the temporary sector is surely more likely to encourage short-term thinking as regards direct placements.

### **3.2 Bottlenecks in coordination between institutions from the point of view of the VDAB (Flemish Community)**

#### *3.2.1 Registration with the VDAB*

The two notable sticking points are:

- PWC customers are only registered for a fixed period (6 months). Their registration then automatically lapses, unless the person in question extends the registration;
- not all PWC's arrange for systematic registration with the VDAB. Major differences exist between PWC's.

According to the VDAB, the solution to these bottlenecks lies with the PWC's: they should make a fixed rule for premature grouped registration and re-registration with the VDAB for all job-seeking PWC customers. This should be easier to achieve, with the arrival of the local work shops, because the PWC's can then make more direct use of the basic services provided by the VDAB for their own customers (what are the views on this in the case studies?).

### *3.2.2 Access to VDAB routes*

The number of PWC customers in modules 3, 4 and 5 is very limited (in contrast to modules 2 and 7). No specific initiatives by the VDAB currently exist to simplify access to VDAB training or counselling routes. The VDAB provides no encouragement to this end. The efforts nonetheless made by the VDAB are therefore voluntarily undertaken by the PWC's. PWC's do not have the purchasing budgets to buy in the services of the VDAB. The only stimulus for the VDAB is that every customer served or every vacancy filled by a PWC customer is included in order to satisfy the parameters of the Management Agreement. The VDAB's input is to a certain extent (20%) dependent on the performances delivered. The VDAB expects that more effort than before will have to be made - given the current labour market shortage - in order to tap the labour reserve of PWC customers (do the case studies confirm this?).

### *3.2.3 Vacancy recruitment and mediation*

Finding employment for PWC customer is in fact a matter for the PWC's. In theory, the VDAB does mediate at the request of the PWC's but, in practice, this is a rare occurrence (check out in the case studies). In general, the PWC's have the experience that they themselves have to look for jobs for their customers, including on the regular labour market. This is why a growing number of PWC's are themselves creating posts for job prospecting, mediation and aftercare. A growing number of PWC's are also becoming involved in broader-scale activities with the private sector. A typical example is the project with the temporary sector (also data from PWC survey, Sannen et al, 2000). In this context, urgent arrangements are required so as to avoid company and sector consultants from different organisations getting under each other's feet with employers (check out in case studies). According to the VDAB, the local work shop may possibly provide the context in which these arrangements can be made. One of the critical points is co-operation with the temporary sector, which is currently being seriously advocated by federal policy (Spring Programme by Minister for Social Integration, Mr. Vande Lanotte). The danger is that employment agencies aim primarily at short-term successes, to the detriment of the customer's interests (case studies?).

### 3.2.4 *Subsidised labour: employment measures*

One major politico-institutional sticking point is the division of competence between the federal and provincial levels. This sticking point is further aggravated by the different and diverging socio-economic realities between the Flemish region and the Brussels and French-speaking regions (see Chapter 1). The federal policy level plays a major role in policy regarding subsidised labour, since it is at this level that the legal and financial framework is determined. Co-operation with the provinces is required for the organisation and application of the instruments, since it is at this level that the implementation institutions for the National Employment Agency operate (VDAB, Forem and BGDA), together with a large number of NGO's and private actors. The specific labour market context prompts its own policy choices with respect to target groups, outflow possibilities, etc.. This explains why the federal ministers and the provincial ministers are "condemned" to consultation and alignment in a competitive relationship. The consequence is greater complexity and delays in policy implementation (e.g. implementing decisions which should provide equal access for PWC customers to the generic employment measures). The sphere of action sometimes has to operate in a grey area because all the technical details have apparently not yet been legally settled. Another harmful consequence is that certain measures compete with one another, e.g. WEP-privé versus service jobs; WEP+ versus Art. 60; WEP-privé versus Art. 61 (cf. Sannen, Struyven, 1999).

The VDAB has to face the consequences of this inadequately coordinated employment policy every day, without itself being able to find a solution. The VDAB can however see possibilities for coordination in the specific implementation of the various measures. A distinction has to be made between the framework for the activation policy for PWC customers and its application. The framework for the PWC activation policy is a federal matter. It encompasses a number of provisions regarding target groups and financing which apply to the whole of Belgium. Implementation is the result of the interplay between institutions for employment-finding and reintegration under the auspices of the provinces. Application covers all the methods which play a role in interpreting and implementing the federal framework: guidance towards subsidised jobs, the promotion of activation possibilities across all municipalities/PWC's covered by a VDAB region, the possibilities for training and counselling by the VDAB for PWC customers, etc. (check in cases whether this already happens). Secondly, the VDAB also discerns a positive development in the local work shop project. In this context, a Flemish/federal agreement has also been concluded between the Flemish and relevant federal ministers. In it, the federal minister responsible for the PWC scheme undertakes to slot his policy initiatives into Flemish policy. For the local work shops, this means that the PWC's will be encouraged to co-operate, if possible by transferring their basic provision of services to the local work shops. The PWC's or municipal governments cannot however be forced to do this - a formal transfer of competence via changes to the PWC

legislation is not envisaged. Possibilities for accountability by the competent central government are more limited than for the VDAB, which is a Flemish government organisation (cf. existence of a management agreement). The co-operation of the PWC's in the second function of the local work shop is more urgent for the PWC's, given the financial responsibility of the municipal government for its PWC. The main cause of coordination problems for the VDAB is the fragmented division of competence between federal, regional and municipal levels. The fact that municipalities also want to play a policy-defining and directorial role means that things become even more complex in the eyes of the VDAB (what do the case studies think?). In this sense, the VDAB is critical of the Flemish policy of the local work shops: it is a project which leaves the municipalities with too many choices, with the risk that the basic provision of services will be fragmented over too many locations or "outposts" of locations.



## **Chapter 4**

### **Coordination in practice**

#### **1. Methodology**

##### **1.1 Selection of case studies**

Four case studies were selected, taking into consideration regional spread, rural versus urban character, the labour market situation in the region and the type of coordination.

The first case study (Ostend) is to be found within an urban context with favourable labour market conditions in the region, but an urban concentration of unemployment and poverty. The coordination initiative takes the form of policy-stimulated co-operation between the PWC and a number of private employment agencies. This initiative does not form part of the heart of the activation policy, but rather supplements the central theme.

The second case study (Genk) is also played out in an urban context although, this time, with a less prosperous labour market situation which is felt more acutely in the urban context. The coordination initiative encompasses a network, controlled by the municipality, of all the relevant actors in the field of employment and training initiatives. Co-operation with one of these private training bodies is examined in more detail.

The third case (Zennevallei Co-operation Agreement) is located in a rural setting and deals with the life cycle of a bottom-up collaborative venture between several smaller PWC's mutually and with third party organisations. The labour market situation in the region is currently characterised by the lowest unemployment rate in Belgium.

The fourth case (Charleroi) is located in one of Belgium's major cities, where the PWC has been involved in an active policy of socio-professional integration for 15 years now. The city of Charleroi has suffered especially acute employment difficulties since the 1980s, with 25% unemployment.

##### **1.2 Method**

In all the case studies, interviews were held with the head of the relevant department of the PWC, with a number of service providers (route counsellors) and with customers.

Case Study 1 (Ostend), interviews with:

- VIB coordinator for West Flanders
- Ostend PWC: head of employment department and two route counsellors
- Four customers

Case Study 2 (Genk), interviews with:

- Genk PWC: head of employment and social activation department and two route counsellors
- Seven customers

Case 3 (Zennevallei), interviews with:

- Beersel PWC: secretary and two staff in employment service
- Four customers

Case 4 (Charleroi), interviews with:

- PWC: coordinators and counsellors of the Integration Resource Centre

A total of five policy-makers were interviewed, eight service providers and fifteen customers. At the time of interviews, all the customers interviewed were involved in a training or employment initiative. After the interviews, additional information and clarification was again obtained by telephone or e-mail.

## 2. Case 1: Ostend

### 2.1 General situation in the Ostend region

Ostend is a coastal municipality in the province of West Flanders and has 67,500 inhabitants. The Ostend region has relatively limited employment in its own locality, low activity and a slightly higher than average unemployment rate for Flanders. The town of Ostend, like most coastal communities, is structurally deficient compared to the rest of the province.

Table 4.1 Unemployment rate, May 2000

	Men	Women	Total
Ostend	8.93	11.59	10.06
Ostend-Ypres region	4.30	8.07	5.88
Flanders	4.35	8.18	5.98

Source: VDAB

With an unemployment rate of 10% (10,000 people), Ostend is far above the average for Flanders (6%) and for the region (5.9%). Moreover, Ostend is characterised by a heavy concentration of PWC customers. In 1999, the Ostend PWC dealt with 1,820 cases, of which 985 were still being processed on 31 December 1999.

Despite the high rate of unemployment and the lowering of selection standards in companies, compared to other regions, only a few people from risk groups are able to secure and retain jobs. In addition, the VDAB and the employment agencies also have quantitative and, particularly, qualitative influx problems. The result is that much more is currently being demanded of the actors involved in labour market counselling.

This case study chiefly describes the co-operation between the PWC and the employment agencies with the context of the VIB project<sup>15</sup>. The activities of the employment agencies in activating PWC customers does not form part of the heart of the activation policy, but should instead be seen as supplementary.

## **2.2 Operation of Ostend PWC**

The PWC in Ostend has three separate departments each playing an important activation role with respect to customers. These are the general social work department, responsible for general and financial assistance, the Art. 60 employment department and the labour counselling department. The Art. 60 employment department is responsible for the employment of customers within the PWC and can also place customers with municipal departments or non-profit-making associations. The labour counselling cell concentrates on the group which is “ready” for the labour market. This refers to people who themselves take sufficient initiative to find work and are also capable of doing so. In theory, this group of people should not face any obstacles (psychosocial, medical, linguistic, etc.). They therefore work with people who score adequately in terms of motivation, technical skills and attitude to work.

When a customer approaches the PWC, he is interviewed by a general social worker. The aim is to gain an idea of the customer’s problems. An information session is organised within a month, during which the various forms of PWC service are explained. The services related to training, employment and employment-finding are also presented, with the VDAB also present. In consultation with the customer, the social worker decides whether he/she is ready for training, employment or employment-finding and an employment file is compiled for every customer, which allocates people to eight categories depending on their skills, availability and suitability.

In order to prepare people for guidance towards the labour market, various routes are possible:

- attitude training courses within the PWC projects (social workshop, parks department, bicycle workshop, building and renovation projects);
- referral on to employment under Art. 60 §7: around 100 people are permanently employed or seconded under Art. 60 §7 in the various institutions of the PWC. This employment includes both attitude training and technical training; the work varies from cleaning to clerical work;
- a bespoke care cell has been set up for 18-25-year-olds, a rapidly expanding sub-group within the population, within the general social work department.

The general social work department feeds into the labour counselling department. In addition, customers are also referred on from the budget management department (see Figure 1). These are people who do not necessarily receive financial support from the PWC, but who receive help from the PWC with managing their financial budget. Organised consultation takes place between the general social work department, the Art. 60 employment department and the employment-finding department (route counsellors), led by the chief social worker. This consultation takes place both at fixed times and for individual files. The possibilities for each customer are examined. Then, the various steps are recorded in a database. A good customer follow-up system has been developed. When customers are referred on to the labour counselling department, the route counsellors take over the file. If the customers are on training courses, their file stays with the social worker. Both service providers and customers talk in the interviews about close internal coordination between the various departments involved.

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<sup>15</sup> See Chapter 4 for a detailed description of the VIB project.

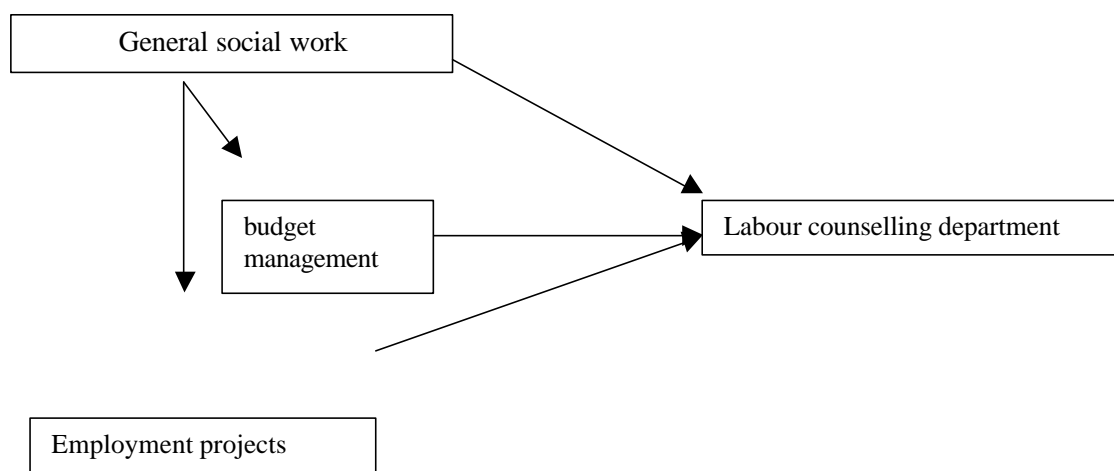


Figure 4.1 Influx into labour counselling department

Two full-time labour market counsellors currently work in the employment department, which was founded in 1996, continuously counselling around 65 people. Others are on a waiting list. The file burden in terms of numbers has approximately halved in recent years. As a result of the increasing intensity of the counselling and the low flow rate into work, this does not however represent a reduction in the burden on the labour counselling department. Table 1.2 shows the figures for the year 1999. The employment-finding department has an average of 117 files, 77 of which are active, 9 passive, 20 starting up and an average of 10 customers per month find work.

Table 4.2 Employment-finding in 1999, by month

1999	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	av.
Starting up	26	15	27	23	16	18	12	15	19	31	21	18	20
Passive	3	4	6	8	19	5	7	8	14	15	11	10	9
Found work	19	6	11	17	12	11	4	6	11	9	12	8	10
Active file	66	71	75	89	90	72	74	73	79	72	89	75	77
Total	114	96	119	137	137	106	97	102	123	127	133	111	117

Source: Ostend PWC

### 2.3 PWC vision compared to vision of the activation policy of the federal and Flemish governments

The PWC is sensitive to the increasing pressure imposed by the policy to work towards employment in a result-oriented way. According to the head of the employment department, the policy now makes the mistake of devoting far too little attention to the limit conditions for training and employment.

Head of the labour counselling department: *“Many customers are not ready to start work and we have to work with them on the obstacles before they can be referred on with any chance of success to training or employment. The policy is currently too heavily concentrated on attaining target figures and takes insufficient account of the customers’ limitations. The question arises, with this strong accent on work, of whether it really benefits the people themselves. If more attention is not devoted to their general well-being, it is quite possible that situations will arise in which the customers themselves are no better off. It is not fair to blame people if you make them an offer which is not within their capabilities.”*

Route counsellor: *“At the PWC too, the pressure to achieve results is increasing. Maybe it is because an election is coming, I do not know. The focus on results is increasing, but is less marked than on the VDAB. Here, you do not have to achieve a particular result but your results are checked. The pressure on customers to find employment is also increasing, partly because a certain number of places can also be filled in the PWC (Art. 60). According to the management, in theory it is not possible to have so many customers and for the Art. 60 places to go unfilled. The management does not impose obligations on us, but if places are not filled, we have to be able to justify ourselves.”*

The PWC can always send customers on to VDAB training courses, but only a small proportion of customers are eligible for these. This, together with the fact that the government also encourages the PWC, has led the PWC to organise its own training courses. Training is given relating to the parks department, recycling, building and bicycle repair. The STC<sup>16</sup> decides on the subsidies given to some of these training courses. When deciding whether or not to subsidise the training courses, the flow-through criteria play an important role. This sometimes leads to decisions which overlook the specific needs of the customers. For instance, last year it was decided that the cycle repair training course would no longer be subsidised because of the low flow-through rate.

Head of the labour counselling department: *“These training courses teach people about attitudes to work, we teach them to work as part of a team and give them the feeling of achieving something useful. However, because these projects do not result directly in employment, they are no longer approved. Nonetheless, the bicycles are rented or made available to those entitled to the minimum income for BEF 50 per month. But that is something overlooked by the VDAB. The narrow view that initiatives have to end in employment, held by the VDAB, clashes with our view. We have good contacts with the VDAB, but they find it difficult to deviate from their own rules and their target groups are also changing somewhat.”*

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<sup>16</sup> Regional Employment Committees (*Subregionale Tewerkstellings Comités*, STC) consist of representatives of the Public Employment Service, alongside representatives of employers’ organisations and trade unions. They give advice on issues concerning employment policy and the organisation of vocational training, based on an analysis of the specific regional labour market.

## 2.4 Co-operation with other actors

### 2.4.1 Co-operation with the VDAB

Co-operation with the VDAB runs smoothly. The VDAB is always present at the monthly information sessions organised by the PWC, to explain the services it provides. Vacancies are passed on and regular telephone contact takes place. The two route counsellors from the PWC previously worked at the VDAB and so are familiar with how it works.

The close contacts between the PWC and the VDAB have led to a solution to the registration problem affecting PWC customers. Remember, in most regions, a PWC customer's registration as a job-seeker with the VDAB does not last longer than six months if the customer does not respond to a letter of summons from the VDAB. In Ostend, the VDAB sends a circular to the customers of the PWC, stating whose registration has expired and which customers have to be re-registered. Customers with whom the PWC has long lost contact are again invited to an information session about the potential training courses within the VDAB and PWC.

In addition, it is also ascertained that the VDAB, as a result of the labour market shortage, also devotes more attention to PWC customers. A difference does exist in the way of working, in organisational culture between the PWC and the VDAB. This is the result of a differing policy option. Whereas the VDAB works in a result-oriented way in the labour market sub-field, the policy option of the PWC's is to provide assistance over a much broader field of care. The PWC therefore operates much more from a methodical angle of approach, while the VDAB operates more administratively.

