



**Caritas CARES!**  
**country report 2019**

# Luxembourg

**Access to services by vulnerable groups:  
barriers, obstacles and good practices**

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# What this report is about

**Caritas Organisations are essential actors in the fight against poverty and social exclusion, and the fight for social justice. They do so by assisting and providing services to people in need, as well as by presenting alternatives to address unfair structures, policies and measures.**

The Caritas CARES country reports are an important instrument in this endeavour. Caritas informs local, regional, national and European authorities and formulates recommendations, based on its daily work with people experiencing poverty.

The country reports have been compiled on the basis of a questionnaire, designed in consultation with the participating member organisations. It will ensure that the voice of the weakest members of our societies is heard and it will support the advocacy efforts of Caritas at national and at European level.

This report is focused on an analysis of the availability, accessibility, affordability and adequacy of services addressing poverty and the promotion of social inclusion and activation in European countries, and it attempts to identify concrete causes of non-access to services by the most vulnerable members of our society.





# About Caritas in Luxembourg

**Caritas Luxembourg acts for social inclusion in Luxembourg and around the world. Support to vulnerable groups is a primary concern: single-parent families, children and young people, migrants and refugees, disadvantaged persons, the homeless, persons with precarious housing or income situations, or persons temporarily unable to manage their lives on their own. At international level, Caritas Luxembourg takes the side of victims of natural disasters and violent conflicts, and implements projects for poverty alleviation.**

Caritas Luxembourg works to promote the wellbeing of men and women, particularly those who are excluded, helpless or deprived, regardless of their origin, age, nationality or their philosophical or religious views. Beneficiaries are considered as those asking for information or advice, those receiving counselling, and those receiving services.

In 2018, Caritas reached about 22,000 beneficiaries in Luxembourg. The most important groups of beneficiaries are children, young people and vulnerable adults. Data are collected by each department and then subsequently collated into an annual report.

## Recent publications

The relevant reports recently published by Caritas Luxembourg are available at the following link: <https://www.caritas.lu/publications/avis-et-positions>.

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# Executive summary

**Luxembourg's** population is **rapidly growing and ageing. In the past decade the population grew by 22%** and the elderly, those over 85 years old, by 68.2%. The population composition is also changing due to **migration flows**: the proportion of third country nationals living in the country and asylum applicants are among the highest in the EU Member States.

Luxembourg's **economy** is growing moderately, the **employment** rate has increased over the past years and the **unemployment** rate is well below the EU 28 average. However, specific groups are still facing difficulty accessing work, in particular people aged over 50, people with disabilities, low-skilled immigrants and generally all those with lower skill levels.

**Poverty and social exclusion risks are increasing but they are still among the lowest in the EU** (except for in-work poverty, which is the second highest rate in the EU; also there are different groups more affected by poverty: single parents, families with children, young people, foreigners, low-skilled people, etc.) and income inequality remained stable in 2017 at a level just below the EU average.

The **expenditure for social protection benefits** in Luxembourg has always been one of the highest in Europe and it is almost three times higher than the EU average. The **impact of social transfers is important in lifting people out of poverty, even though it is rapidly declining.**

On the basis of its experience on the ground, Caritas Luxembourg has established that all social rights are regarded as easily accessible, apart from housing and assistance to homeless people that present some challenges (ranked as 2 out of 5). Groups of vulnerable people facing barriers and obstacles in accessing services are, in particular, according to Caritas Luxembourg, young people, children, the homeless, persons with addictions, asylum seekers, migrants and ethnic minorities.

Entering into details of each service it can be observed that services for the homeless are regarded as affordable, as they are cost free or adapted to one's income, but not always adequate, nor accessible for all and often unavailable. Social housing policies seem to be adequate and affordable for those who have access but not accessible and available for all:

- Public Employment Services do not offer adequate support to all vulnerable groups.
- There is a serious shortage of affordable housing.
- There is a lack of information on services for migrants and asylum seekers.
- A stable homeless shelter requires some conditions that not all homeless people can meet.

## Recommendations

Caritas Luxembourg recommends that the national and European authorities promote changes and reforms, in particular in the following areas:

- Recommendation 1:** Take stronger action to fight the lack of housing, especially social housing and high rent prices.
- Recommendation 2:** Take measures to increase the employment rate of older workers.
- Recommendation 3:** Take another approach to the strategic change process linked to the challenge of digitisation.
- Recommendation 4:** Implement a new tax reform that addresses existing injustices in the tax system.
- Recommendation 5:** Take advantage of the existing National Strategy Against Homelessness and Housing Exclusion 2013-2020.
- Recommendation 6:** Caritas recommends the Luxembourg Government ratifies the Revised European Social Charter, to accept articles 23, 30 and 31 as well as the additional protocol providing for a System of Collective Complaints.

