

# Belgium takes measures to tackle the consequences of the COVID-19 crisis

ESPN Flash Report 2020/26

ANNE VAN LANCKER – EUROPEAN SOCIAL POLICY NETWORK

MAY 2020

*Since mid-March, the Belgian government has taken decisive measures, not just to mitigate the effects of the COVID-19 crisis on public health and medical capacity, but also to soften its economic and social consequences. However, the health crisis as well as the measures adopted in this context risk having strong negative effects on vulnerable people.*



## Description

On 17 March, the Belgian federal caretaker government, with the support of 9 parties, including from the opposition, became a minority emergency government, with powers of attorney for 3 months, to take measures to deal with the health aspects as well as with the economic and social consequences of the COVID-19 crisis. Having consulted the National Security Council (made up of the Prime Minister, deputy Prime Ministers, Ministers from relevant departments, representatives of the Regions, heads of security services and scientists), the new federal government and the governments of the Regions decided on a lockdown of the country from 18 March. This includes closing down of non-essential shops until 11 May, restrictions on movement of people, suspension of school classes (day care in schools is still provided for children of parents who have no alternative solutions and for children in vulnerable family situations). Schools have switched to distance learning; certain classes should restart as from 18 May. Economic activity has been gradually resuming since 4 May, insofar as the employer can guarantee a safe distance between the workers, but teleworking is recommended where possible.

The federal government is helping hospitals to face the crisis with €1 billion in extra funding. Emergency measures to support the economy amount to €10 billion. The economic and budgetary consequences of the health crisis, estimated by the Federal Planning Bureau, are huge: economic growth could fall from 1.4% in 2019 to 0.4% in 2020 and employment growth from 1.5% in 2019 to 0.6% in 2021 (when the full impact of the

crisis will be visible, whereas 2020 will be a year of transition with a lot of temporary unemployment). The budgetary deficit is expected to increase from 1.9% of GDP in 2019 to 3.2% in 2020, and public debt could reach 104% in 2025 (from approximately 99% today). The budgetary impact includes existing automatic stabilisers, but the estimates do not yet take account of the support measures taken by the government.

The most important automatic stabiliser is the “temporary lay-off” system (“technical unemployment”), the eligibility conditions and administrative requirements of which have been made much more flexible. This is granted to companies in a situation of “force majeure”, which have to temporarily lay off their workers. Currently, 1.3 million workers are in this situation. To cope with the crisis, the benefit has been increased to 70% (instead of 65%) of their gross wage (capped at €2,754.76 monthly) for 3 months. The Flemish and Walloon governments are granting additional financial support to technically unemployed or vulnerable people, to help them pay their water and energy bills for one month. People who are temporarily unemployed and asylum-seekers can be hired for seasonal jobs. From 1 May until 30 June, conditional on their employer’s consent, a person working full time or at least 75% who is the parent of at least one child below 12 or one child with disabilities, may apply for special “corona” paid parental leave (either half-time or for one day per week; not full time).

Companies facing loss of turnover or considerable drops in orders will be able to suspend repayment of loans and credits to the banks, as well as payment of social contributions, company taxes and VAT to the tax authorities. The federated regions are granting a lump-sum payment of

### LEGAL NOTICE

*This document has been prepared for the European Commission. However, it reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.*

€4000 in Flanders and the Brussels Capital Region, and €5000 in Wallonia, for self-employed people who have to close down their businesses. Flanders and the Brussels Capital Region are also granting lump-sum payments to companies suffering from considerable (over 60%) turnover losses. Evictions as well as disconnections from water, gas and electricity are suspended. To mitigate income losses, banks are allowing families to suspend loan repayments, especially for mortgage loans, if they are faced with financial problems related to the COVID-19 crisis. The total guarantee package from the banks, for individuals and for companies, amounts to €50 billion maximum.

The degressivity over time of unemployment benefit has been suspended for 3 months, since people cannot look for work at this time. Public employment services in Flanders and Wallonia have suspended checks on active job-searching during the crisis.