Head of the labour counselling department: *"The PWC has a very specific position. We are usually the first to come into contact with the target group of underprivileged people who approach us because they are experiencing financial and material problems. That is the specific angle from which we continue to work. Many customers cannot be referred to other departments, they just do not go. Initially, it also does not interest them. Based on the contact we have with them because of their financial problems, we have to be able to continue in order to help them progress. Thanks to the services we provide in terms of financial needs, the customer can build up a certain level of trust, which is needed in the long-term to gain access to the customer. Customers no longer receive such strict counselling at the VDAB, compared to the PWC. As well as material counselling, many additional services have also gone. To give just one example, at the PWC we also check whether the customer is administratively up to date, with medical insurance for instance."*

Route counsellor: *“The emphasis on results at the VDAB is much greater than at the PWC. I have worked at the VDAB’s job club and the pressure was on to counsel 110 people per year. At the PWC we can look much more to the customer’s needs. For example, last month I had a customer who said he liked painting. I called the local paint shops to see if they needed anyone. That would not have been possible at the VDAB.”*

#### 2.4.2 Co-operation with the temporary sector

As mentioned in the introduction, co-operation between the PWC and employment agencies does not form the core of the activating labour market policy for PWC customers. It is a project serving more of a supplementary purpose, rather than intervening in general policy or the current division of labour between the actors in question. The aim of the collaboration is the labour market (re)integration of PWC customers. At its launch, six employment agencies signed up for the project, followed subsequently by another. The VDAB is not involved in this co-operation as a result of the competition between the public T-Interim (the VDAB’s employment agency) and the private employment agencies.

##### 2.4.2.1 Background information

The Ostend PWC joined the Interim Bridge Project at the end of 1998. Co-operation previously existed with the temporary sector, but in an unstructured manner. This was spontaneous bottom-up co-operation which was however not evaluated or adjusted. The lack of communication, exchange and feedback led to the parties drifting away from one another. The Interim Bridge Project re-launched the previous co-operation in a more structured way. The initiative for the rejuvenated co-operation came from the PWC in Ostend. Following the launch of a VIB project in a neighbouring region, the PWC contacted the VIB coordinator for an explanation of the project. The required operating resources are provided by the *Stichting Interim* (Temporary Employment Foundation), with co-financing from the Flemish government. These funds are used to appoint a VIB coordinator and the costs associated with coordination efforts.

##### 2.4.2.2 Role of the VIB coordinator

The VIB coordinator plays the role of facilitator in the co-operation process. He investigates the actors in question in order to achieve a clear picture of their services, target public and operation. In launching the co-operation, the coordinator is responsible for organising the information sessions and for evaluating and adjusting the co-operation; he does not however intervene in the actual employment process. Information sessions are used to bring the actors together (the PWC and the employment agencies) so that they can form an accurate picture of one another through the exchange of information. In addition, information sessions are also organised for customers of



the PWC in order to familiarise customers with the operation of the temporary sector. The coordinator also organises a joint consultation meeting every six months and intervenes at times of crisis.

VIB coordinator: *“One example of a time of crisis in Ostend was the time when the temporary sector complained that the customers were not mobile. I then organised a meeting with the route counsellors from the PWC and the temporary employees. It then emerged from this meeting that Ostend has park-and-ride car parks with free bicycles for tourists. The proposal that this system also be opened up to PWC customers was accepted and has become reality. In addition, Ostend also has many social economy problems. One of these projects is the bus project, which now makes buses available to the temporary sector to transport people from the employment agencies to their work. Two agencies are currently making use of this. The others do not use it because of volume distribution. The drivers are people with a service job<sup>17</sup>.”*

VIB coordinator: *“The temporary sector has a number of specific users. Some temporary sectors have specific companies where you cannot place anyone from the risk groups. You know in advance that it will come to nothing. After a couple of years, you know which companies and employment agencies are open. As a coordinator, you make your knowledge available about which employment agencies will co-operate and which will not. But you do not get those attitudes in every company.”*

#### 2.4.2.3 Organisation of the co-operation

When the co-operation began, a number of conditions were imposed by the VIB coordinator. The first condition is the screening of customers by the PWC. To begin with, the employment agencies asked that only those people be sent on who are ready for work and motivated and have the right attitudes to work. As a result of the shortages on the labour market, this condition was adjusted to mean sending on people who are motivated to work.

A second condition is working with a registration form. The registration form is sent by the PWC to the employment agencies and means that neither the customer nor the employment consultant meet each other unprepared. The registration form is signed by the customer and contains information about the possibilities and wishes of the customer, together with any problems regarding employment. This has a threshold-lowering effect for the customer, since he will be approached in an appropriate manner by the employment consultant.

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<sup>17</sup> Service jobs are subsidised jobs for the unemployed in risk groups.

VIB coordinator: *“When the employment agency receives the registration form, they know when a customer will present himself, having been sent on by the Ostend PWC. Based on cumulative effect, the offices have positive experiences with customers sent on by the PWC, they also know that the PWC carries out thorough screening and that, in theory, it should be possible to find employment for the customer.”*

The third condition is the organisation of feedback. In the early months of the VIB project, an arrangement was made for the employment agencies to take the initiative for this feedback. However, after some time, this did not appear to work, after which it was decided that the PWC would contact the employment agencies on a certain day of the week. The feedback of information for people placed in work includes information about the nature of the work, the hourly wage, as well as the duration of the contract. Where people are not placed, the reasons for non-placement are fed back to the PWC. This feedback is very important for the route counsellors at the PWC. It gives them the possibility of making further adjustments within individual route counselling.

VIB coordinator: *“The feedback is also important because people who have not worked for a longer time often have a suit of armour around them. It takes a great deal of patience to break through that armour. The limit problems are not directly indicated to the route counsellor or employment consultant by the customer. Customers regularly do not turn up for work on their first day. This is then reported to the PWC, because people are given more chances to take work. This can be as high as six or seven chances per person. Obviously, the current labour market situation is of relevance here. The market is as dry as it can be.”*

The PWC occasionally also uses temporary labour as a test within the route counselling of customers. What is important here is open communication with the customer, so that any failure can always be counselled.

#### 2.4.2.4 Outputs

One of the additional results of the projects is the emergence of a reverse flow. These are people who report voluntarily to an employment agency but who are judged by the employment agency as not yet ready to join the regular labour market. For them, it is important to be able to find some affiliation with the actors. The employment agencies therefore take responsibility here for sending these people on to training and counselling bodies.

In the first year of operation of the VIB project in Ostend, 57 customers were registered with the employment agencies. Twenty-six registrations were made via the registration forms, 31 were

spontaneous and only subsequently backed up by the registration forms. In 1999, 30 PWC customers fulfilled 45 temporary contracts via this route.

Based on the practical experiences of the VIB coordinators in setting up the joint ventures, a script was compiled which can serve as a basis for other coordinators starting up VIB initiatives in other regions.

Temporary labour is used by employers for various purposes. Some use it as a trial period for a fixed-term contract, while others use it for short-term placements with no prospect of permanent work.

#### 2.4.2.5 Identification of factors for the success of co-operation

The VIB project does not run equally smoothly in all regions (see also Genk case study). For this reason, it is important to examine what the conditions are for effective co-operation.

The basis of the project is open and honest communication between the various partners. The communicative project is very important: the contact people at the PWC and employment agencies must be able to communicate well with one another and have confidence in each other. This relationship is not automatic and requires effort and investment by both parties. The VIB coordinator plays an important mediation and encouraging role in this process.

Thorough knowledge of the other organisation is essential. This assumes a flow of information about changes which can influence the co-operation (e.g. changes to the supply of training, staff changes).

The mutual relationship between the various employment agencies is also of crucial importance.

The VIB coordinator: *“The agencies do not work together mutually, but they are open to one another. When you put the employment agencies together, usually you feel resentment because customers are registered with several of them. That resentment is not there in Ostend, simply as a result of the temporary labour in question. The atmosphere in Ostend is different to other regions. The employment agencies form an open group. When they sit together round a table, they really talk to each other. These six agencies have genuinely joined in the three information sessions I have organised, globally and totally, which is an exception. It is just as if the agencies in question forget their mutual competition during meetings. They stick to the objective, which is co-operation with the Ostend PWC. Of course, the local labour market situation also promotes co-operation. The influx problem means, as a result, that many employment agencies target themselves more at PWC customers.”*

The following factors were identified in the interviews as structural factors for success:

- the evaluation points built in to the VIB project by the partners;
- the VIB project provides adjustment possibilities;
- a fixed structure to fall back on;
- the position of the coordinator as a central and neutral figure.

## **2.5 Position re. the introduction of a Local Work Shop**

Ostend is one of the 32 pilot projects within the framework of the Local Work Shops. At the time of the interviews, one discussion had already taken place in Ostend, during which several sticking points had been defined. For instance, the VDAB requested that the employment department of the PWC be completely merged into the Local Work Shop. The PWC did not agree and instead advocated a rotation system, with the route counsellors alternating between the Local Work Shop and the PWC.

Head of employment counselling department: *“The work shop is purely focused on work. The approach in the work shop is said to be integral. But this integral approach is from the point of view of work. By contrast, the PWC develops an integral approach from the point of view of assistance. That is the major difference for us. Employment counselling and guidance can form part of a route but, certainly given the nature of the PWC customers, not the only one. The VDAB has neither the vision nor the method to provide assistance. They only find work, they do not work on the problems. We are worried that our route counsellors in the work shops will have to service a broad range of customers, at the risk of producing the reverse effect. If you put together the service providers from the VDAB, the PWA and the PWC, you run the risk that the attention will shift to the middle group, which would leave the PWC customers, with their specific needs, left out in the cold. We prefer not to put our people permanently in the Local Work Shop. But if this does prove necessary, a guarantee is needed that we can continue to work with our own customers to counteract the shift towards the middle group. Given our concept of integral approach, we prefer a rotation system where our route counsellors work both in the Local Work Shop and at the PWC.”*

In addition, the question also arises of what the accessibility and approachability of the Local Work Shop will be. With the concept of one local work shop for different municipalities, given the poor mobility of the customers, access to the Local Work Shop could be fairly low.

Route counsellor: *“The major advantage of the Local Work Shop is that everyone will be together and that the people will have to come to one place. The question is whether or not more alignment problems will be caused by the other services of the PWC (e.g. the joint meetings regarding route consultation with the social worker and the Art. 60 counsellors). At the PWC, the social worker goes with the customer to the route counsellors. In the case of full secondment to the Local Work Shop,*

*the customer will have to try to approach people he/she does not know, without counselling. All the informal contacts at the PWC, which are very important, could also disappear.”*

Positive aspects with respect to the Local Work Shop are seen as the speedier notification of vacancies from companies and more rapid detection of problems. The fact that various services are together could lead to the more rapid reporting of incongruities in both legislation and the provision of services.

## **2.6 The customers' view**

Four customers were interviewed as part of this case study. All were currently employed, three under Art. 60 and one was at that time in temporary employment.

The interviews with customers revealed various bottlenecks. One of them is the lack of alignment between the various employment measures. To the customer, this means frequent interruptions in employment. In addition, the transition from the status of PWC customer to the status of unemployed<sup>18</sup> means a removal of support and counselling, which is often still necessary.

Customer: *“The PWC has usually found work for me, but there are often problems with the contract. I am pleased to do the work, but usually the contract runs out after one year and then I always have to look for another job. I am now busy with application training, in preparation for the transition to the VDAB. It will be the first time I have been to the VDAB. I do not know if the PWC can still help me.”*

Customer: *“If you do not get PWC support, they do not help you either, and if you have worked enough days to be able to claim unemployment benefit, you lose many of the additional services which are needed to make sure that you do not have to go back to the PWC later.”*

A lack of mobility and affordable childcare are mentioned as sticking points by the route counsellors. The PWC is working on solutions to these problems: customers in education or employment can always use a bicycle. As part of the VIB project, buses are made available to transport customers whose place of work is far away. In terms of childcare, a list of possible childminding families is being considered. However, these solutions are not adequate for all customers. As well as a lack of mobility and childcare, past financial debts can also be a limitation.

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<sup>18</sup> The customer is given the opportunity, through employment under Art. 60 §7, of accumulating social security rights, which means that the customer achieves the status of unemployed at the end of the period of employment.

Customer: *“In theory, the PWC is not interested in the fact that if you work and earn BEF 35,000, that BEF 35,000 is taken from you. If it is taken away, you can come to the PWC. But then I cannot see the logic in working. What is the use of working under Art. 60 if my wages are then taken away and the PWC then pays me a minimum income? I explained it, but then I was suspended from the minimum income. That is the system. I had my own business for 20 years, I do not need anyone to sort out my finances, certainly not the budget counselling. I have never been lazy, but I am not going to work for BEF 22,000 and I am no man’s slave. I am not going to work to make someone else rich. But because I was threatened with suspension, I did start working under Art. 60.”*

Here, we can see the field of tension between rights and obligations and between informality and obligation. The opinions of the route counsellors differ from those of the customers on how this matter should be dealt with.

Route counsellor: *“Despite the pressure to fill Art. 60 places, we never push someone into a certain job. That is not the purpose of our service. We do suggest the job. I always ask my customers, imagine that all the employers here in Ostend wanted to recruit you, what would you like to do? We really try to provide bespoke services. Most of the steps are taken when the customer is there (transparency). Every week, we also run a job shop, where we run through the various vacancies with the people concerned. If a new employment possibility comes up, we organise an information session.”*

Customer: *“You come in here to make up a file, you receive an invitation for an interview and you explain your situation. For them the idea is to get rid of you as quickly as possible. They look straight away to see where you can start work. That is not necessarily a bad thing, but for some people it can be bad. When I came here, nobody told me that you can earn up to BEF 7,000 extra, without this being deducted from your benefit.”*

The customers also say that more psychosocial support is needed.

Customer: *“Does the PWC not really help with psychosocial problems? No, there is only a service for young people. They do not really understand that you can have very serious mental problems. But if you do not do anything yourself, nothing happens. You might be down in the doldrums, but you have to do something about getting out yourself.”*

Customer: *“The PWC does not have a psychologist. Their job is to find jobs for people, not to do the right thing by their customers, but because that is their job. The social workers should be much more like social workers.”*

Customer: *“As long as you have that uncertainty that there might not be a job anywhere for you, at times like that a failed application might be much worse than at other times or for other people.”*

The customers had little to say about the nature and depth of the joint ventures. Nonetheless, based on the - in some cases - many years of experience with different services, the following comments emerged.

Customer: *“Consultation with the VDAB does take place for vacancies. Sometimes the VDAB is telephoned to look for a job for a specific customer. Co-operation with the VDAB is close. I have the impression that the selection here is better than in the VDAB, including in terms of the right job for the right person. Here, they work in a more customer-oriented way. Within the PWC, co-operation between the various services is good. Previously, I have had experience of the VDAB job club, although in a different region. Once it went well and another time badly because the second time the counsellor had a contract for a couple of months and could not motivate himself to take the work seriously.”*

Customer: *“If, as a PWC, you want to co-operate with the temporary sector, one thing you should try, as a PWC, is to give the customers an idea which they would never have thought of themselves. This means approaching the employer more actively and doing more advertising for customers. If you need someone, we can provide them. They hardly ever do that.”*

## **2.7 Conclusion**

This case study is located in an urban context, characterised by high unemployment and a large underprivileged population. In this case study, the field of tension was fairly obvious between the various accents placed by the government and the social actors on employment and assistance. Where the federal and Flemish governments, together with the VDAB, place the accent on employment, the PWC stresses assistance. The VDAB and the PWC are major actors in the field of training and employment and both have developed an employment and training service. We can therefore see, from the various emphases placed on employment and assistance, two parallel circuits emerging.

The VIB project has developed alongside these two distinct circuits. As a result of the competition between the public T-Interim (the VDAB's employment agency) and the private employment agencies, the VDAB is not involved in this project. The VIB project can be seen as a top-down joint venture. In setting up this kind of joint venture, the VIB coordinator is indispensable as a neutral, independent figure. He plays an important facilitating role in bringing together the actors, building in evaluation points and mediating in problem situations.

## **3. Case 2: Genk**

### **3.1 Introduction and positioning of the case study**

This second case study deals with the co-operation between various training and counselling bodies in the municipality of Genk, in Limburg. Network Genk was founded in 1998 in order to align the local supply of training and counselling. This is a formal collaborative venture between training and counselling bodies which have stated their agreement to aligning their provision with that of the others, offering joint routes and collaborating on the development of expertise.

The municipality of Genk, in particular, was the driving force behind the creation of the network. As part of the SIF,<sup>19</sup> resources were provided for the municipalities to subsidise the numerous local training and employment initiatives. This multiplicity of organisations is explained by the generous European resources which were made available by the ESF in response to the mines reconversion. In addition, it must also be said that the climate was right for achieving co-operation.

The municipality approached the VDAB, which managed the practical creation of the network. The principal (the municipality) and the contractor (the VDAB) jointly organise the implementation of the most important objectives and assignments of the network, which were laid down in a co-operation agreement. The network is also driven by SIF resources, in the sense that projects which do not want to subscribe to the co-operation agreement cannot make use of the SIF resources.

### **3.2 Context**

#### *3.2.1. Introduction*

Genk is a medium-sized Flemish town of 62,000 inhabitants which has a relatively young workforce. As a result of the closure of the mines, 6,000 jobs were lost in Genk in 1987-88. The mines' closure has made its mark on the unemployed population, in which immigrants and older men are over-represented (Table 1).

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<sup>19</sup> The social impetus fund (SIF) is a fund operated by the Flemish government, which makes money available for local authorities to promote a more inclusive welfare policy. The social situation in the municipalities is measured using various criteria, so that the municipalities with the severest social problems receive the greatest financial support.



