

Belgium

Key facts and issues

Belgium is a federal country with a population of 11.2 million. Subnational governments are responsible for 42.8% of total government spending, ranking it the 11th most decentralised country in the OECD with regards to public spending. However, in terms of public investment, Belgian subnational governments are responsible for almost 90%, a share that has increased since 1995 and is the 2nd highest share in the OECD. With 5.3 municipalities per 100 000 inhabitants, Belgium is in the middle range of the OECD in terms of subnational administrative fragmentation. It is the 5th most urbanised country in the OECD, with 68% of people living in predominantly urban regions generating 75% of the country's GDP.

While its GDP stands at just over USD 44 200 per capita, above the OECD average, the GDP per capita gap between the highest and lowest region was the 9th widest in the OECD. Belgium has the 3rd largest regional disparities in terms of the OECD regional well-being dimension on jobs, with the Brussels Capital Region ranking among the bottom 10% of the OECD. Many inter-regional gaps have widened over the last years on indicators such as GDP per worker, R&D expenditure, disposable household income, life expectancy, the share of the labour force with primary education, unemployment rates and the gender gap in participation rates. Progress has been made to reduce inter-regional gaps with respect to the share of the workforce with tertiary education. In terms of productivity growth, most of Belgium's provinces are keeping pace, but not catching up with the best performers in the country.

Belgium: regional, urban and rural development policies

Policy Area	Enabling Document, Strategy, or Framework	Strategic Objectives and Means	Lead Ministry, Agency or Committee
Regional	<i>Brussels-Capital:</i> Brussels-Capital Regional Development Plan <i>Flanders:</i> Flanders in Action 2.0: Pact 2020 <i>Wallonia:</i> Wallonia's Marshall Plan 4.0	<i>Brussels-Capital Region:</i> Harnessing socio-demographic trends and sustainability <i>Flanders:</i> Sustainable (social, environmental and economic) development through spatial planning guidelines <i>Wallonia:</i> industrial and innovation policies, strong focus on energy efficiency	<i>Flanders:</i> Ruimte Vlaanderen <i>Wallonia:</i> Walloon Government
Urban	<i>Federal:</i> Big city Policy (1999/2000) <i>Flanders:</i> Ruimtelijk Structuurplan Vlaanderen , to be replaced by Beleidsplan Ruimte Vlaanderen <i>Wallonia:</i> Déclaration de politique régionale 2014-2019 "Oser, Innover, Rassembler"	<i>Federal State:</i> focus on social cohesion, sustainability and housing policies <i>Brussels Capital:</i> Sustainability with a focus on inclusion and demographic change <i>Flanders:</i> Sustainable cities and innovation support fuelled by research and strategic investments <i>Wallonia:</i> Urban renewal and city development strategies in distressed neighbourhoods	<i>Federal:</i> Federal Public Service (Urban Policy Service) <i>Flanders:</i> Ruimte Vlaanderen <i>Wallonia:</i> Minister of <i>Pouvoirs locaux, de la Ville, du Logement et de l'Energie</i>
Rural	<i>Flanders:</i> Ruimtelijk Structuurplan Vlaanderen <i>Wallonia:</i> Decree of 11 April 2014 on rural development	<i>Flanders:</i> Protection of open space with rural urban linkages, land use and environmental sustainability <i>Wallonia:</i> quality of life through service delivery	<i>Flanders:</i> General Directorate of Agriculture <i>Wallonia:</i> Public Service of Wallonia

General policy approach

Regional development is decentralised to three regions: Brussels Capital Region, Flanders and Wallonia. Flanders has a somewhat more spatial planning focused approach to its over-arching strategy that addresses broad-based economic, social and environmental considerations. Around half of its European Regional Development Fund (ERDF) is dedicated to research and innovation potential. Wallonia's Marshall Plan is more focused on industrial and innovation policy, including through clusters (competitiveness poles). The federal government does maintain a national policy for urban development, focused on social cohesion and housing. The regions also have a social cohesion focus to their urban strategies. In terms of rural development, Flanders has a focus on protecting open space with rural-urban linkages, while Wallonia prioritises service delivery.