## Outlook and commentary

Although the new measures have been welcomed by most political parties, trade unions, social healthcare funds and NGOs, many worries remain, especially with regard to the social situation of vulnerable people. Surveys carried out by the National Bank and the Federal Planning Bureau show that the crisis is having a very negative impact on well-being, especially that of low-income, unemployed and incapacitated people. 1 in 8 families are extremely vulnerable due to the crisis, with an income loss of at least 10% and only a small savings buffer (less than 3 months).

The system of technical unemployment does not apply to workers in precarious work, such as flexi-workers, sex-workers, people in on-call contracts or in seasonal work, freelancers, trainees or people in activation

schemes. Local Public Centres for Social Welfare (PCSWs) are seeing new clients: people on precarious contracts or working for the minimum wage who can no longer make ends meet. PCSWs are asking the federal authorities to reimburse the additional income support which can be granted at local level on top of the minimum income. Trade unions are calling for an increase in the technical unemployment benefit to 80% of the wage, since people working on the minimum wage, such as those working in hotels and restaurants, end up with an income below the poverty threshold.

The establishment of a fund for the prevention of evictions, enabling PCSWs to conclude payment plans with their clients and prepay 50% of rent arrears, thus allowing people to stay in their homes, has been applauded. However, tenants' organisations are calling for a broadening of the scope of potential beneficiaries of the Flemish rent subsidy system, which currently helps only very few tenants who have been on a waiting list for social housing for a long time.

Although the Flemish government as well as certain schools (including in the French-speaking Community) and local authorities are providing laptops to poor families, experts foresee major problems caused by the suspension of school classes for children of parents who cannot help them because of poor literacy or language problems. To avoid educational backlashes and growing inequality caused by the closing of schools, social and educational NGOs have sent a list of best practices and recommendations to regional and local authorities, schools and teachers. Social NGOs are also calling for the creation of a social emergency fund and better coordination of crisis measures.

Poverty organisations, refugee organisations and human rights organisations are urging the establishment of an emergency

plan for people in vulnerable situations, including emergency shelter for people living on the streets during or because of the crisis. Homeless shelters are seeing their capacity reduced due to social distancing. The Brussels Capital Region and large municipalities are trying to cope with a growing number of homeless people, by providing spaces to NGOs working with homeless people and migrants in empty buildings, or by making arrangements with hostels. Doctors without Borders, with the support of the Brussels Capital Region, has opened a shelter for homeless people who are infected with the virus. To assess the impact of the crisis on vulnerable people, raise awareness of their problems, and propose new measures, an inter-federal taskforce has now been created, which includes the federal and regional ministers responsible for the fight against poverty, as well as experts and anti-poverty organisations. Similar task forces have been established at regional level.

### Further reading

[Federaal Planbureau \(maart 2020\), Economische vooruitzichten 2020-2025](#)

[Federaal Planbureau \(april 2020\), COVID-19-crisis: welke impact op het welzijn van de Belgen?](#)

[Nationale Bank van België \(april 2020\), Nationale consumenten enquête](#)

[Service de lutte contre la pauvreté la précarité et l'exclusion sociale \(April 2020\), Aperçu des mesures COVID-19, en soutien aux situations de pauvreté et de précarité](#)

### Author

[Anne Van Lancker](#) (independent social policy expert)

*The Flash Reports are produced by the European Social Policy Network (ESPN) established in 2014 to provide the European Commission with independent information, analysis and expertise on social policies in 35 European countries. The topics covered are identified by ESPN experts in the light of significant developments in their countries, or in some cases suggested by the Commission or the Flash Reports' editorial team (Eric Marlier and Slavina Spasova). The ESPN is managed by LISER (Luxembourg Institute of Socio-Economic Research), APPLICA and the OSE (European Social Observatory). More information on the ESPN: <http://ec.europa.eu/social/main.jsp?catId=1135&langId=en>.*

Quoting this report: Van Lancker, Anne (2020). *Belgium takes measures to tackle the consequences of the COVID-19 crisis*, ESPN Flash Report 2020/26, European Social Policy Network (ESPN), Brussels: European Commission.