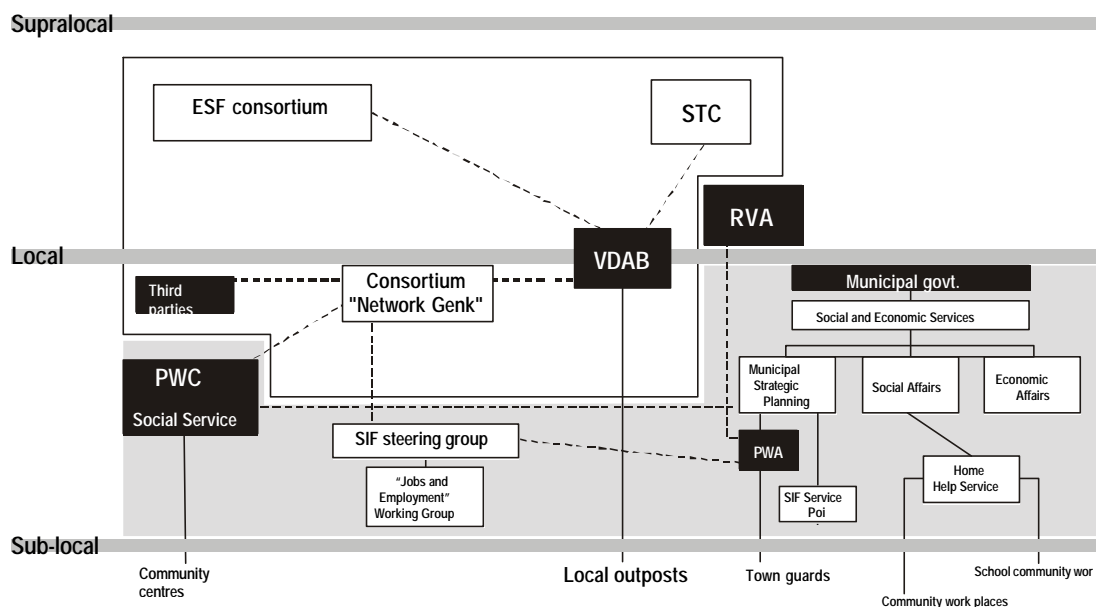
Table 4.3 Unemployment rates (May 2000)

	Men	Women	Total
Genk	8.34	17.19	12.07
Hasselt-Genk Region	4.42	12.03	7.59
Flanders	4.35	8.18	5.98

With 12% unemployment in May 2000, Genk is above the 6% average for Flanders. The high percentage of immigrants (12% of total population do not hold Belgian nationality) is also expressed in the unemployment figures: one third of the unemployed population is accounted for by immigrants. At the end of 1999, 70% of job-seekers entitled to benefits were poorly educated. In addition, a not inconsiderable number of unemployed people found their entry into a new job restricted by family and financial thresholds, health problems and limited work experience. The reverse of the coin is that Genk has additional financial resources at its disposal as a result of the premature mine closures. Partly thanks to European funding, in the mid-1980s space was created for plotting a local labour market policy. In this respect, Genk is a pioneer compared to other towns and municipalities in Flanders<sup>20</sup>.

### 3.2.2 Most important actors in the activation policy

The diagram below illustrates the various actors involved in the policy to stimulate supply in Genk, together with their mutual relationships.



<sup>20</sup> From "Meer werk in de gemeente: een opus in 10 rollen" (More work in the community: an opus in 10 parts), Sannen, L., Janssens G. and Struyven L., HIVA, 1999.

## *Figure 4.2* Actors in policy to stimulate supply in Genk

### 3.2.2.1 Role of the Municipality

The Genk municipal authority sees the promotion of the employment of risk groups and the development of additional employment as one of its priorities. Three municipal services work together to fulfil this assignment - the social affairs, economic affairs and strategic planning cells.

The PWA was founded in Genk in 1996 and is housed within the strategic planning department of the municipality. The impetus for its founding was that the municipality wanted to appoint town guards. PWA people are now also employed in the PWC, for which the PWC makes use of its own customers. Regular consultation takes place between the PWA and the PWC in order to devise and start up joint new projects.

The initiative for the community work places falls within the Neighbourhood Development project and came about through the observation that the technical services of the municipality often cannot respond quickly enough to certain needs (e.g. loose paving stones and maintaining playgrounds). Consequently, a community work place was set up for a number of impulse neighbourhoods.

### 3.2.2.2 Role of the VDAB

At sub-local level, local VDAB outposts are present in various parts of the town of Genk. They are responsible for the organisation of community-oriented and local guidance activities. These are information centres where job-seekers can go, at their own initiative or by invitation, for information about training and counselling activities or employment-finding initiatives. In addition, the local outposts gauge the interest and motivation of the job-seeker, together with his/her knowledge and skills and an individual route plan is drawn up. Contacts are then established with actors who could be involved in possible route completion.

### 3.2.2.3 Role of the PWC (see 3.)

The PWC has various written and verbal agreements with the local actors. Written agreements exist with:

- the VDAB as part of Network Genk;
- the PWA;
- the third parties for referral on for training and employment.

In addition, verbal contact is made with:

- the municipal social services as part of SIF consultation;
- de RVA (National Employment Agency) for requesting information about employment measures and customers;
- the trade unions for requesting information about the unemployment situation or the previous employment of customers.

#### 3.2.2.4 Consultation groups

Network Genk was set up in 1998 in order to align the local supplies of training and guidance. This network includes representatives of the municipality, the PWC, the VDAB, the PWA and many third-party organisations. See 4.3 for further discussion of Network Genk.

The network also forms an integral part of the SIF steering group. Moreover, a separate Jobs and Employment working group also exists within the SIF steering group, consisting of representatives from the third-party organisations.

At supralocal level, we find the “Working for Work” ESF consortium. The consortium distinguishes between active and supporting partners. Active partners are institutional or non-institutional actors directly involved in ESF Objective 3 and which therefore receive ESF funding. The VDAB - like many third-party organisations - is an active partner. Supporting partners are institutional or non-institutional organisations with a steering, regulatory or supportive role in the route process. Like the municipality and the PWC, the social partners play a supporting role.

The STC (sub-regional employment committee) is a body with advisory and decision-making powers which determines the priorities of the sub-regional labour market policy. It is composed of the VDAB and the social partners.

### 3.3 Genk PWC and labour market guidance

The Genk PWC sees its chief role in terms of local labour market policy as bringing its target group of PWC customers to the attention of other actors and keeping them there. The PWC talks in this case of “target group monitoring”. After all, in practice the unemployed population is always subjected to “creaming off”, where those most difficult to place in work are left on the side lines.

In addition, the PWC concentrates on guiding PWC customers to training, employment-finding and job initiatives, both within and outside the PWC. The Genk PWC consciously chooses to contract out training initiatives and corresponding counselling (e.g. to the Alternative non-profit-making association). This contracting out has the major advantage that the PWC can concentrate

more intensively on guiding customers towards the most suitable training or employment initiatives.

Within the PWC, a specialist team was formed in 1998 to develop the “Route Counselling and Social Activation” project (Dutch abbreviation TEMA). The TEMA team consists of seven people, five actually in the team and two involved in the project from the personnel department and social services respectively. The team itself includes three route counsellors (one of whom works half-time for several other smaller PWC’s in the region), one administrative clerical worker and one person who is responsible for developing training and employment initiatives and for optimising existing initiatives. The two people involved from other departments are responsible for guidance towards the project and for monitoring people employed under Art. 60 §7.

In terms of employment, the PWC chiefly uses Art. 60 §7 and PWA. In 1998<sup>21</sup> 458 customers were registered, 307 of whom were involved in a route. Seventy-two people were employed under Article 60 §7 and 15 were involved in a PWA activity. The Genk PWC, in proportion to the size of the population of Genk, has the highest number of Art. 60 jobs in Flanders (compared to a very low number of people entitled to the minimum income). This is a deliberate policy pursued by the PWC management, based on the argument that the burden on the community is heavier if a customer has to be paid long-term PWC assistance, rather than if this same person is briefly employed and then launched on to the labour market. The PWC does not take specific action with respect to immigrants, women, young people or the elderly. Nonetheless, the participation of these groups in the employment initiatives is monitored. Women and elderly people in particular are employed within the framework of Art. 60. They find it more difficult to gain work experience elsewhere. Of those employed under Art. 60, 41% are not of Belgian origin.

When the PWA scheme was introduced, this status was seen by the PWC as an extremely interesting tool for reactivating customers following long-term unemployment<sup>22</sup> and for acquiring work attitudes. Around 10 PWA projects were launched. These projects were deliberately targeted at those customers who are not immediately eligible for any other form of employment. Over the course of 1998, the practice of the PWA projects showed that it is difficult to motivate people working with this status to transfer on to a different kind of employment. It was decided that PWA projects would only be expanded to a limited extent. Route counsellors are now more selective when it comes to filling the available places in existing projects. PWA activities are always presented as a phase within a route to employment. The customers admitted to the PWA

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<sup>21</sup> Figures for 1999 are not yet known

projects are sent the message that their participation is temporary (theoretically no longer than six months). This rule is broken for customers for whom PWA is seen as the maximum feasible.

### *3.3.1 The route process and internal coordination*

The social worker checks, via interview, whether the customer is eligible for employment. If this is the case, he is referred on to the employment cell for an intake interview. The route counsellors monitor their customers through all the phases, both from the point of view of the customer and that of the route counsellors. As a result of their multi-dimensional problems, the customers come into contact with so many bodies that it is necessary to build up a certain level of trust. For the counsellors, this method offers the possibility of deriving some personal satisfaction from counselling a customer. The case load per route counsellor is 150 customers per year or, to put it another way, around 100 people in short-term and long-term counselling per counsellor at a given time. These also include those people employed under Art. 60 §7. However, some of the counselling is not very intensive.

During employment under Art. 60 §7 a subsequent job is also actively sought. After Art. 60 §7 the PWC tries to stay in touch with the customer until he/she has found work.

If the customer is not prepared to work without valid reasons, if he refuses suitable employment or training or if he does not comply with fixed arrangements, the benefit is temporarily withdrawn or limited to the level of minimum support. In this way, the PWC wants to make it known that the support is theoretically temporary and that it expects a certain ability to cope.

### *3.3.2 Employment pressure and general policy*

The present customer group is difficult to place on the labour market. It is a highly specific target group of single women, usually with dependent children, who are of low mobility and very poorly educated. The Genk PWC has for years been pursuing an active employment policy and, together with the improved economic situation, this means that the remainder of the remaining group is now receiving attention. These people need a great deal of social counselling. This is clear, for example, from the fact that many customers were previously placed in municipal services. This is no longer possible with the current creamed-off target group.

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<sup>22</sup> Customers can work up to 45 hours per month for BEF 150 per hour and still retain full rights to benefit. This is financially much more beneficial than working under Art. 60 §7. Moreover, this additional payment is tax-exempt.

Employment pressure exists in the sense that a number of jobs have to be filled for which customers are not (yet) ready. These are both internal and external places. Funds are reserved in the PWC budget for the internal employment of a number of customers. Part of the job of the route counsellors is to fill these jobs.

Head of employment department: *“The pressure on employment and the use of the willingness to work requirement is not new. It would not be fair to say that the PWC does not use this element with the customers. If it is not consciously used, it is a factor in the counselling, in the fact that the referral of the social worker to the employment cell runs smoothly. Some customers definitely start on a route with negative motivation and feel the pressure that, if they do not co-operate, they might lose their support, even though this is never literally expressed by the carers. It is not entirely without obligation. Yes, this pressure is also enhanced by the policy. You can see this, for instance, in the increasing number of Art. 60 places in the PWC.”*

Genk route counsellor: *“Several places have been created in previous years for people with rather more possibilities. We now find it difficult to fill these places. We are trying to make sure that the pressure is not passed on to the customers, which you can see from the fact that many places are not being filled. In addition, we also notice that the drop-out rate (people who leave training or employment programmes) is low. Customers decide where they want to go, we work to suit them. If what the customer wants is not possible, we have a lot of work to do. We also think it is very important to counsel customer failures and to put them in the right context.”*

As well as internal employment pressure, external pressure is also present. When customers are placed with external organisations, it is made clear to these organisations that the filling of a vacant job does not mean that this place will be filled by another customer at the end of the Art. 60 employment. Nonetheless, this is what many organisations expect.

### 3.3.3 Co-operation with other PWCs

A collaborative venture has existed with three smaller PWC's since 1 October 1998 (in As, Opglabbeek and Zutendaal). This co-operation is made possible by the federal measure allowing PWC's to be exempt from the employer's contributions payable in association with employment under Art. 60 §7 (the PWC acts as employer). This is not a saving since the budgets which become available must be spent on additional social jobs and/or employment counselling personnel. Together with the three smaller PWC's, the Genk PWC decides to use the exemptions jointly to take on a route counsellor to work half-time for Genk and half-time for the other PWC's. The route counsellor goes to the relevant PWC's once per week, where he/she holds interviews with customers who are eligible for potential employment. From January 1999 onwards, 49 people were referred on by the three PWC's, 45 customers were effectively coun-

elled. The route counselling ended during 1999 for 30 people. For 17 people, the route led to a transition to work.

This means that, for smaller PWC's which cannot generate sufficient resources to recruit one person for route counselling, the possibility is still created of guiding their customers towards the labour market. In this way, they can benefit from the know-how developed by the PWC's with rich experience in the field of route counselling.

### *3.3.4 Co-operation with the temporary sector*

Within the framework of the VIB, an agreement was also concluded with the temporary sector in Genk. At present, no customers are employed in the context of this project. Generally speaking, the experience of the PWC is also not positive. The temporary sector only uses PWC customers if it cannot fill certain jobs and these are usually very short-term posts. Previous experiences have shown that the employment agency does not provide feedback about people who have been referred. Here too, a registration form is theoretically used. The interviews reveal the importance of good personal contacts as one of the critical factors.

Genk route counsellor: *“The failure of the co-operation is not the fault of the VIB coordinator, who has a lot of work to do. To a large extent, it is also because of the target group. The employment agencies also work with other guidance channels and only want to use PWC customers if they cannot find anyone else. Too much flexibility is expected of these customers. For example, if an employment agency calls today, the customers have to be able to start tomorrow. Having a telephone, childcare and the required mobility are limit conditions which cannot be taken for granted with PWC customers. In addition, many administrative problems arise when brief periods of employment are interspersed with periods of inactivity. One of my former colleagues did have some positive experiences with the temporary sector, but that was rather with one specific agency where he had good, permanent contacts with one specific person.”*

## **3.4 Co-operation within the context of Network Genk**

### *3.4.1 Objectives of Network Genk*

The target group of the network encompasses all job-seekers, therefore including the PWC customers. The first agreement in 1998 was signed by 16 organisations; when the agreement was

renewed in February 2000, 24 organisations signed<sup>23</sup>. Coordination of the network is the responsibility of the VDAB. The network project is set against the background of the model of route counselling and aims to align the various phases of the route (see Chapter 3) to one another. In so doing, not all actors have to offer the entire route. By way of support for the network, an information network is developed between all organisations which makes it possible to exchange on-line information about routes, programmes, vacancies, etc.. Two employees released by the VDAB using SIF financing assume coordination of the network and are responsible for bringing together the network partners at regular intervals, for organising discussions and work meetings and for defining and monitoring co-operation agreements.

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The network defines itself in the co-operation agreement as an organic structure with a dynamic process rather than a static product:

- within which action is developed with a view to providing better services for those seeking work in Genk with the aim of assimilating them into the labour circuit;
- taking into account the needs of the organisations in question;
- with a view to a small-scale practically oriented approach with direct or indirect added value for the organisations in question;
- within which there is room for experimentation;
- within which attention is devoted to personal relationships and to an informal, open culture of communication.

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The Network also works towards:

- improved lines of communication between route counsellors and module counsellors during the route process;
- open consultation about the adjustment of existing initiatives and the launch of new training and work experience initiatives geared towards significantly increasing the chances of job-seekers of being employed in the regular or alternative labour circuit;
- actively co-operating on solutions for non-filled person-related and labour market-related limit conditions which restrict the employability of job-seekers;
- monitoring the employed target group over the longer term (after-care);
- optimising the use of computerised systems;
- a more transparent and clear flow of information both directly and indirectly towards the various target groups;
- improved expertise of the personnel working for the partners, with attention to an exchange of experience and the development of expertise.

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Source: NETWORK GENK 2000-2002 co-operation agreement

### *3.4.2 Processes and outputs of Network Genk*

Network Genk has two meeting structures - one at policy level and one at executive level. The PWC takes part in both meeting structures within the network. The head of the “employment and social activation” team takes part in the policy-makers’ meeting. The meeting at policy level plays

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<sup>23</sup> As well as the four major partners (VDAB, municipality, PWA and PWC) the agreement has been signed by sixteen non-profit-making associations, three educational establishments and the Flemish Interim Bridge Project.



a mediating role in aligning the training supply of the various partners. In addition, it was also decided to set up a joint evaluation system. In fact, this takes place at the request of the town of Genk and is resource-driven. Projects can only have a SIF subsidy if they also provide details about route counselling and its results. Every project does have its own results commitment, usually in the form of a projected flow percentage. There is therefore no joint result commitment. At policy level, however, the VDAB is clearly the most important actor and carries the most weight in the decision-making process.

At executive level, integral route counselling takes place once per month within the context of the network. According to the PWC route counsellors, these meetings are characterised by the absence of a hierarchic structure. Route counsellors meet each other on an equal footing. This is seen as highly encouraging for the smooth operation of the network. Consultation takes place primarily at the level of information exchange. It is a form of consultation dealing, on the one hand, with the specific flow of customers from one institution to another or guidance to the labour market. On the other hand, it also provides an opportunity to discuss the methodology of counselling. In 1998, a total of 33 files were discussed, eleven of which concerned job-seeking customers of the PWC. The consultation also provides the possibility for further monitoring the customers under discussion. In addition, information days are also organised around the task-specific assignments of the various consultants, exchange visits take place and a monthly newsletter is published containing information about new training courses, jobs and new employers. Although this document is intended for all the network partners, it is sufficiently adapted to the needs of the PWC.