Recent policy changes

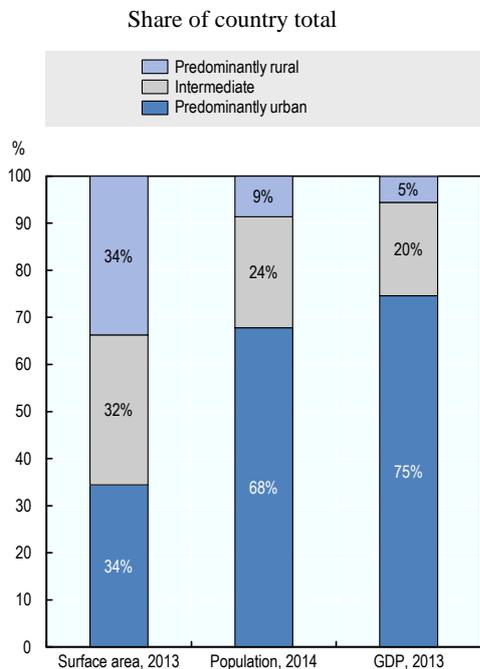
- Flanders' spatial planning framework *Ruimtelijk Structuurplan Vlaanderen* (RSV) will be replaced by a new framework, *Beleidsplan Ruimte Vlaanderen* (BRV).
- The 2014-19 Government of Flanders coalition has been considering different multi-level governance reforms, including granting a wider scope to local policies under consideration by the Joint Committee on Devolution. The possibility for municipalities to amalgamate already existed. Starting in 2015, a process was put in place to reduce competencies at the provincial level with regard to culture, education, health, and assistance to persons.
- Building on the Marshall Plan 2. Green, Wallonia has introduced the Marshall Plan 4.0, including a specific digital agenda in addition to innovation and environmental sustainability policies. This also includes smart cities.
- The three regions have received increased fiscal autonomy through sharing of personal income tax, which entered into force in 2015.

Belgium: Main regional, urban and rural development policy tools

Policy Instrument	✓	Examples
Transport infrastructure investments and systems of cities	✓	Wallonia: Priority Area 3 : mainly autonomous ports and access to economic hubs (namely, "Routes to employment" programme) Flanders: For urban policy, the BRV states that local authorities should be supported financially and technically to provide infrastructure, with a distinct logistics vision for both inner city and systems of cities
Other infrastructure investments	✓	Wallonia: Priority Area 3 creation of a land bank to provide land for business development (Sowafinal), aim is to provide 200 hectares of net land annually (i.e. business parks or incubators, including relevant amenities) for business development. Digital infrastructure also planned
Service delivery (subsidies for public services)	✓	Wallonia: Priority Area 1&5 subsidies for "sandwich" (work-study) course providers and grants to support upgrading life-long education infrastructure; e-government subsidies
Business development/innovation support	✓	Wallonia: Priority Area 2 reform of current financing support (investment) for business, also access to incubators and financing for start-ups and smart specialisation Flanders: BRV is mainly centred on providing framework conditions in metropolitan areas, with a distinct focus on attracting a high-skilled workforce in cities; developing value chains in rural areas and fostering innovation in the food sector
Urban renewal	✓	Wallonia: planning guidelines and low budget grants and subsidies for urban renewal Flanders: Various funds and grants for cities to kick-start renewal projects
Urban form and land use	✓	Wallonia: planning guidelines and regulation Flanders: BRV adapts principles of waste management to space: "Reduce, Reuse, Recycle"; principles of densification, mixed-used and modularity are sought
Sustainability policies	✓	Wallonia: Marshall Plan 2.Green continued; both planning regulation and funds; Marshall 4.0 with Priority Area 4 with grants and subsidies for energy efficiency, investments in energy-saving as well as the circular economy Flanders: BRV focuses sustainability on resilience and through improvement of quality of life (provision of greenspaces, air quality improvement and also noise pollution)
Rural-urban linkages	✓	Flanders: linkages are understood mainly as physical connections and local value chains in BRV
Clusters/technology platforms/centres of expertise	✓	Wallonia: Priority Area 2 , and cluster programme including non-hub areas (aimed at building networks of clusters with critical mass) Flanders: BRV aims at strengthening current clusters and creating new ones
Special economic zones		
Rural landscape preservation	✓	Flanders: BRV , preservation of rural amenities and fostering of sustainable tourism industry in the rural landscape
Skills/training programmes	✓	Wallonia: Priority Area 1 : "sandwich" courses and life-long learning support, training brokerage by local institutions; network of experts to counsel and train start-ups.
Capacity building for subnational governments		