Interviews with the route counsellors at the PWC also reveal the field of tension with the VDAB. Within the context of employment-finding and vocational training, the VDAB wants to assume the directorial function and definition of the route, including for PWC customers. The VDAB sees the role of the PWC as being confined to the implementation of one phase, i.e. training, and registers the actions of the PWC as such in the customer registration and follow-up system (LMI<sup>24</sup>). *“However, the LMI system operated by the VDAB does not amount to much. In registering customers, the VDAB works with an ESF division to map out all action taken with respect to customers. But these ESF phases are much too general, all the action undertaken by the PWC for customers is classified by the VDAB in one particular phase, i.e. training, despite the fact it involves intake, familiarisation and counselling. That is why we, as route counsellors, want nothing to do with this registration system.”*

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<sup>24</sup> LMI stands for labour market information.

## Output from Network Genk

- Employers' approach: customer files are taken along, with other service providers, in contacts with employers so as to counteract fragmentation of contacts with employers. This gives the PWC the advantage that employers are also contacted in areas where the PWC has no contacts or where the PWC has a difficult position on the market;
- Methodology discussion: in the previous evaluation of the network, the PWC staff proposed organising study days to discuss methodology. They are also usually contacted when other service providers have questions about methodology, education and training. This is the result of an active employment policy which has been in place for many years.
- Supply of routes: the network leads to greater freedom of choice in following routes. The route counsellors have the impression that the number of customers going round in circles has decreased as a result of the integral route counselling consultation.

As a result of the co-operation, the vision of the staff is that both the practical need and the availability of financial resources have created the possibility for launching co-operation. The basic signals were, they say, decisive and the financial resources have ensured that this wish for co-operation could actually be translated into practice. Co-operation is also determined by the economic situation, in that the VDAB now makes far more effort with respect to PWC customers.

The network is also seen as very positive by VZW Alternative (non-profit-making association) (see 4.2). Compared, for example, to the ESF consortium, the specific operation of the network is much less resources-driven. The VDAB coordinators act more in a facilitating way than as managers. Here, too, it is observed that much depends on the personal attitudes of those involved.

However, in the business plan of the VDAB, the category of those entitled to the minimum income is not explicitly stated as a target group. Co-operation with the VDAB takes place at the request of the VDAB: if places are still free for certain types of training, the PWC is called and asked whether they can send customers. However, since this usually only takes place one or two days before the beginning of the course, it is not easy for the PWC to guide customers to the courses at such short notice. Experience is that when customers are personally transferred, co-operation does run smoothly. A great deal depends on the personal contacts between the service providers.

### **3.5 Co-operation with VZW Alternative (NGO)**

#### *3.5.1 The operation of VZW Alternative*

The Genk PWC deliberately chose to contract out training initiatives to other organisations. This gives the PWC the specific advantage that it can concentrate fully on counselling customers into

work and, consequently, that it can also counsel more customers. One of the organisations with which it co-operates is VZW Alternative. VZW Alternative is a training and counselling centre which has been running vocational training courses since 1987 specifically for the poorly educated and long-term unemployed. The courses offered are hotel and catering training, maintenance training and training as a technical assistant. Since the early 1990s, the sphere of operation has been extended to include work experience projects and social employment continuing on from the training courses. This was primarily at the request of the target group, which, in addition to the training, also needed to be able to exercise a socially productive activity. These work experience projects and social jobs also include a cleaning service, a maintenance team, a social restaurant and building renovation. A participation level of 50% PWC customers is the target in the training courses, work experience projects and social jobs.

The operation of VZW Alternative is based on the route methodology. This methodology has penetrated the entire organisation (coordinators, guides and training instructors). In addition, two people are involved in the further methodical expansion of the route counselling. This non-profit-making association currently employs approximately 40 people.

The people referred by the PWC to VZW Alternative have a weaker profile than those customers referred on to the regular circuit or who work elsewhere within the context of Art. 60 §7. At VZW Alternative customers can follow preliminary training lasting ten weeks, for which they are paid at the rate of BEF 29 per hour. If their evaluation is positive, they can transfer on to the actual training itself. For PWC customers, this takes the form of employment under Art. 60 §7. Here, depending on their family situation, they can earn between BEF 32,000 and BEF 36,000 per month. This wage is increased after six months.

### *3.5.2 Coordination between PWC and VZW Alternative*

Every time the PWC refers a person on to VZW Alternative, consultation starts between the route counsellors in both organisations, who together discuss the route plan. Then, the referral is evaluated at three points: at the beginning, middle and end of the training. Various transition possibilities are offered at the end of the training: social employment somewhere else, social jobs, regular employment.

In cases of referral to VZW Alternative, the PWC continues to be responsible for the other needs of the customers, apart from employment and training. Counselling during training is given by the instructors and route counsellors at the non-profit-making organisation. The Genk PWC route counsellors continue their administrative follow-up and are involved in defining the route after training.

As far as the future is concerned, the plan is designed to incorporate consultation times between the PWC and the VZW Alternative in a more structured way, via joint consultation times between all the route counsellors of both organisations.

### 3.5.3 *Impact on customers*

Seven customers were interviewed as part of this case study, who had been sent via the PWC to VZW Alternative to follow a hotel and catering training course, with the associated work experience project. Generally speaking, the customers are fairly satisfied with the training: the work is generally seen as suitable for their abilities and the counselling by VZW Alternative is seen as fairly satisfactory.

#### 3.5.3.1 Referral and follow-up by the PWC

The customers are fairly negative about the referral and follow-up by the PWC. According to the customers, the PWC provides insufficient information about the practical content of the training and the positioning of the training in the route as a whole. The impression given is that the customers are not fully involved in the route planning.

*Customer: "The PWC has not said to us that if we come to work here, the idea is that we then look for work afterwards, they just said to get on with it."*

*Customer: "At Alternative we get real help, vacancies are presented to us, but we do not get the impression that you have to do it."*

In addition, the interviews also reveal alignment problems which are related to the difference between phase counselling and route counselling. Where the PWC is responsible for the complete route definition, VZW Alternative is responsible for counselling customers during the training phase. However, customers observe that they have no or virtually no further contact with the PWC. Inclusion in a training project makes contact with the PWC more difficult. The danger is that services relating to the other needs of the customers will suffer as a result. This is to some extent cushioned by the counselling given by VZW Alternative. The customers very much appreciate the fact that, in addition to phase counselling, they can also turn to the route counsellors at Alternative with more general problems of a practical and administrative nature. In this way, the phase counsellor also fulfils the role of route counsellor, which could result in dual route counselling.

*Customer: "When I was at the PWC, I had help with budgeting. Since I have been working here, they told me at the PWC that since I am no longer earning, I can manage on my own. But that is not the case, I am still always in debt. Now that I have to manage my own, it is much more difficult to extract*

*favourable arrangements from my creditors. I think that the PWC is in a stronger position to obtain favourable arrangements. But then, if you are involved in budget counselling, you have to go and get your money every two weeks and I do not have the time to go and collect the money.”*

*“We have not had any more contact with the PWC since working here. It is difficult for us to get there because we are only free on Wednesday afternoons.”*

*“I have heard nothing more from the PWC since I came to work here. No questions about whether I am OK here or whether there are any problems, no I have neither seen nor heard from them.” 2<sup>nd</sup>*

*Customer: “Yes, but that is also because the PWC does not have enough staff. The PWC urgently needs more, better motivated personnel. I would like the people to be more open. Now they have no time for you, you just make work for them.”*

### 3.5.3.2 Employment conditions and limit conditions for employment

Genk has a severe shortage of affordable childcare and mobility provision. Nonetheless, Genk also has a good many single mothers with dependent children because of the high number of broken homes. The problem of childcare is particularly acute if children are ill. Genk has a fairly good system of before and after school care, as well as childcare provided by the health service and childminders. There is, however, insufficient affordable childcare for customers. As a result of the network consultation, in 2000 the VDAB started a training course for childminders. The PWC itself has tried to organise childcare, but was not granted permission because a lack of suitable premises; the reorganisation of existing rooms would be too expensive. Consequently, a suitable care place has to be found on a customer by customer basis. In terms of mobility, the problem is particularly one of supply and accessibility. Customers can often not reach their destination with the current range of public transport.

When they commence the hotel and catering training, customers are informed that this trade is characterised by irregular, flexible working hours and by weekend working. The training also includes activities which prepare customers for this. For instance, the hotel and catering team regularly arranges receptions and evening parties, sometimes in the training centre but occasionally also elsewhere. In theory, VZW Alternative arranges for the transport of non-mobile customers. Nonetheless, the interviews show that customers are very dissatisfied with the solutions offered for mobility problems.

Other sticking points which emerged from the interviews with customers are a lack of flexibility in working hours and the low wages. In terms of limit conditions, a major problem exists concerning the supply and affordability of childcare and mobility. As regards the child allowance, the ruling is

that anyone receiving PWC support is entitled to increased child allowance. When someone starts a job under Art. 60, that person loses this right because he/she is regarded as a wage-earner.

Customer: *“When there are parties, we are not paid for the extra hours we put in. These happen an average of three times per month, usually on Friday evenings. But they usually end after midnight, when public transport no longer runs. It is not unusual for us to stand here and have no way of getting home.”*

Customer: *“I could not change my hours to have a driving lesson. The course was free, because it is not possible just to pay for one. But no way. How else can I find another job without being able to drive?”*

Customer: *“I get social support from the PWC, but I am not paid to work here. I do have a dependent child, which is not given nearly enough consideration. When I could not come to work because the childminder was ill, I had to make up for the hours I could not work in the following days. In fact, I would like to stop because I cannot take it any more. I no longer see my child because when I am finished work, he is already asleep. I should be paid for working, but now I work for nothing and, in fact, I make a loss because I have to pay for the childminder.”*

*“I do the washing up and we had to go for a medical examination. The people working here permanently are compensated for their injections, we are not. Then I got really angry and I asked, are we animals, maybe, not people who can get ill too.”*

Customer: *“Now I have to come to work every day for less money than when I was unemployed. If we could have BEF 5-6,000 more per month, our problems would be over. I never get anywhere, I come to work every day but I really must earn more money. Half of my wages goes on rent”*

Customer: *“I have a dependent child and do not really want to have the training, but the PWC said I have to come here. Now it is not so bad. For a while I did not get any child allowance, the PWC had to sort that out, but I could not get there because I am training here. I did get BEF 4,000 in rent allowance when I started here, which was intended as an incentive. But that 4,000 now goes to the childminder. Maybe the PWC can do little about the childcare problem but I think that the municipality should do more on this level.”*

Customers jointly: *“At last we can say what we think and if you write it all down, maybe things will improve in a few years.”*

### 3.6 Position re. introduction of local work shop

Genk is one of the pilot municipalities in which a work shop is being opened in 2000. A PLOT<sup>25</sup> is currently operational in Genk, but in general the introduction of a PLOT in Genk has changed little in practice. The only real change was that the PWC cell in the municipality was housed in the premises of the VDAB. The PWC has never actually been involved in setting up the PLOT. It is important to point out that, thanks to the co-operation already present within the context of Network Genk, many objectives of the PLOT had already been achieved in Genk.

As far as the local work shop is concerned, a start-up meeting has already been held with the partners involved (VDAB, PWC and the municipality). The involvement of the PWC means recognition as a full partner in the training and employment field and, for the PWC, offers more possibilities for monitoring services provided for the target group. The PWC is convinced that the target must be everyday co-operation with the VDAB. It is not yet clear what the various commitments of the various partners are and to what extent these can be explored.

It is important for the PWC to make a distinction by role between the basic services and the 2<sup>nd</sup> line services, such as route counselling. In terms of route counselling, it is important for the PWC that this can continue to take place for PWC customers (target group monitoring).

The PWC hopes, within the context of the work shop, that it will have a place in the VDAB premises. Moving the employment service is not desirable for various reasons. Experience has shown that the PWC customers find the threshold for going to the VDAB high and that the threshold to the PWC is much lower. An additional outpost in the VDAB premises offers the advantage that the low customer threshold can be retained. The possibility must still exist of continuing to organise the intake of customers to the social services. Customers can then be referred on to the 2<sup>nd</sup> line in house (employment cell). This way of working is important for building up a relationship of trust with the customers. Obviously, it is quite possible for a second flow to emerge from the VDAB to PWC route counselling, but the PWC does not opt to include non-PWC customers in the route counselling (target group monitoring). In order not to lose touch with the social workers, the PWC opts for a rotation system. This means that every counsellor can work a couple of days per week at the Local Work Shop, as well as a couple of days at the PWC.

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<sup>25</sup> The Local Employment Counters (Dutch abbreviation PLOT) can be seen as the forerunners of the Local Work Shops. These were spontaneous forms of co-operation between local actors with the aim of achieving more integrated services for job-seekers (see Chapter 3).

An outpost in the VDAB offices offers the advantage that the route counsellors can register the customers themselves as job-seekers and that they have easier access to vacancies and training courses. In addition, it also makes it much easier to monitor customers in the longer term. PWC customers now have to renew their registration as a job-seeker after six months. If they do not respond to the invitation from the VDAB, their registration is not renewed.

In the Local Work Shop, the VDAB can also gain first-hand knowledge of the more methodical way of working at the PWC. It is possible that additional assignments for the PWC will come in the future, but this is still currently unclear. In addition, an outpost in the VDAB offices also has the advantage of accessibility to customers (the present location of the employment cell is not easily accessible). From a strategic point of view too, it is important to be incorporated into the Local Work Shop. After all, it is not inconceivable that the financing mechanisms will operate through the Local Work Shop within a few years.

### **3.7 Conclusion**

This case study is played out against a background of high urban unemployment where a broad range of actors are offering employment and training initiatives. Here, the VDAB is clearly the central actor and the municipalities are heavily involved in the policy to stimulate supply. In this context of a multiplicity of actors, the municipality - the initiative-taker - appeals to the central actor - the VDAB - to set up a network. A formal co-operation agreement therefore emerges with all the relevant actors. The PWC, which places much emphasis on employment in its operations, fits into this network and assumes the role of guide and target group controller.

In concrete terms, the network breaks down into two meeting structures: at policy level, the supply from the various actors is aligned. At the level of the service providers (route counsellors), the guidance, referral and flow of customers are discussed.

As far as the route counsellors are concerned, this network offers advantages in the form of a less fragmented employer's approach and possibilities for learning through methodology discussion.

In terms of customers, this network formation leads to broader choices of routes. However, when customers are referred on to other organisations, the danger of duplicate route counselling does arise.

### **3.8 Experiences of coordination**

The factors enhancing co-operation are identified as:

1. The presence of financial resources



Government institutions insist on co-operation based on the idea that, in this way, more can perhaps be achieved with the same level of financing. This is why co-operation itself can be financed (e.g. SIF, ESF). Co-operation and network formation only function if the organisations benefit from them themselves. It is therefore the task of the government to foster this added value, for example by financing collaborative ventures.

2. Environmental factors: economic situation, complexity of employment measures and multiplicity of actors

The training and mediation organisations have been launched and have grown from various angles, have always operated autonomously and often want to retain this independence. This autonomous development does however mean that some partners operate in the same field and that, in the long term (certainly during periods of economic slump), it is possible to see that coordination is nonetheless necessary.

The sector of training and mediation activities is becoming increasingly complex, increasing numbers of methodologies are in use, increasing numbers of employment measures open up the possibility of bespoke action. This is why more and more organisations are specialising and therefore are increasingly reliant upon co-operation.

Factors identified as hindering co-operation are:

1. Fear (organisational interests versus customer interests)

More co-operation also implies a certain openness towards others. As a result, one's own operation is seen in a broader context and possibly weaknesses in operation come to the surface.

2. The method of subsidising

Organisations are not financed on the basis of their performances within a network, but on the basis of the actual number of hours worked or the number of people trained. It is therefore often more rewarding to find work for job-seekers oneself, while a partner may perhaps have a more closely made-to-measure package for that job-seeker.

## **4. Case 3: Zennevallei Co-operation Agreement**

### **4.1 Positioning**

This third case study deals with the life cycle of a bottom-up collaborative venture between various small PWC's mutually and with third party organisations. This bottom-up co-operation

agreement has now been in existence for around ten years and has grown organically, based on the philosophy of respect for the autonomy of the organisations involved. The most important guiding light for the dynamism of this collaborative venture is the constantly changing social reality in the area. The collaborative venture is located in the Zennevallei in the province of Vlaams-Brabant and incorporates various PWC's from rural municipalities. Many people commute from these municipalities to the capital (Brussels), where many of them work. The labour market situation in the region is currently characterised by the lowest unemployment rate in Flanders.

*Table 4.4* Unemployment rates, May 2000

	Men	Women	Total
Beersel	3.05	4.97	3.93
Halle-Vilvoorde Region	3.11	5.20	4.06
Flanders	4.35	8.18	5.98

As well as a fall in the number of PWC customers, this favourable economic situation also leads to a considerably less clear profile of current customers in terms of labour market opportunities. In 2000, the Beersel PWC has an average of 24 customers, of whom an average of 18 are included in route counselling, three are in the intake phase and three in aftercare. One person is currently employed under Art. 60 §7. The customer group currently being processed is characterised by a sharp accumulation of risk factors, such as long-term unemployment, non-Belgian nationality and a low level of education.

## **4.2 Alternating Employment and Training in the Zennevallei**

### *4.2.1 Alternating training and employment in the Beersel PWC*

In 1990, the Beersel PWC launched a project known as “Alternating Employment and Training” (Dutch abbreviation ATO), as part of the projects subsidised by the Flemish government to help the underprivileged. A budget of BEF 5 million was made available. At this time, no other actors were operating in Beersel on the level of employment and training for PWC customers. The Beersel PWC itself was therefore responsible for recruiting participants, for training and finding employment, right through to monitoring during employment. The project was deliberately confined to inhabitants of the municipality of Beersel. In addition to PWC customers, the unemployed also had access to the project, the objective of which was to improve the lack of employment opportunities of the participants via an alternating system of vocational training and employment.

#### *4.2.2 The alternating system in practice*

The alternating system meant that the student worked for three days per week and took a course for the other two days. The courses included both vocational training and general training. The length of the alternating phase depended entirely on the job content and the training needs of the students. In order to be fully able to align the training to the employment of the student, a training programme was compiled with every external employer, so as to allow the student to acquire the skills to enable him/her to be employed as a fully-fledged employee in the future. In addition, a co-operation agreement was reached with the primary aim of providing for the permanent evaluation of the student in the work situation. Moreover, the employer was given a subsidy of BEF 2,500 per month to compensate for the productivity shortfall.

#### *4.2.3 Internal consultation structures*

In order to optimise internal communication, two consultation structures were conceived (see Figure 1). Firstly, a project group composed of all the instructors, which met every two weeks under the leadership of the coordinator. The task of coordinator was assumed by a social worker, responsible for the general social counselling of customers. The job of the project group was to align the vocational and general areas of the training to one another, to monitor the students constantly, to prepare for consultation within the coordination group and to translate the results of that consultation into practice.

In addition, a coordination group was also formed, consisting of the coordinator, the chairman and the secretary of the Beersel PWC. This group's remit was to map out the course of the project, to pass on interesting information and to ensure coordination of the ATO project with the other PWC sectors.

The objectives of the project proved ripe for revision, even after a few months. The changing labour market situation quickly resulted in the project having to deal with recruitment problems experienced by students within their own municipality.

#### 4.2.4 Alternating employment and training in the Zennevallei

Thanks to the recognition in 1991 of the Zennevallei as an impulse area by the Flemish Community<sup>26</sup>, the ATO project gained new impetus because it made itself accessible to customers from the other impulse PWC's in Drogenbos and Sint-Pieters-Leeuw. This expansion took place under the name ATO-Zennevallei and was made possible by an additional injection of BEF 2.7 million. The two other PWC's had still not developed any employment or training policy and, thanks to the opening up of the ATO project, were able to make use of the development efforts of the Beersel PWC, on condition that the latter could charge for its efforts. This meant, for the Beersel PWC, that its development efforts were seen to be acknowledged, the project could continue and the personnel recruited - two training instructors and a coordinator - could be retained. As well as these permanent employees, the ATO project also made use of a varying number of external instructors from the basic education centre<sup>27</sup>, attached to the ATO via a co-operation protocol. This was the first co-operation project between the PWC management bodies in the Zennevallei.

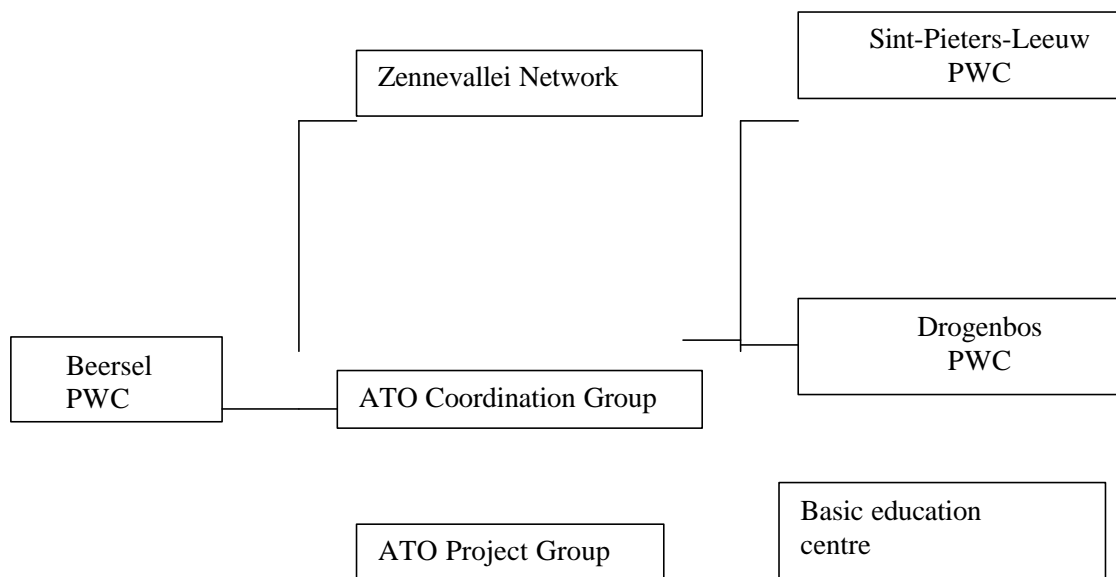


Figure 4.3 Structure of ATO Zennevallei

<sup>26</sup> In 1990, a number of impulse areas were recognised in Flanders as areas where the poverty indicators are the highest. These areas received additional funds to help the underprivileged. Following the closure of a number of large companies, the Zennevallei was also recognised as an impulse area.

<sup>27</sup> Basic education is an educational provision for poorly educated people and adults with special learning needs. The education on offer is aimed at learning and improving the basic skills which are fundamental to functioning and participating in society.

This initial project (ATO-Zennevallei) had the particular characteristic that one single management body took the initiative and assumed the status of promoter, while the two other PWC's joined as partners. This was also laid down in this way in a contract. The promoter made all the necessary contacts with potential partners, so as to reach an agreement which was sufficiently attractive for them to join as a partner. The promoter was ultimately responsible with respect to the outside world and was responsible for the financial housekeeping of the collaborative venture. The promoter was also in charge of all preventive and remedial action needed to be able to achieve the stated aim. The responsibility of the promoter also implied, on the one hand, that he decided how the rules of the game would look. This formula was applied very flexibly, since no new legal entity needed to be established.

#### **4.3 Employment and Training for the Underprivileged Collaborative Venture - Zennevallei: co-operation through a covenant**

In January 1992, it became evident that the "Alternating Training and Employment" project was losing its meaning because, thanks to the budgetary injection from the impulse fund, several private initiatives were emerging which wholly or partially copied the project. The Beersel PWC decided, in consultation with the partners and in recognition of the social reality, strategically to withdraw as an active training organisation and instead to assume the role of network controller.

Secretary of Beersel PWC: *"In 1992, a totally different phenomenon occurred. Where no third parties had been present beforehand, we were suddenly overwhelmed with all kinds of initiatives. Then, as a management, we decided to withdraw and to assume the role of coordinator for a consultation platform. This was not possible without having a clear vision of the role of the management. Practical developments really go hand in hand with vision developments. The two stimulated each other. The role of the public administration is usually seen as competing with private organisations while our reasoning was to ensure that customers could be helped socially as much as possible at the best possible price. It is not important who does that. When so many initiatives are undertaken, organised without joint money, we are better off stepping back. It was a period of competition between the various social organisations. All the organisations were busy with a type of survival but, as a public administration, you have the advantage that you can withdraw strategically because you have so many other tasks. Moreover, the not inconsiderable costs of two instructors and a coordinating counsellor were eliminated for us. Services to the customer were retained, but it no longer cost us anything. One condition when taking this decision was that we could control matters and impose certain quality requirements."*

Consequently, the Beersel PWC brought all the organisations currently active within the segment of training and employment around the table. This led to the first "Employment and Training for the Underprivileged in the Zennevallei" collaborative venture (known by its Dutch abbreviation

STOK-I). The aim of this collaborative venture was to organise, as efficiently and effectively as possible, training and employment initiatives for the underprivileged, giving priority to PWC customers. This covenant was followed by STOK-II and STOK-III in 1993 and 1996 respectively. The three covenants were drawn up in a contractually similar way: a contract was concluded between a number of PWC's in the Zennevallei for their own customers with all the public and private organisations operating in the field of training and employment in the area. In an initial round, an agreement was sought between the promoter and the sister PWC's. Following this agreement, the PWC's acted as promoter with respect to the other participating partners.

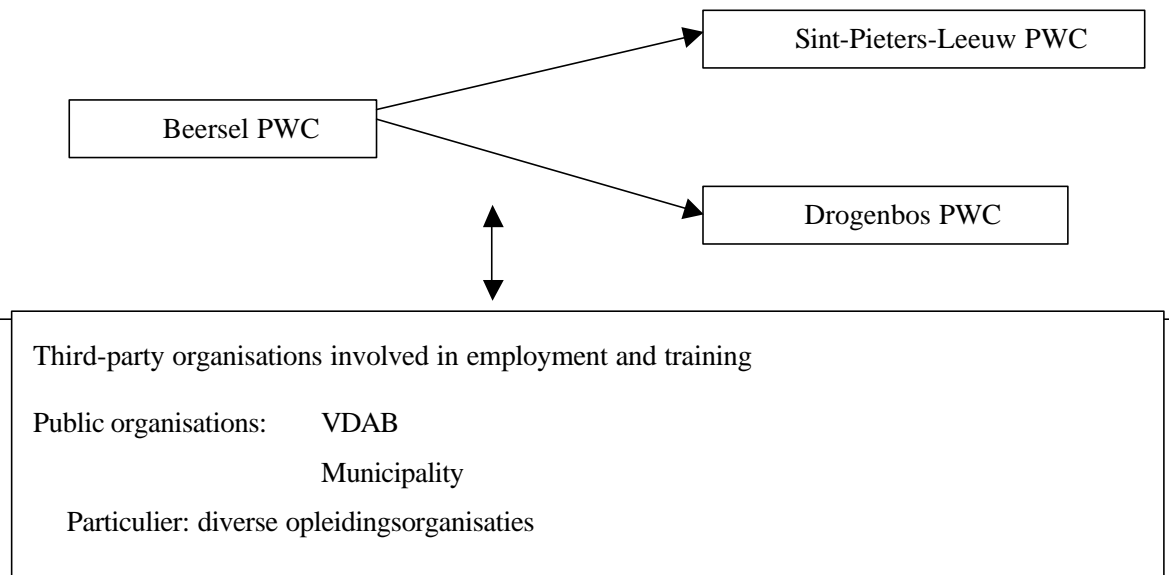


Figure 4.4 Structure of STOK-I

Whereas, in the first collaborative venture, the Beersel PWC arranged all the route phases and other PWC's paid for this service, in STOK-I this model was divided up into various territories: the various partners were responsible for a specific phase.

This model was characterised by the choice of a self-regulatory quality. Partners were brought together and sought to work together as much as possible on the basis of a clearly recognisable joint interest. Coercion was slight, if present at all. This form of co-operation was, however, not achieved immediately and could also be just as quickly lost. STOK-I was chiefly a consultation platform and was characterised by a fairly high level of rigidity in the agreement, under which third parties, in particular, were pinned down to a number of roles. This proved untenable, given the rapid evolution of the social environment.

Beersel PWC secretary: *“The disadvantage of STOK-I - it only lasted one year - was that, from the beginning, we wanted to put too many things down in black and white. After consultation, we wanted to give a role to each of these organisations (this one does selection, they do training, etc). But social reality cannot be organised like that, competition was still there, which led to agreements*

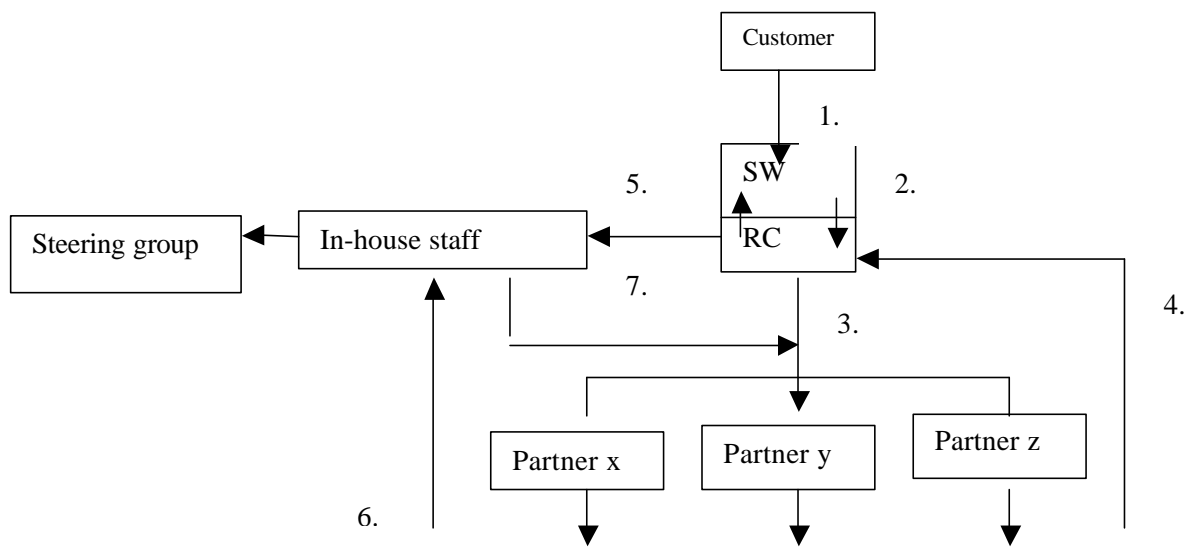
*being broken. We therefore came to the conclusion that we should just let it go, out of respect for the dynamics of the various organisations.”*

#### **4.4 STOK-II and route counselling**

In 1993, the STOK collaborative venture was expanded so as to be representative, once again, of what the region had to offer. After all, experience with STOK-I - so far built primarily around the organisation of training - had shown that the PWC had to act more as a better supplier, depending on the employment situation. Here we can see a shift occurring from network steering via organisations in STOK-I to steering via processes (route counselling).

The contractual structure was retained, but a major expansion of the number of third-party organisations involved took place. As a result, the agreement was also radically adjusted to meet the new requirements. This new agreement (STOK-II) was based on two major pillars: the flow of information and route counselling. The STOK secretariat was responsible for organising communication and consultation. It made social maps available to the co-operating partners, providing information about the various initiatives operating in the region in terms of employment-finding, training and employment. Moreover, efficient feedback was ensured between organisations about the customers passed on to them.

In addition, route counselling - as a new method - was to allow the PWC's to promote the employment of those customers suitable for work in as far as possible. Customers were continually monitored by the PWC, even if they were temporarily the responsibility of another organisation. During 1994, two half-time social workers were responsible for route counselling in the three PWC's in question. They dealt with around 205 intakes, 26% of whom were referred on to employment and 30% to various training programmes.



**Key:**

1. Intake by Social Worker (SW).
2. Referral on to route counsellor (RC): specific intake and start of route counselling (in consultation with SW).
3. Referral to suitable partner(s) (depending on and in consultation with customer).
4. Monitoring through telephone contacts about customers and new projects.
5. Gathering of information (via follow-up forms).
6. Official information about new projects.
7. Distribution of Social Map, "Employment-finding, Training and Employment".
8. General reporting.

and that social reality was one of competition between the various partners. This social competition was acknowledged and put to use, in the sense that the customers were offered several alternatives, via the route counsellors of the different PWC's. Ultimately, it was up to the customer to decide which training institute or employment project to choose. On the other hand, the agreement also stipulated that suppliers could not be forced to include this or that customer in the project.

#### 4.5 STOK III-Zennevallei Consortium

In 1996, again as a result of shifts in the field of the active organisations, the PWC's in Beersel, Halle, Sint-Pieters-Leeuw and Sint-Genesius-Rode joined forces in a new partnership. This came at a time of transition to a new legislative body and the outgoing legislative body no longer wanted to take any far-reaching decisions. Moreover, the impulse fund resources had been exhausted. Another additional and important change in the region was the emergence of an ESF consortium. The STOK collaborative venture submitted a request for recognition to the ESF, but this was eventually rejected on the grounds that public administrations should not rely on such funds in order to fulfil their tasks. Here, we therefore see conflict between the logic of the Flemish policy and the role actually played in practice by the Beersel PWC. Within the context of the ESF, the



directorial function is allocated to the VDAB and the PWC's are seen as executive organisations. This logic is at odds with the position built up by the PWC in Beersel as director of the STOK collaborative venture. The emergence of the ESF consortium leads to a consultation platform at local level, which is more attractive for the VDAB to endorse. Where the previous agreement was co-signed by the VDAB, this was not the case in STOK-III. The VDAB slots itself into the ESF consortium.

It is therefore necessary, based on the financial possibilities, to attach the condition to this new agreement that the participating PWC's themselves take on a route counsellor. This was not feasible for the PWC in Drogenbos which, consequently, has decided to leave the agreement. The PWC's in Sint-Genesius-Rode and Halle will be joining. As in the previous agreements, co-operation agreements are being concluded with third parties and any organisation which can contribute to the aims of the collaborative venture. However, the collaborative venture refrains from any meddling in the internal operations or objectives of any of the organisations or departments of the partners. The latest agreement is of a more general nature than the ESF consortium agreement and also makes arrangements involving partners not bound by the latter agreement. The partners aim to constitute at least one quarter of the target group from customers referred by the PWC's in the collaborative venture. Each partner reserves the right not to take on a certain customer within individual supply limitations. If the partner accepts the customer, this can be in one of two ways:

- The partner acts as counsellor in a project phase and, together with the PWC in question, draws up a route plan which is observed by both parties. Management of the overall project remains the responsibility of the PWC route counsellor;
- The partner accepts the management of the overall project and can charge this to ESF subsidies. The relevant PWC can continue to be responsible for counselling a route phase.