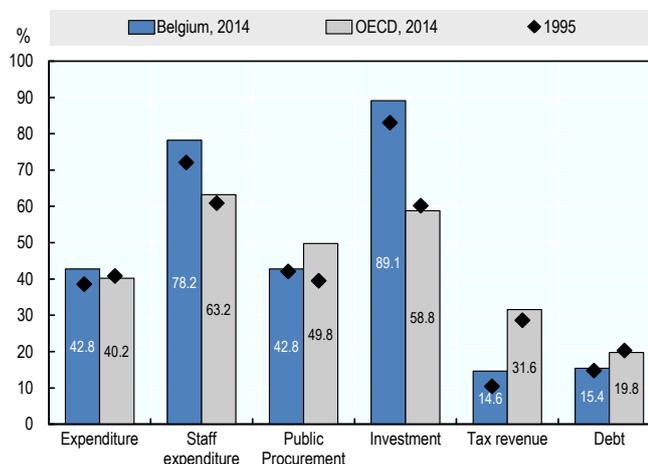
Note: May not include all instruments from Brussels-Capital Region.

Land, population and economy in rural and urban regions



Subnational government role in public finance

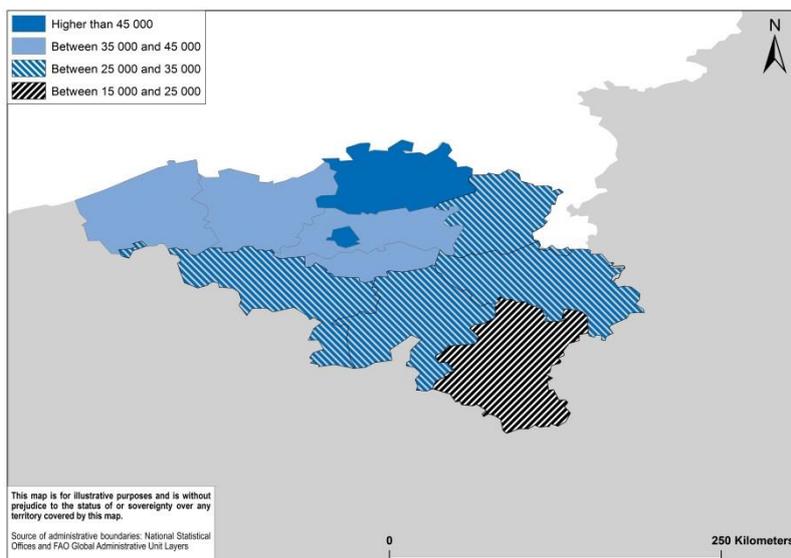
Share of general government



Number of subnational governments

Municipal level	Intermediary level	Regional or state level	Total
589	10	6	605

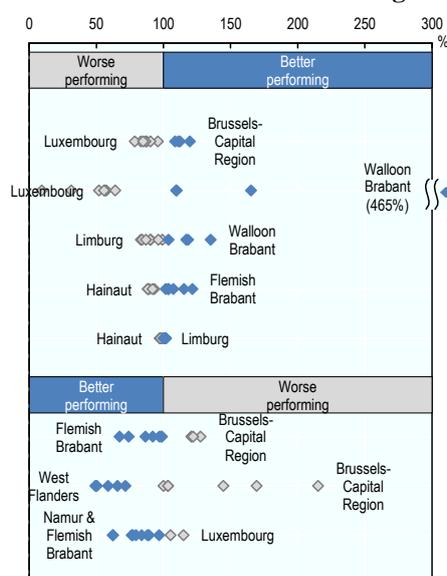
Regional differences in GDP per capita levels, 2013



Note: GDP per capita in constant prices and constant USD PPP (base year 2010).

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Inter-regional disparities (as a % of the country average)