#### *4.5.1 The structure of STOK-III*

In STOK-III too, practical ultimate responsibility still lies with the promoting PWC and no new legal entity is formed. Nonetheless, throughout the STOK covenants, a shift has occurred in the political/administrative division of labour. Given the exceptional nature of the first collaborative ventures, the political factor was more obvious in the latest version (STOK-II). In STOK-III, the political steering was clearly detached from everyday operations. The structure currently provides for a general meeting which is supposed to meet every year, a steering group in which the PWC's dominate under a political/administratively mixed representation and a coordination meeting which is intended to bring together the route counsellors of each PWC at regular intervals.

The general meeting has exclusive authority about amending the statutes, about the composition of the steering group, including or excluding a partner and about approving policy memoranda, budgets and accounts.

The steering group designates the role of promoter of the consortium to one of the participating PWC's, manages and represents the association. It can delegate its representational powers, it refines the objectives and designates the target group of the consortium, ensures regular evaluation of the consortium and may decide to take initiatives regarding training and employment, either in-house or under sub-contract.

The coordination meeting prepares for the steering group meeting, makes arrangements concerning the efficiency and effectiveness of the route method, evaluates everyday operations and identifies problems hindering the operation of the consortium.

#### *4.5.2 The operation of the coordination meeting*

In STOK-III, the coordination level is shifted to the level of everyday operation. The route counsellors make the structure partially superfluous. In STOK-I and II many meetings took place at policy level because a good deal of developmental work was still needed to bring the organisations into line with each other. A general meeting took place at least once per year while, in other cases, meetings were held depending on the agenda and whenever problems arose. In STOK-III little now remains to be decided at policy level as a result of the degree of automatism which has been built up.

For the route counsellors, the monthly meeting primarily serves the purpose of exchanging information. In addition to this exchange, work is also ongoing to give more structure to the information. Attempts are being made to compile the same statistics, which should produce improved possibilities for evaluation. The policy representative attends the meetings of the ESF consortium and other consultation structures and passes on useful information to the meeting of the route counsellors.

In addition, this meeting also plays an important social role: route counsellors can discuss everyday problems and help each other to do their jobs. The meeting also has a therapeutic function for the route counsellors. They help one another and exchange information. They perform a rear-guard function, can sometimes feel isolated within their own PWC and are, in addition, much more directly pressurised in terms of their results than the social workers in the social department. If they make an appointment for a customer with an employer and this person does not show up, they are responsible as far as the outside world is concerned.

In recent years, a breakthrough has also come in joint methodology development. The route counsellors themselves, based on their practical experiences, are the ones who jointly attempt to find solutions (e.g. joint development of an intake form). Joint consultation also leads to the search for a range of training which can be followed by all route counsellors. Thus, in STOK-III, a joint work placement takes place at NV Mekom in the Netherlands, an organisation which provides route counselling on behalf of various municipalities.

In the future, the route counsellors want to expand the co-operation further and hope to be able to create an independent entity. For them, this would provide the possibility of organising project work. During meetings, there is increasing need to be able to discuss more customer files. Currently, little space is available for this. In addition, the intention is also to work on expanding a joint network of companies, which would provide the opportunity of jointly approaching employers in the area.

#### 4.5.3 *Products of the co-operation model*

STOK-III has now acquired a niche in wider consultation structures, such as the Halle-Vilvoorde ESF consortium, the Halle-Vilvoorde territorial employment pact<sup>28</sup>, the Permanent Working Group for Risk Groups<sup>29</sup>, etc..

On the advantages of inclusion in the ESF consortium: *“We were the only structure in the region and, as a structure, you are easier to approach. In think that we should not have been included as individual organisations. The advantage is that you are right there with the latest developments, you do not have to follow them up yourself. Relations with the VDAB and the third parties are also developed further. Many of the items on the agenda do not concern us, but the organisations have got to know us as guides towards their training courses. Once you are in, they do not forget you. Our participation in the consortium also gave us the opportunity to develop the methodology of route counselling even more thoroughly.”*

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<sup>28</sup> Territorial employment pacts (territoriale werkgelegenheidspacten) are co-financed by the ERDF (European Regional Development Fund) with the aim of mobilising all the actors in an area to combat unemployment and to reinforce the action implemented by the structural policies in terms of employment. They include the PES, social partners, local government partners and private organisations.

In addition, over the years a type of exchange operation has come about, in the sense that the Beersel PWC remains the driving force on the level of employment and training, but the other PWC's take the leading role in other fields. Each partner assumes the coordination cost in its particular field. The trust built up through the STOK covenants has made it possible to transfer the co-operation methodology to other fields as well, albeit in different structural forms.

For instance, since 1996, the PWC in Sint-Genesius-Rode has taken on the secretariat of the Home Care Co-operation Initiatives (Dutch abbreviation SIT). Possibilities are currently being investigated for merging the various home care services of the four PWC's which are also involved in STOK-III into one service. The incentives for co-operation here come primarily from the applicable legislation, which is keen to promote an increase in scale.

In 1998, the Halle PWC managed to insist on an agreement between six PWC's, with a view to setting up a General Welfare Work Centre (abbreviated to CAW in Dutch)<sup>30</sup>. As far as structure is concerned, a separate legal entity (Chapter XII Association) was founded, which was able to recruit its own staff. This cannot be referred to as free choice, since this was a condition imposed by the Flemish Community for recognition of a CAW.

#### **4.6 Customers**

As part of this case study, several customers were also questioned. It was not easy for the PWC's to find several customers prepared to be interviewed. Four customers from two separate PWC's were questioned. All have found work through the route counselling provided by the PWC. Two people are internally employed under Art. 60 §7, two are externally employed. It is evident from the interviews that they see the function of the route counsellors as extremely positive. All have had intense counselling which did not lose sight of the customers' other problem areas, in addition to the search for work. All customers indicate that they were offered good support in the fields of accommodation, language training and psychosocial assistance. The fact that the PWC's in question here are small and easily approachable may explain the close contacts mentioned by all

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29 The Permanent Working Group for Risk Groups (Permanente Werkgroep Risicogroepen, PWR) consists of representatives of the PES, employer organisations and trade unions, as well as representatives from private organisations providing vocational training and education in the region, local authorities and representatives of disabled people. This working group has to develop a plan in order to enhance the integration of the most underprivileged groups, i.e. long-term, poorly qualified unemployed people and unemployed disabled people looking for a job. The Working Group also has to coordinate and support the various activities and programmes directed at the risk groups under threat in the region.

30 The CAWs are targeted at the fields of legal aid and psychosocial assistance.

customers. The broad choice of training offered to them is certainly one result of the collaborative venture.

Customers' comments: *"The route counsellors do their best to find out what you yourself want to do. They fit in with what we say we want to do, which is very positive."*

*"I will now be working at the PWC until the end of this year, but I am definitely going to take some training courses. Together with my route counsellor, we are looking into what the possibilities are. They will never say, you have to do this course or that job."*

*"The PWC provides a lot of support with applications. These applications usually come to nothing, but the PWC cannot do anything about that either. I find the support and the care I get here very important when things do not work out."*

*"Here at the PWC I always get an answer to my questions straight away, even when it comes to finding a house or a school for my children. As a non-Belgian, it is not easy to find somewhere to live. I think that the PWC does a very good job."*

The customers had few, if any, views on the practice of coordination. One of the four interviewees works as an administrative clerk in one of the PWC's and was aware of the existence of the collaborative venture. None of them had any views on the specific practice of co-operation.

One major sticking point indicated by the customers is the low level of tension between the benefit and the wages for employment.

Mobility and childcare are often major obstacles preventing customers from working. The PWC's in question have not envisaged any structural measures in this respect. As far as mobility is concerned, the route counsellors consciously look for work which is close to home or which is easily accessible by public transport.

The Beersel PWC arranges for childcare for children below the age of three. The PWC occasionally contributes to the costs of childcare for working customers. This is the advantage of a small-scale PWC: thanks to the small number of customers, some elbow room always exists for additional financial or material contributions. This is not possible for a larger PWC in the collaborative venture, in which case private and public initiatives are required. The route counsellor in question says, *"A single mother with a dependent child has to work full-time so as not to lose out financially. But then she has to pay for childcare. If you deduct the costs of childcare and transport from the minimum wage, not a great deal is left. Those who do still work have to be highly motivated. Making childcare free for these customers would be a major step forward."*

#### **4.7 Evaluation of the collaborative venture**

This collaborative venture is played out against the background of smaller municipalities with small PWC's which feel the need to co-operate in a social environment characterised by the desire to scale up. It is a collaborative venture which has grown bottom-up out of practical necessity and for which the policy has had a facilitating effect (handing out funds). The Beersel PWC has always acted as the driving force behind the collaborative venture: in the beginning as project developer, making the greatest development efforts for want of other initiatives, later changing its role into one of network controller. A major aspect here was the vision development of the PWC, which always profiled itself as complementary to rather than competing with the palette of existing organisations.

Co-operation has always existed between various independent organisations, each one keeping its independence at all times. In this respect, co-operation was intensified by the structural incorporation of consultation. After some time, a change took place in this steering process: whereas steering initially took place via organisations (STOK-I), from STOK-II onwards, steering was through processes. In this respect, the development of route counselling as a methodology has been very important. The collaborative venture is currently chiefly controlled by the practical work of the service providers.

One of the questions concerning the future is what will be the role of STOK if the pilot project of the Local Work Shops were to be put forward as a generally applicable model because, in the local work shops, the VDAB and the municipality play the directorial roles.

#### **4.8 Experiences of STOK with coordination**

1. Objective and added value: co-operation presupposes healthy self-interest

Co-operation does not come about automatically; on the contrary, it is no more than a means to achieve an end. Co-operation must imply added value for the various partners. The self-interest should stay healthy, i.e. relations with the partners must remain above board. The added value of the collaborative venture is primarily that, thanks to the construction, every PWC has been able to develop a specialist second-line service over time.

2. Time and scale: co-operation does not always yield immediate returns and every collaborative venture has its own scale level.

People sometimes co-operate because it is not possible to achieve something under their own steam. Occasionally, however, people co-operate to achieve the advantages of a larger scale. This can initially require substantial investment in time. The full benefit is certainly achieved if

a multiplication effect between the partners can be achieved. Just because PWC's co-operate well in one field, this does not mean that the same arrangement should suit a different problem. The characteristics of the problem determine the size of the correct scale.

3. Problem-solving and networking: collaborative ventures are forged to suit the problem

Various co-operation formulae are possible. The best formula is the one which best corresponds to the goal, given existing limitations. A functional co-operation formula should be no more onerous than required to provide a solution to the problem.

4. Bottom-up versus top-down: collaborative ventures cannot be imposed

Too much just has to click. Co-operating partners have to be able to choose each other. Networks should develop along the natural care areas which are peculiar to each social issue. The government can encourage this by providing a financial carrot to bring the actors together.

5. The creation of a win/win situation: co-operation leads to a rationalisation of activities

Every partner wants his money's worth. Transparency is the watchword. Energy-wasting power games - whether political or administrative - are less likely in a smoothly collaborative context.

## 5. Case 4 Charleroi

Case 4, Charleroi, is based largely on existing documents,<sup>31</sup> plus an interview with Serge Ferdin, coordinator of the 'Integration Resource Centre' (CRI) of the CPAS (Public Social Assistance Centre)\*. A number of factors are relevant here: the context in which initiatives are taken to help those on income support, the points of focus and specific activity of the principal player in Charleroi - the CPAS - and the cooperation model applied by the CPAS in Charleroi.

### 5.1 Context

We look in this section at the employment situation in Charleroi, the players present in the field there and the background to cooperation.

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<sup>31</sup> An important source of information is the following research report, which covers Charleroi in detail: Demeyer B., Princen M. & Van Regenmortel T. (1998), *Positieve tewerkstellingssporen in de OCMW's*. Een kijk op een gevarieerde praktijk. HIVA, KU Leuven.

\* CPAS = Public Welfare Centre.

Charleroi, in Wallonia, is one of Belgium's main cities, with a population of over 200 000. The region - and the city of Charleroi in particular - has suffered especially acute employment difficulties since the 1980s. Young people in particular (aged under 25) account for an increasingly large proportion of those on income support.

But Charleroi too, with 25% unemployment, has to contend with the paradox of a labour market on which there is on the one hand high unemployment and on the other hand vacancies which remain unfilled. The relatively large pool of available labour, which includes many people on income support, is difficult to place in regular employment.

There are numerous bodies in Charleroi which seek to place job seekers in work. We shall consider three of them here: the CPAS, FOREm and MIREC. The Charleroi CPAS is the leading player in the city as regards the social and labour market integration of people on income support.

For a good 15 years now the CPAS has been actively engaged in social and labour market integration. The city has a large number of people on subsistence incomes, including a growing proportion of young people. CPAS policy is that income support must not be regarded as 'exclusion wages' and that employment is a major factor in integration, independence and social recognition. Starting from a strict application of Article 60 §7 one discerns a clear movement towards a combined system in which social initiatives, education and training, employment and placement complement and reinforce one another.

Since 1989 the CPAS has been committed to a range of initiatives. Firstly, the CPAS was part of the '*Gagnons avec les jeunes*' plan, an initiative of the Subregional Employment Committee (STC) for Charleroi. This plan set out to create more work for young people in the private sector by activating 'dormant' jobs. To this end the CPAS concluded a cooperation agreement with the private sector, whereby the CPAS would provide subsidies to firms which hired a young person on income support. From 1991 onwards this programme was less successful due, amongst other things, to the worsening economic situation.

A second initiative was the setting up in 1991 of a 'Regional Mission for Labour Market Integration in Charleroi' (MIREC), in which the CPAS is a partner, along with numerous other economic and social players such as employers' associations, trade unions, and FOREm ('Community and Regional Office for Vocational Training and Employment'). The chairman of Charleroi's Subregional Employment Committee is also the MIREC chairman. This structure is part of the third European programme to combat poverty.

In 1993, with help from the European Social Fund (ESF), a counselling service was set up as part of Objective 1 activities for Hainaut, to develop a system of mentorship within the CPAS in



pursuit of the objectives of Article 60 §7. Resources were put into the training of CPAS personnel to act as mentors to persons employed under Article 60 §7. A partnership was then devised jointly with the world of work: a 'Business Liaison' unit was set up within the 'Integration Resource Centre' (CRI), a department of the CPAS.

These initiatives have given rise to a city network of bodies and initiatives focusing on social and labour market integration. Leading partners with which the Charleroi CPAS cooperates closely include FOREm, MIREC, training and employment initiatives, private-sector employers and training establishments.

FOREm (Community and Regional Office for Vocational Training and Employment) is the official centre for training and placement in Wallonia. Unlike the VDAB (Flemish Vocational Training and Job Procurement Service), FOREm has sole responsibility for matching job seekers with job vacancies in the labour market.

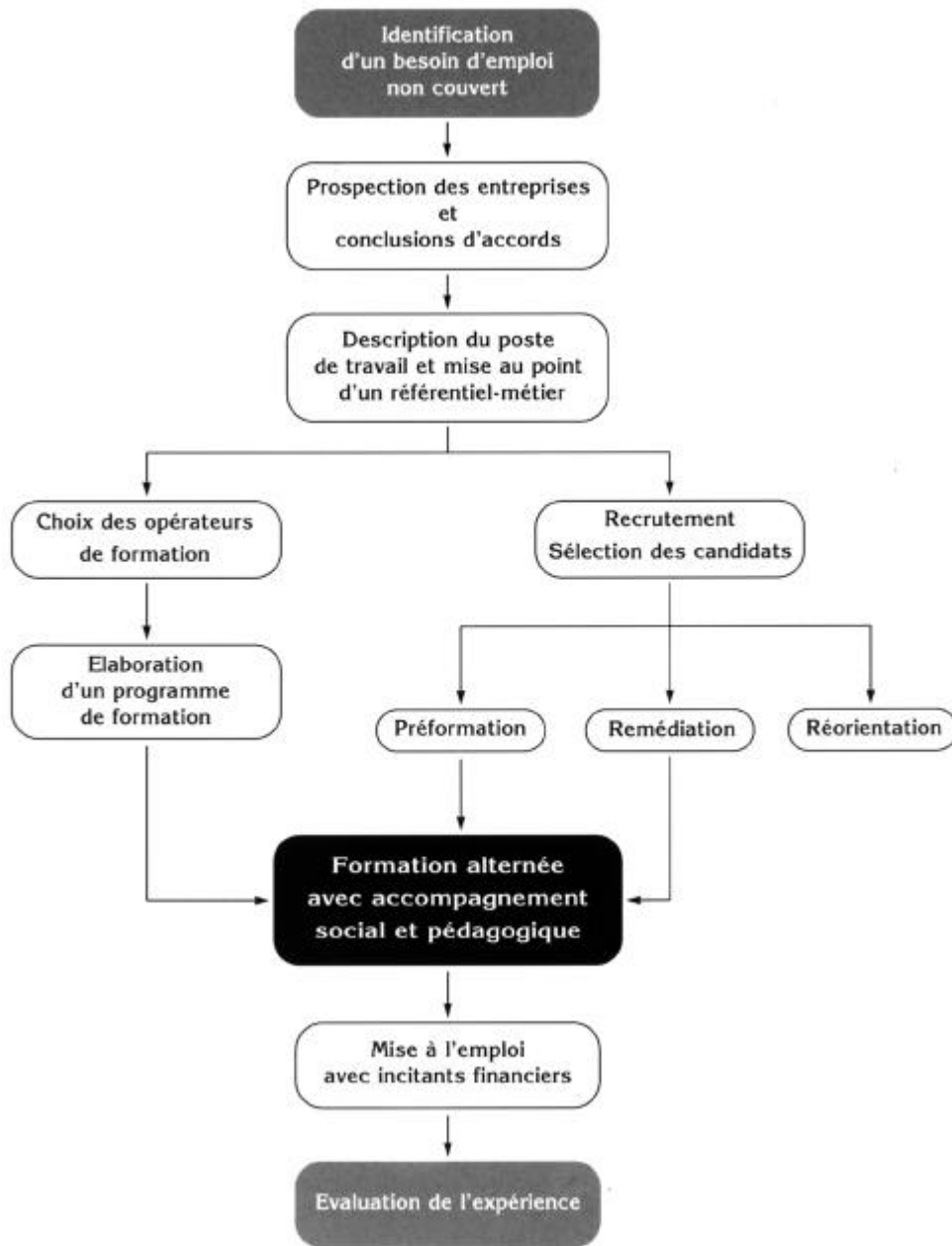
Job seekers can find information and help with their search for work at Centres for Social and Occupational Guidance and Placement (COISP). The service provides facilities for diagnosis and guidance, after which the job seeker is referred on to workshops. In this way he can familiarise himself with a range of occupations and so make a more informed choice. After this period of 4 - 12 weeks' practical study the job seeker moves on to a period of vocational training. The Contact-Employment-Training service of the Charleroi CPAS's 'Integration Resource Centre' (CRI) also uses this period to provide guidance for persons on income support.

MIREC in Charleroi (Regional Mission for Labour Market Integration in Charleroi) is allied with the Subregional Employment Committee (STC) in Charleroi. All the institutional and social players are represented in the STC and MIREC, as is the CPAS. The STC has responsibility in Wallonia for monitoring employment needs and trends and for shaping regional policy on employment. It is MIREC's job to put the agreed policies into operation. In Flanders responsibility for these two activities lies with the Subregional Employment Committee and the VDAB respectively.

There are ten 'missions' operating in Wallonia, and MIREC in Charleroi is one of the most important. The organisation acts as an interface between firms which are looking for staff, individuals who are looking for jobs and operators who provide a flexible range of training services.

In addition to these policy-making and management functions, MIREC has a number of projects involving work-related training or sandwich courses. MIREC is unique here in starting not from the job seeker's profile and what his needs are but from what businesses need, so that customised training can be devised and job seekers attracted in. Every project has its own counselling committee and an ad hoc operating team. The group targeted by MIREC is that of job seekers

who are vulnerable but have the potential to find a place in the labour market. Persons on income support form only a small part of the MIREC target group.



Source: Travail et citoyenneté - Trois parcours - La Réinsertion socio-professionnelle. Action-modèle à Charleroi (*Work and citizenship - Three pathways - Socio-occupational reintegration. Action - Charleroi model*) (1994)

Figure 4.5 MIREC projects in the framework of socio-occupational integration of job seekers

## 5.2 Points of focus and specific activity

The Charleroi CPAS comprises a number of services, including the social department, the 'Integration Resource Centre' (CRI), a legal department, an emergency centre, a youth welfare department, a debt management department and a health centre.

Employment counselling is part of an overall concept of social integration and reintroduction to the world of work. Both objectives are seen as being of equal value.

Assistance to CPAS clients proceeds according to a 'pathway model', in which the social department and the CRI are both of central importance. The social department has a staff of 80, spread over 15 neighbourhood centres. The CRI team, responsible for employment counselling, has just one base. The department has a staff of 40 and coordinates the various measures taken in the area of social and vocational integration.

The structure of the pathway system rests on two pillars: the preparatory stage, before actual employment counselling begins, and the link with general social work, which takes care of general assistance.

### *Integration Resource Centre (CRI)*

The CRI provides six types of specialist service:

- 'Crossroad Projects' are projects to stimulate job seekers, in the form of workshop activities. They act as the preparatory stage to social and labour market integration;
- 'Contact-Employment-Training' provides guidance and advice on training and employment. The department is involved in the recruitment and selection of CPAS clients for training and employment;
- 'Emergence' provides instruments and methods for the guidance, screening and assessment of job seekers and persons employed by the CPAS;
- 'Action Focus Training' provides training and educational back-up for persons employed under Article 60 §7;
- 'Business Liaison' looks after the demand aspect of the labour market: the department maintains contacts with the business world, looks for vacancies and monitors labour market trends;
- 'Proaction' is the newest department (1997) and jointly with FOREm it looks after the placing of CPAS clients once they have completed a period of employment under Article 60 §7 and Article 61.

### *The pathway system*

Job seekers are channelled into the system mainly by social workers employed by the social department. These refer interested parties to the CRI for a public information session which is held every week. If a job seeker wants more information or a one-to-one chat, an appointment is made for him there and then. The employment counsellor briefs the social worker on the substance of his discussions with the job seeker.

Job seeker intake is overseen by an employment counsellor from the CRI's 'Contact-Employment-Training' and 'Emergence' departments. A range of instruments are used to guide the job seeker. One is the 'Preparation for Deployment' (MSA), the period of guidance to get job seekers ready for work which is operated jointly with the FOREm's Centres for Social and Occupational Guidance and Placement (COISP), mentioned previously. Another instrument is the compiling of a skills assessment by the CRI's 'Emergence' department.

Following the guidance period a number of options are open: employment under Article 60 §7 in departments of the CPAS, local authority groupings (*intercommunales*), non-profit organisations; private-sector employment under Article 61, sandwich courses or vocational training.

Once a job seeker has a clearly defined job project, he or she can take part in a 'Job Search Workshop' (ARE). With the help of an employment counsellor two intensive job searches a week are conducted. Persons employed under Article 60 §7 can also take part in this workshop. It is an 'open' group workshop which also offers the chance of individual counselling. Attendance is voluntary. There is two-way cooperation between the 'Job Search Workshop' and the 'Business Liaison' unit.

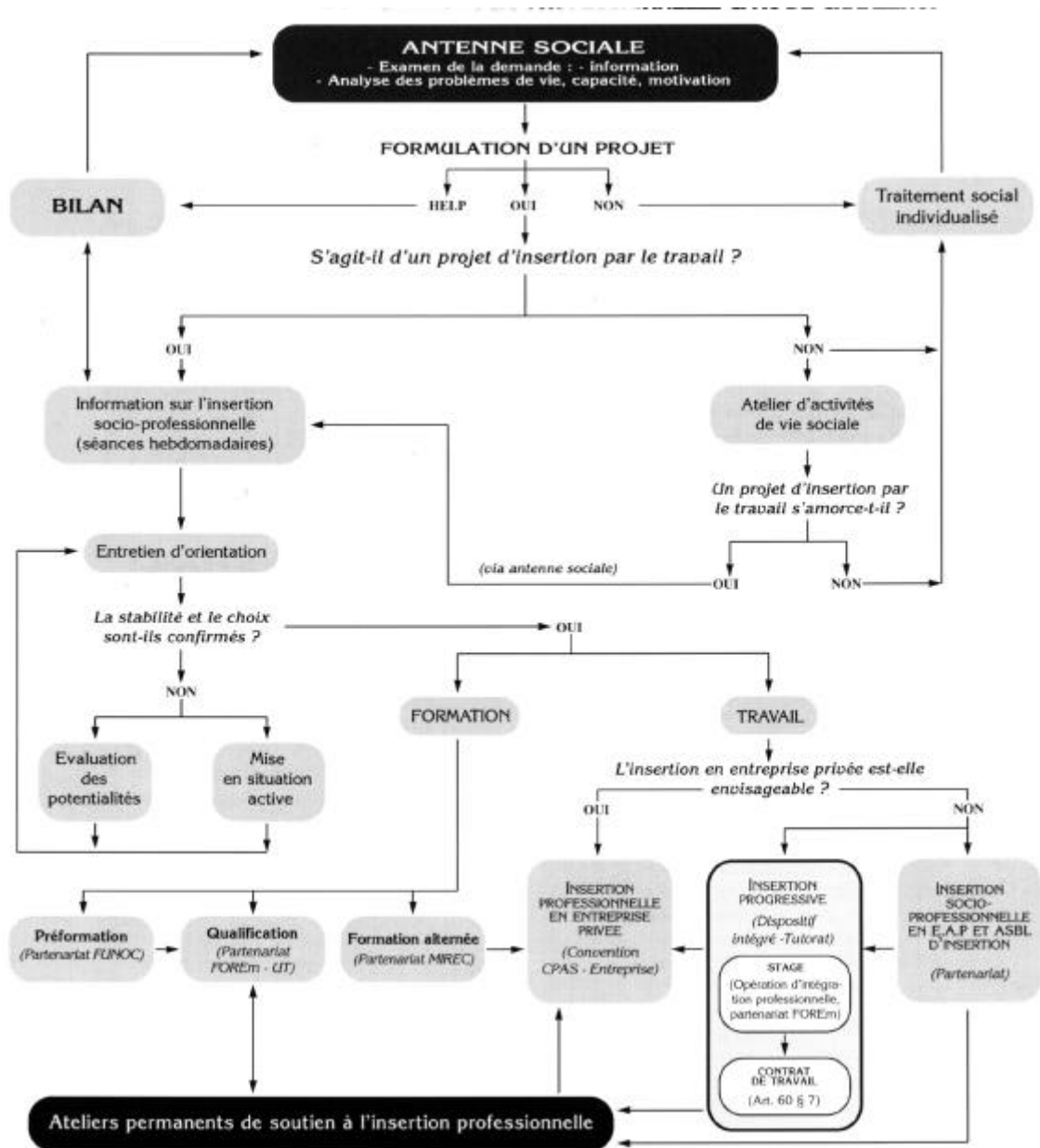
The 'Business Liaison' unit uses a twofold approach to identifying vacancies. On the one hand it contacts the business world and provides details of the counselling services available to job seekers helped by the CPAS. It does this in part through printed publicity material. On the other hand, vacancies are sought for specific job seekers, in which case the counsellor or agent approaches the employer for details. Details of vacancies are passed on to job seekers at the 'Job Search Workshop'.

Following their period of employment under Article 60 §7 and Article 61, CPAS clients are once again eligible for unemployment benefit. But the CPAS aims higher than this: the intention is that people should graduate from 'protected' employment into jobs on the open labour market, preferably the regular labour market. This is where the 'Proaction' department comes in; together with FOREm it procures and places clients with employers (in principle this is the exclusive responsibility of FOREm).

### **5.3 Cooperation model**

The CPAS attaches great importance to the methods used for the social and labour market integration of clients. Cooperation with other players is structured in relation to the internal pathway system. Measures to help job seekers are coordinated within the CPAS itself, by the CRI. The pathway followed by job seekers is a closed circuit controlled by the CPAS.

The CPAS maintains a number of cooperative links with a wide spectrum of partners (private companies, FOREm, MIREC, social establishments, non-profit organisations, personal improvement courses). As can be seen from the flow chart for CPAS clients, there is external cooperation in respect of two aspects of the pathway, namely training and placement under Article 60 §7 and Article 61. This is bilateral cooperation dictated by the pathway system.



Source: Travail et citoyenneté - Trois parcours - La Réinsertion socio-professionnelle. Action-modèle à Charleroi (1994)

Figure 4.6 Through-flow of CPAS clients in Charleroi on a socio-occupational integration pathway

Cooperation on training is organised jointly with a range of partners: FUNOC (Open University of Charleroi) takes care of preparatory training, FOREm handles vocational training and MIREC provides sandwich courses. The CPAS does not organise any training modules itself.

Cooperation on employment also follows a range of options. Firstly there is employment under Article 60 §7. To this end cooperation agreements have been signed with various non-profit organisations, mainly in areas of the social and medical welfare. There is also cooperation with

and financial support from FOREm for a period of practical training (the *Stage d'Intégration Professionnelle* or SIP), before a person begins employment under Article 60 §7.

Then there is employment under Article 61. The Charleroi CPAS has worked very hard since the 1980s to place people with private-sector employers under Article 61. In Wallonia and the Brussels Region the Article 61 measure is an established feature of employment policy, whilst in Flanders it is little used. The Charleroi CPAS emphasises the importance of Article 61 and the instruments deployed under it to help CPAS clients. The 'Business Liaison' department and these instruments together not only provide a service, the selection of suitable candidates by the CPAS itself, but also encourage employers to become involved. The main instruments used by the department in their dealings with employers under Article 61 are:

- the 'CPAS-Business Pact': subsidising of employers' contributions for 2 years, in exchange for a permanent full-time contract of employment;
- the 'Training Subsidy Pact': subsidising the cost of the training an individual needs in order to do a given job.

Cooperation between the CPAS and the temporary sector is a fairly recent development. The temporary sector itself is the initiator here and many CPAS clients find work through temporary work, since it gives them the work experience they need. But the CPAS has attached a number of conditions to this cooperation: temporary work by CPAS clients must not be seen as a pool of cheap labour but must offer prospects of a permanent job (temporary trial employment). Temporary work must also include an element of training.

Bilateral cooperation with a range of players in Charleroi on social and labour market integration has given rise to a wide network. But this targeted cooperation, centred on the CPAS, is not an integrated machinery of cooperation, in that there is no integration of different phases or processes within a pathway system of job seekers and persons on income support; there is instead a range of pathways initiated by the various players.

In Charleroi, as in many other towns and cities in Belgium, the lack of coordination and cooperation in the social and occupational absorption of job seekers into the labour market is viewed as a problem.

The pathways system applied by the CPAS aims above all to serve its clients and achieve results, and cooperation is seen as pivotal to success. The CPAS has to cooperate with other partners; but integrating services under a single regime is rather harder, since in effect the CPAS already has total control over the social and labour market integration of persons on income support. The

question is who should coordinate the various initiatives at local level. This is currently the subject of lively debate.

The Walloon Government, which is responsible for employment policy in Wallonia, has launched a number of new initiatives for those involved in the training and placing of job seekers on the labour market (1999):

- an inventory of the existing pool of labour will be made, to provide a better and more coherent overview of supply;
- the various operators in the field must be approved and licensed by an ad hoc committee;
- each municipality must have a job centre (*maison de l'emploi*) and a labour market information exchange (*cit  des m tiers*).

These initiatives point to an awareness, not only in Flanders but in Wallonia too, of the need for better coordination of initiatives and players in this area specifically at municipal level. The initiatives are not yet up and running, however.

As in Flanders, the main issue is who should be responsible for coordinating or controlling things. Question number two concerns efficiency and effectiveness: might these coordinating measures not mean more work rather than more effective work?

## **6. Comparisons between the case studies**

### **6.1 The nature of the collaborative venture**

In all the case studies, we can clearly see the influence of the local environment (number and vision of the relevant actors) on the nature of the collaborative venture and the way in which it came into existence.

In Ostend, the VDAB and the PWC place different emphases on the employment and assistance angles. The PWC emphasises the aspect of assistance in its operation, but policy increasingly forces it to increase the stress on employment. Little co-operation is present in the region and we see the emergence of two independently operating circuits for the labour market integration of PWC customers. A top-down collaborative venture has been created between the PWC and a number of employment agencies, where the VIB plays a coordinating and mediating role between the relevant actors. Resources are made available from above.

The situation in Genk is characterised by a large number of actors operating at the level of training and employment, with the VDAB as the central actor and a high level of involvement by the municipality. The fact that the Genk PWC places strong emphasis, during its operations, on



employment, is translated into its slotting into a network. In the network, formal co-operation exists between all the relevant actors at the level of training and employment. Here, the PWC plays the role of guide and target group monitor. The municipality, as the party taking the initiative, makes the necessary operating funds available and encourages the central actor (the VDAB) to assume a pioneering role.

The rural picture in the Zennevallei is small-scale and initially suffered from a severe lack of actors on the level of training and employment for PWC customers. The PWC has decided, based on practical need and an inverse principle of subsidiarity, to make the necessary development efforts. When the required operational resources are made available, a bottom-up collaborative venture is created between various PWC's in the region and a number of third party organisations. Against a rapidly changing background, the Beersel PWC is evolving from project developer into network controller.

## **6.2 Products of the collaborative ventures**

In Genk and Beersel the products of the two collaborative ventures are similar. Route counsellors work on exchanging information regarding the range of actors and the employment measures, the discussion of customer files and methodology exchange. The collaborative venture in the Zennevallei wants to work in the future on a joint approach to employers, such as already exists in Genk.

The fact that the Ostend PWC has its own circuit for training and employment, together with the fact that co-operation within the VIB project does not form part of the core business of the PWC, means that consultation takes place chiefly internally between the various services in question. The results of the collaborative venture are therefore less dramatic but are instead confined to an exchange of information based on specific files.

## **6.3 Integration versus retention of two models for (labour market) integration of PWC customers**

We can see from these case studies that the greater stress placed by government policy on activation leads to a situation where the PWC's want to assume the directorial function in the activation of PWC customers. Depending on individual vision and the local context, this directorial function is interpreted in different ways.

This produces tension between two models: on the one hand, the model of the VDAB for job-seekers, which is highly result-oriented towards the labour market sub-field and, on the other hand, the model of the PWC for minimum income recipients, which also focuses on assistance in

all areas of care, as well as employment and training. This leads to two circuits for the integration of minimum income recipients into the labour market.

In the case studies, we can see various degrees of desire for retention versus integration of the two circuits:

- Directed by the VDAB, Genk is working towards the integration of the two circuits. This is made possible by the fact that the operation of the PWC is also leans heavily towards the labour market sub-field;
- In the Zennevallei, we see the Beersel PWC - for want of other actors - initially assuming the directorial function. The PWC plays a complementary role with respect to the changing social environment and fulfils this directorial function on the basis of this vision;
- In Ostend, both circuits are retained. In its operations, the PWC is thus much more geared towards providing assistance to customers in all fields of care.

## Chapter 5

### Conclusions

The central focus of this report is on the coordination of activation policy for minimum income recipients. In Belgium this therefore involves the question of coordination between two systems: the social assistance scheme and the unemployment insurance system. Coordination primarily involves the passive benefit delivery role of these systems, where unemployment and assistance act as communicating vessels up to a certain level. We will not go into any more detail here about the problem of coordination associated with this function. This report does, however, focus on coordination in the activation of assistance beneficiaries and job seekers. In this concluding chapter we will go through the main findings of the study and finish with a few broader policy perspectives.