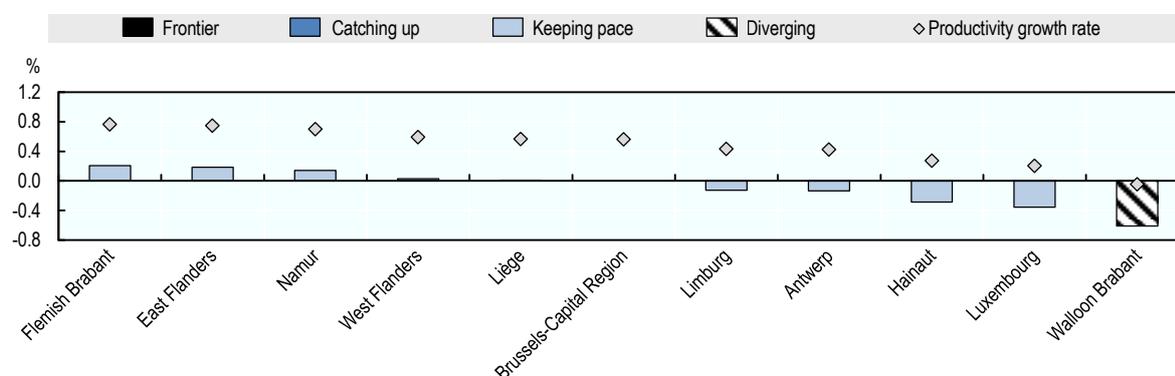


Variable	Min.	Max.	Country Avg.	OECD Avg.	Disparities up or down since 2001
GDP per worker (2013)	75 598	115 131	96 160	74 520	up
R&D expenditure as a % of GDP (2013)	0.23	11.26	2.42	2.4	up (2002)
Share of labour force with tertiary education (2013)	33.1	53.8	39.8	32.3	down (2004)
Disposable household income (2011)	26 926	37 071	30 491	34 866	
Life expectancy (2012)	78.3	82.1	80.5	80	up
Share of workforce with only primary education	13.6	25.8	20.2	25.2	up (2004)
Unemployment rate	4.3	18.3	8.5	7.3	up
Gender gap in participation rate	-5.8	-10.7	-9.3	-15.9	up

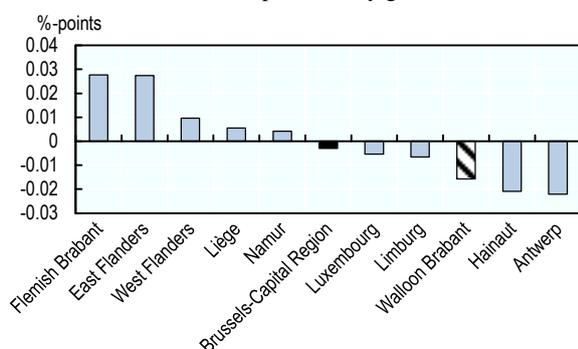
Note: Each diamond represents a province or the capital city region. Unless specified, all data are for 2014. Disparity is measured as the difference between the top and bottom region in the country.

Productivity and catching-up trends among regions

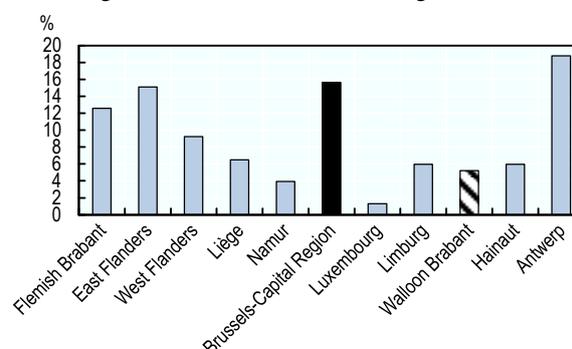
Average annual labour productivity (GDP per worker) growth rate [diamonds] and deviation from the growth rate of the country's productivity frontier [bars], 2000-2013
See country page notes for classification of regions



Contribution to labour productivity growth, 2000-13



Percentage contribution to national GDP growth, 2000-13



Note: Difference between national labour productivity growth as calculated with and without the indicated region.

Note: The contribution is the product of a region's GDP growth rate by its initial share of GDP.