#### 1. Levels, forms and actions

The question of the coordination of activation policy for assistance beneficiaries and job seekers has not been given much attention in Belgium until recently. This situation is currently changing, mainly as a result of the favourable economic climate. Particularly in the Flemish region, where the official unemployment figure in 2000 is still 6%, employers have begun to look for the reserves of labour that still remain. Benefit recipients (who are also job seekers) are a possible group here. Characteristically for Belgium, this is a relatively small group. This is clear from the number of recipients in the two schemes.

*Table 5.1* Number of unemployed beneficiaries and number of Minimex beneficiaries divided by region (situation 1999)

	Unemployed	Minimex
Flemish region	176,282	29,218
Walloon region	227,675	39,600
Brussels region	71,145	13,893
Total	475,102	82,711

In 1999 the number of minimex beneficiaries was less than one-fifth (17.4%) of the number of non-working job seekers. In comparison with other EU countries the Belgian assistance scheme can therefore be seen as something of a residual system. The unequal ratio between the two systems means that the target group for the social assistance system is seen as being more difficult

to integrate than the target group for the unemployment insurance system, among other things due to the greater incidence of obstacles (such as the combination with care activities or the lack of mobility) and combination with other problems (financial, legal, housing etc.).

Hitherto the central government has been pursuing a two-track policy: on the one hand the competent federal authorities have further strengthened the instruments available to the OCMWs (Public Welfare Offices/GB: National Assistance Board), and on the other hand the regional governments are taking more and more initiatives towards a policy of coordination between the competent institutions (PES and public welfare centres).

### **1.1 Macro level**

The Belgian unemployment system and the social assistance system are rather autonomous, with their own policy strategies, policy delivery institutions, activation instruments and financing. These differences between the systems significantly restrict coordination. From the point of view of coordination, the following four limiting factors are significant.

First of all the relative autonomy that exists in Belgium in terms of the activation policy for job seekers and assistance beneficiaries arises from the division of powers within the Belgian state structure. One characteristic feature seen in Belgium is the complexity of the various levels of authority covering activation policy for job seekers and assistance (Minimex) beneficiaries.

The activation policy within the context of unemployment insurance (part of the social security system) fits into a complex federal and regional framework, involving the following institutions:

- on the one hand the federal Labour Agency (RVA), which is solely authorised to deliver benefits via the Payment Offices (a cooperation between the RVA and either payment departments of trade unions or the independent state office for benefit delivery);
- on the other hand the regional Public Employment Service (PES) or labour market mediation services in each of the Regions (Flanders, Wallonia and Brussels) which are responsible for providing mediation, training and guidance to the labour market.

At present each of these institutions is jointly managed. These are centralised, hierarchical institutions with only a limited degree of internal decentralisation into services at the sub-regional level. The activation policy for Minimex beneficiaries is covered entirely by the federal level of authority. The competent authorities in relation to benefit delivery are organised at the municipal level, namely the Public Welfare Centres (OCMWs), as is in fact the case in most European countries. The difference in the scale at which the institutions in question operate (centralised vs. decentralised) is a second factor hindering coordination.

The third factor which acts as an obstacle for a policy of coordination is that different objectives and expectations exist in the two systems. Activation in the labour market is not a priority objective for every OCMW. The situation is, in fact, that from a strictly legal perspective the OCMWs can consider their activation task to be fulfilled as soon as the OCMW client has completed a sufficient number of working days of social employment to receive social security again and is therefore entitled to unemployment insurance (or sickness and disability benefit). Hence this also means that a number of OCMWs pursue rather a passive policy. Research in the Flemish region, for example, has shown that this is still true of a relatively large number of OCMWs (two out of five). This therefore reinforces the lack of policy cohesion with regard to the clients in question.

A fourth factor has to do with the link between benefit delivery and labour market mediation. One of the core questions in coordinating the unemployment insurance and social assistance systems is whether to integrate or separate benefit delivery and labour market mediation. In unemployment insurance, benefit delivery (federal level) and labour market mediation (regional level) are separated, unlike the situation in the social assistance system where benefit delivery and activation are integrated at the federal level. This seriously limits the scope of a coordination policy at all levels.

At the macro level there are currently two important forms of coordination which have been put forward by the central authorities (at the federal and the regional level).

The most important coordination problem at the macro level is the lack of coordination between activation instruments. Until recently there was hardly any link between OCMW-specific instruments on the one hand and the generic instruments on the other. These are subsidised employment policy instruments which overlap in terms of target groups, areas of application and jobs, but which are different in the areas of conditions for admission, status, duration, guidance and financing, to the extent that competition even exists between the two types of instruments. During the past few years this problem has led to the streamlining of the range of instruments, including the seriality of instruments mechanism. This means that OCMW clients can move smoothly (without intervening reference periods and without any financial disadvantage) into a generic measure, thus giving them a greater chance of finding a job in the ordinary labour market. Since 2000 it has also been possible for an OCMW client to build up social security rights through participation in a generic instrument, i.e. without prior participation in a specific OCMW employment measure.

Secondly, since the second half of the 1990s central government has been propagating the principle of pathways to integration, with intensive individual guidance at various stages. In Belgium this kind of guidance is known as 'route counselling' (trajectbegeleiding). The following

stages are identified here: entry, intake and diagnosis, preliminary route and labour market route, placement and employment, aftercare. Route counselling has found its way onto the policy agenda in the second half of the 1990s as the leading principle for labour market mediation and reintegration of unemployed people who are difficult to place. Although the idea of route counselling has many fathers, the major breakthrough in Belgium was significantly encouraged from the European Social Fund (ESF). Since early 1997 promoters have been forced to fit their integration activities into the route approach if they want to continue to claim ESF subsidies. The characteristic feature of routes is that, based on the job seeker's needs, various instruments (guidance, training, work experience, help with applications) can be deployed together and the job seeker receives better guidance in the transition from one phase to the next and when moving on into work. In organisational terms this has led to the setting up of cooperation frameworks, the so-called ESF consortia, whose aim is to harmonise working processes with each other more effectively. It is therefore a policy priority to encourage the PES, NGOs and other institutional organisations such as OCMWs to work together more closely through harmonisation of work processes at the intake, screening and reintegration stages. The aims of this type of coordination are to eliminate double work, to achieve greater coherence through the use of a single dossier and to plug any gaps that exist.

## **1.2 Local level**

In 1999, active labour market policy was a complex and poorly organised field. Many different providers such as local authorities, public services, non-profit organisations, employers, trade unions etc. are developing and occasionally working together on all kinds of programmes in the sphere of labour market integration and job creation. Until recently there was little encouragement for coordination from central or regional government. Existing coordination initiatives were developed from the bottom up with respect for the autonomy of institutions.

Nevertheless there are two developments taking place in this area, and the central authorities involved have responded to these recently with new policy coordination initiatives. Both developments are mainly taking place in Flanders.

The first new development is the cooperation with the temporary sector. Due to the favourable economic climate, particularly in the Flemish region, OCMWs are already making quite frequent use of the opportunities to find the client a (temporary) job through a temporary staff agency. The authorities have responded to this by appointing 'facilitators' whose task is to build a bridge between the social actors (NGOs) and temporary staff agencies with a view to finding employment for OCMW clients. The cooperation is based on a distribution of tasks, whereby the NGOs are responsible for recruiting, screening and training in working attitudes, while the

temporary staff agency carries out technical testing and is responsible for technical training on the shop floor. In past years the role of the authorities has mainly been to increase awareness. From 2000 onwards the Federal government wants to offer encouragement on a larger scale, using financial resources, to allow OCMW clients to work in a temporary jobs with a fixed contract, albeit on a voluntary basis ('fill-in temporary staff'). To that end a contribution towards wages is provided for two years and a guidance bonus during the first year. The temporary staff agency must offer guaranteed employment for two years.

The second initiative involves the integration of basic service provision for job seekers through one-stop shops (local job centres). This is a response to the forms of harmonisation and cooperation which have sprung up here and there. The aim is eventually to set up integrated initiatives. Here the central government authorities (federal and regional) have entered into a cooperation agreement. It still remains to be worked out how extensive the basic service provided will be. It is clear, however, that the benefit delivery function will remain outside the job centre. For that (important) aspect, OCMW clients will therefore still have to go to the OCMW. The OCMWs ultimately decide themselves whether or not to collaborate with the job centre, and if so, how. The greatest willingness is found on the part of the OCMWs which already have some experience of cooperation.

## **2. Coordination in practice**

The four cases in this report first of all reveal the importance of a number of contextual factors, in particular the labour market context, the presence of actors (number, type and scale of activity) and the history of cooperation or competition between them. This has led to various emphases in terms of content between the OCMWs in the four different locations.

The OCMW in Charleroi, one of Belgium's major cities, has been involved in an active policy of socio-professional integration for 15 years now. This OCMW is engaged in an urban network in which all the actors are represented (PES, social partners, NGOs and private employers). It has its own highly developed route counselling system. In practice, therefore, the cooperation is mainly bilateral, with a large number of partners. Hence this is not an integrated form of cooperation: there is no integration of the various processes or stages in a route to employment. This is generally perceived as a problem. There is a growing consensus that better coordination must be achieved between the various initiatives and players at the municipal level. It has not, however, been established as yet who should play the directing or coordinating role.

In the Flemish region it still has not been clarified to what extent the OCMWs themselves will direct the reintegration of their clients.

In the medium-sized town of Genk a formal cooperation framework exists with all the relevant actors in the labour market. The OCMW plays the part of introducing clients and monitoring the target group, and is integrated within the network directed by the VDAB. The OCMW is fairly strongly oriented towards the labour market side.

In the more rural area of the Zenne Valley, the role of the OCMW has developed from project developer to network manager. The OCMWs involved form a bottom-up cooperation framework there together with the NGO sector.

Finally, in the medium-sized town of Ostend, we note that the cooperation framework between the OCMW on the one hand and the (Flemish) coordinator responsible for employment with temporary staff agencies on the other has been imposed from above. As a result of this there is not much cooperation and the two integration circuits are operating quite independently of each other. The OCMW wants to remain focused on all sub-domains in its operations (i.e. not only the labour market but welfare functions as well).

The main factors stimulating coordination at the grass roots level (as identified by the cases) are: the existence of reciprocal needs and wants, traditions and positive experiences of coordination in the past and good inter-personal relationships between the persons involved. The main factors hampering coordination are: the amount of time that has to be invested in coordination efforts, the lack of staff and the lack of interest among potential coordination partners.

One feasible division in the debate on coordination is the one which distinguishes between coordination of activation instruments and coordination between institutions. Particularly in the latter case there is tension between the central and regional levels. Policy delivery institutions in the areas of social security (federal labour agency) and labour market policy (PES) are centrally guided institutions, while the policy delivery institutions for social assistance are covered by the municipalities. The extent to which regulatory bodies cope with the need for variation between localities is therefore a crucial question. One key result of the analysis of coordination in the field is that 1) bottom-up coordination works and 2) top-down implemented coordination can only succeed if it is supported at the grass-roots level. Particularly when top-down coordination deals with the question of harmonization of legislative conditions (target groups, budgets, etc.), a balance needs to be achieved with bottom-up coordination in the delivery of basic services and the organisation of routes.

### **3. The impact on minimum income recipients**

Here we must make a distinction between forms of coordination at the macro level and at the local level. The effect of streamlining instruments at the macro level is not yet perceptible in terms of the number of participants; this is because these measures have only very recently come into



force. The expected effect is not generally thought to be very great, since major efforts in the area of policy are already being made on the second policy track, with an expansion of the range of OCMW-specific measures and areas of application.

Route counselling is not leading to the results that were hoped for, at least not in terms of the intended coordination at the delivery level and cooperation between the various actors involved in the field. The number of OCMWs participating in sub-regional cooperation frameworks is relatively limited. In fact the organisation and delivery of reintegration routes is still essentially dealt with by the OCMWs themselves, although it is increasingly focused on moving into regular employment and cooperation with external employers. Cooperation in the area of route counselling has largely been introduced from the top down, and it has therefore failed to achieve part of its effect with the OCMWs, which it is much more difficult to compel from above to cooperate in broadly based cooperation frameworks.

The results in the area of cooperation with the temporary staff sector are improving. In 1998-1999 there were 300 OCMW clients. The experiences of OCMWs are not always equally positive. Often the threshold is too high, there is usually no guidance provided at the workplace and the periods of employment involved are usually short. The new subsidy measure responds to a number of these limitations.

#### **4. The impact on public spending and efficiency**

Recently there have been developments towards partial integration of the two systems through 1) the coordination of working processes (development of one-stop shops) and 2) improved harmonisation of instruments together with further expansion of those instruments. This still has not had any structural impact. Policies are merely stimulating the actors to think in terms of process agreements rather than output agreements.

The steps taken in Belgium towards a policy of coordination have only taken place recently and consequently still have a limited radius of action. It is therefore too early to be able to ascertain the budgetary effects at this stage. The expected effects should not, however, be overestimated. Perhaps more important still are the qualitative effects, such as improved deployment of personnel and a more individualised approach and tailor-made activities.

#### **5. Coordination in policy making - Perspectives**

For a long time there has been little interest in Belgium in a coordination policy on activation. Two trends in policy vis-à-vis the PES under the new legislature (since 1999) may speed up the situation. First of all there is the new policy of creating a separation (also in organisational terms)

between the basic service on the one hand and the organisation and delivery of reintegration routes on the other. This should result in an internal separation within the PES. In the new model all providers, including the public provider, will have to compete for contracts through the Compulsory competitive tendering system, as is already the case in certain other countries (Australia, United Kingdom). Secondly, the basic service provided by all public institutions (PES, Public Welfare Centre) will be brought together in the local job centre.

Recent policy developments indicate that activation and reintegration policy is increasingly crossing the lines between the various organisations and benefit categories. Consequently the question arises of whether the relationship between the two systems is not ripe for a more thorough revision. The following three scenarios can be outlined here.

The three scenarios can be placed on a continuum depending on the degree of integration.

*Table 5.2* Degree of integration of activation policy from the assistance and unemployment systems

Degree of integration	Description	Characteristics
low	Scenario 1: maximum autonomy between the two systems	<ul style="list-style-type: none"> <li>- separate policy strategies</li> <li>- separate delivery organisations</li> <li>- own instruments, not harmonised</li> <li>- own flows of finance</li> <li>- few incentives from central government in the direction of integration and harmonisation; takes place from below</li> </ul>
	Scenario 2: partial integration of the two systems	<ul style="list-style-type: none"> <li>- separate delivery organisations</li> <li>- harmonisation of instruments</li> <li>- harmonisation of working processes through promoting cooperation</li> </ul>
	<ul style="list-style-type: none"> <li>a) process variant</li> <li>b) structural variant</li> </ul>	<ul style="list-style-type: none"> <li>- structural changes in the organisation of labour market policy</li> <li>- striving to provide an integrated basic service</li> </ul>
high	Scenario 3: extensive integration of the two systems	<ul style="list-style-type: none"> <li>- measures integrated; no separate instruments</li> <li>- flows of finance - same destination, possibly integrated</li> </ul>

*Scenario 1: Maximum autonomy between the two systems*

The first scenario involves maintaining the maximum degree of autonomy between the two systems, with their own tools and flows of finance and few incentives from the central government towards integration and harmonisation.

This scenario corresponds best with the situation in this country until recently whereby there is a strict administrative division between unemployment policy and assistance policy so that delivery is carried out by separate organisations. In recent years, as we have already stated in detail above, there has been an impetus from central government authorities towards greater harmonisation between the two systems. Developments are forcing greater cooperation, which brings us to the third scenario.

### *Scenario 3: Extensive integration*

An alternative possibility is to merge all the activation efforts together. In this variant there are no longer separate measures for labour market activation of assistance beneficiaries on the one hand and unemployed people on the other. The flows of finance remain separate because they come from different sources, but they serve the same purpose.

There are advantages and disadvantages associated with this scenario. One advantage is that a more clearly understandable range of tools will be available for the integration of both unemployed people and assistance beneficiaries. One critical point is the extent to which it will still be possible to pay specific attention to OCMW clients in the various areas of life in which problems may arise.

### *Scenario 2: Intermediate variant: partial integration of the two systems*

In an intermediate scenario an attempt is made to harmonise the two systems more effectively by harmonising the instruments and harmonising the working processes through the promotion of cooperation. Various gradations are possible in this scenario.

- In the *process variant* an attempt is made to harmonise the processes and the approach of the various organisations involved in local employment policy by making mutual agreements, for example in relation to the various phases in a route to work (intake, progression, contact with employers etc.)
- The *structural variant* goes one step further because structural changes are made in the organisation of labour market policy, for example through outplacement of a route counsellor or a labour consultant from the OCMW to a local Job Centre. At a later stage this may lead to an integrated basic service in relation to the (re)integration of the labour market in relation to both assistance beneficiaries and unemployed people.

Various arguments can be brought forward in order to present scenario 2 as the best scenario for the future in the Belgian context:

- Hence observations in practice indicate that the concept of activation for the labour market has already penetrated a long way in the work of the OCMW, as a result of which OCMWs

occupy an important place in local labour market policy and must consequently be seen as a *fully valid actor*. Lack of harmonisation between instruments is, however, a hindrance to a smooth route into the labour market.

- OCMW clients and job seekers would also benefit from a more *integrated basic service*, so that they are not sent ‘from pillar to post’.
- Improved harmonisation between the two systems also makes it possible to achieve *improved distribution of tasks* and synergy between the OCMW, PES, the municipality and the NGOs, whereby the OCMW, for example, focuses mainly on motivating clients (possibly also including high-risk unemployed people) to seek employment, and also the various aspects involved in the preliminary route (referral to a detoxification institution, learning working attitudes etc.). The PES and third party organisations can then take additional initiatives with a view to integration in the labour market (finding vacancies, providing training etc.).

It will be clear from this study that it is not easy in the existing Belgian context to make a smooth transition from the situation of relative autonomy to a partial integration of activation policies in both systems.

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