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Country page notes

Main indicators

OECD average	represents the weighted average of OECD country/region values for the given year or closest year available.
OECD Regional Well-being framework	considers a combination of individual characteristics and local conditions in eleven dimensions that shape people's material conditions (income, jobs and housing) and their quality of life (health, education, access to services, environment, safety, civic engagement and governance, community, and life satisfaction).
Gross domestic product (GDP); GDP per capita; and labour productivity (GDP per worker)	is the standard measure of the value of the production activity (goods and services) of resident producer units. Regional GDP is measured according to the definition of the System of National Accounts (SNA 2008). To make comparisons over time and across countries, it is expressed at constant prices (year 2010), using the OECD deflator and then it is converted into USD using purchasing power parities (PPPs). For regional labour productivity, GDP (gross value added for Turkey) is divided by the number of workers (at place of work) or, for GDP per capita, the number of residents. For comparisons of current (per capita) GDP across countries, GDP for 2015 is converted to USD using PPPs for 2015.
Subnational government role in public finance	is mainly derived from the OECD National Accounts, harmonised according to the new standards of the System of National Accounts (SNA 2008), with the exception of Chile, Japan and Turkey, which are still under SNA 1993. General government includes four sub-sectors: central/federal government and related public entities; federated government ("states") and related public entities; local government i.e. regional and local governments and related public entities, and social security funds. Subnational governments are local (regional and local) governments and state governments (in countries with a federal or quasi-federal government system).
Gini index (regional income inequality)	The Gini index is a measure of inequality in terms of GDP per capita among all regions of a given country, with equal weight for each region. The index takes on values between 0 and 1, with zero interpreted as no disparity.
R&D expenditure	is the total gross domestic expenditure on research and development by the government, higher education, business, and private non-profit sectors.
Household disposable income and poverty rate	is the income generated directly from market transactions, adding all current transfers from the government, except social transfers in kind, and subtracting current transfers, such as income or regular wealth taxes and social contributions. It is expressed in USD Purchasing Power Parities (PPP) at constant prices (year 2010) and using a standard equivalised size for households across the OECD. Due to a lack of data, the indicator is expressed in per capita terms for the Czech Republic, Estonia, Hungary and New Zealand. The poverty rate is here taken as the percentage of people with disposable household income per capita of less than half the country median.
Participation rate, unemployment rate, youth unemployment and NEETs	The (labour force) participation rate is the ratio of the labour force (employed and unemployed) aged 15+ to the population (15+). The gender gap is the difference between the participation rates for women and men. Unemployed persons are defined as those who are without work, are available for work, and have taken active steps to find work in the last four weeks. The unemployment rate is defined as the ratio of unemployed persons to the labour force. Youth unemployment considers the unemployed and the labour force aged between 15 and 24. "NEETs" refers to 18-24 year-olds who are neither in employment nor in education and training (as a percentage of the population of 18-24 year-olds).
Primary and tertiary education	Primary education includes primary education, pre-primary education and lower secondary education (ISCED 0-2). Tertiary education includes both university qualifications and advanced professional programmes (ISCED 5-8). Shares are defined with respect to the labour force aged 15 and over.
Elderly	are those aged 65+. The elderly dependency rate is the ratio of the elderly to the working age population (15-64).
Air pollution	is the 1km ² grid cell population weighted average of satellite-based estimates of small particulate matter (PM _{2.5}).
Life expectancy	measures the number of years a newborn can expect to live, if death rates in each age group remain constant.

Typology of regions with respect to productivity

Frontier	is the region leading its country in terms of labour productivity, measured by the real gross domestic product per employee. In some countries the leading region accounts for a small percentage of the total workforce. Where this is the case, the frontier is the weighted average of regions with the highest labour productivity levels accounting for 10% of the country's total employment.
Catching-up regions, diverging regions and regions keeping pace	is a classification of regions based on their labour productivity growth relative to the frontier. It is based on the growth in labour productivity between 2000 and 2013 (or closest year available). Regions where labour productivity grew/dropped by at least 5 percentage points more/less than in the frontier over the period are classified as catching-up/diverging regions (about 0.4 percentage points annually), with regions that are keeping pace falling within the +/- 5 percentage points band.

Typologies of regions with respect to population or other functions

Regions (TL2 and TL3)	are classified by the OECD into two territorial levels that reflect the administrative organisation of countries. OECD's large regions (TL2) represent the first administrative tier of subnational government. OECD small (TL3) regions are contained within a TL2 region. Reference to the 20% richest/top or poorest/bottom regions, indicates the top/bottom-performing regions according to the indicator accounting for 20% of the (relevant) population.
TL3 typology (urban, intermediate, rural)	TL3 regions have been classified as: predominantly urban (PU), intermediate (IN) and predominantly rural (PR) based on the percentage of regional population living in rural communities, combined with the existence of urban centres where at least one-quarter of the regional population resides. The terms "urban", "intermediate" and "rural" refer to these categories.
Metropolitan area	is a functional urban area with 500 000 or more inhabitants defined by population density and commuting flows.

Further details and information: OECD (2016) *OECD Regions at a Glance 2016*, http://dx.doi.org/10.1787/reg_glance-2016-en.