## 1. The evolution of the socio-economic context

Between 2009 and 2018 the **population in Luxembourg grew by 22%** with an increase of 108,505 people. It is a **rapidly ageing** population and data shows that, while the ratio of children in the population has increased by 9.6%, the elderly over 85 years has increased by 68.2%.

The population is also changing due to **migration flows**: in 2018, 210,250 EU-nationals and 69,901 third country nationals were living in the country, equal to 34.9% and 11.6% respectively of the resident population.<sup>1</sup> In 2018, 2,335 asylum applicants registered in Luxembourg, representing a slight decrease compared to 2015, the peak year of the "refugee crisis" in Europe. They are equal to 3.88‰ of the resident population, one of the highest rates among EU Member States behind Cyprus, Greece and Malta.<sup>2</sup>

Luxembourg's **economy** is growing moderately, and it is forecast to continue growing, but there are signs indicating that more effort has to be made to address key structural issues potentially hindering a more sustainable economic growth.<sup>3</sup> The **employment** rate has increased over the years and reached 72.1% in 2018, an increase of 3.3 percentage points in comparison to 2008.<sup>4</sup> The **unemployment** rate, after a peak of 6.5% in 2015, reached 5.4% in 2018, well below the EU 28 average (of 6.8%)<sup>5</sup>. Despite the low unemployment rate, specific groups still face difficulties finding work: they are, in particular,

people aged over 50, people with disabilities, low-skilled immigrants and generally all those with lower skill levels.

Concerning **poverty**, the rate of the population at risk of poverty or social exclusion (AROPE) in Luxembourg was 21.5% in 2017, slightly below the EU average of 22.5%<sup>6</sup> although this rate has been progressively increasing over the years, in 2011 it was at 16.8%. **Poverty and social exclusion risks are increasing but they are still among the lowest in the EU** (except for in-work poverty, which is the second highest rate in the EU; also there are different groups more affected by poverty: single parents, families with children, young people, foreigners, the low-skilled, etc.) and income inequality remained stable in 2017 at a level just below the EU average.

The **expenditure for social protection benefits** in Luxembourg has always been one of the highest in Europe and it is almost three times higher than the EU average: it increased from €16,540 per inhabitant (at constant prices) in 2008 to €18,053<sup>7</sup> in 2016 (the latest available data), in comparison to €7,377 at EU level. In Luxembourg the **impact of social transfers** (excluding pensions) is quite **important in lifting people out of poverty, even though it is rapidly declining**: while in 2010 and 2011 social expenditure reduced poverty by 50% (against an EU average at around 36%), in 2017 the impact declined to 35.5%.<sup>8</sup>

<sup>1</sup> Eurostat, 2019, migration.  
<sup>2</sup> Eurostat, 2019, migration.  
<sup>3</sup> Luxembourg Country report, [https://ec.europa.eu/info/sites/info/files/file\\_import/2019-european-semester-country-report-luxembourg\\_en.pdf](https://ec.europa.eu/info/sites/info/files/file_import/2019-european-semester-country-report-luxembourg_en.pdf).  
<sup>4</sup> Eurostat, 2019, employment – annual data.  
<sup>5</sup> Eurostat, 2019, unemployment – annual average.  
<sup>6</sup> Eurostat, 2019, People at risk of poverty or social exclusion by age and sex.  
<sup>7</sup> Eurostat, 2019, Social protection expenditure: main results.  
<sup>8</sup> Eurostat, 2019, Impact of social transfers (excluding pensions) on poverty reduction.

2. Characteristics of the welfare system

Luxembourg’s social protection system is a complex set of policy measures in the framework of a Bismarckian Social Protection System. It also contains some elements of the universalistic Scandinavian system.

Luxembourg’s welfare system comprises health and pension funds, funded by contributions of both the employers and the employees, topped by government participation; the funds are also managed together by the social partners and the

Government.

There is also a dependency insurance to provide for long-term care, funded by a contribution of 1.4% raised on all income and by another contribution by the government. The welfare system comprises further benefits such as maternity benefits, child and family benefits and unemployment benefits, which are funded by taxes; work-related accidents or disability are covered by mandatory insurance funded by the employers.

3. Access to key social rights and to services by people in conditions of poverty or social exclusion

The main goal of this Caritas CARES country report is to analyse if and how living in poverty, or in a condition of social exclusion, hinders access to social rights and to services.

Several EU initiatives have been promoted in recent years to tackle inequality, poverty and social exclusion, both in general terms and for specific target groups. The European Parliament, the European Council and the European Commission have taken several policy initiatives to strengthen the social dimension of the European Union, and the most recent initiative in this context is **The European Pillar of Social Rights (EPSR)**. Another highly relevant instrument is the (revised) **European Social Charter (ESC)** of the Council of Europe. Both the Pillar and the Charter state the right to access to some specific social rights related to equal opportunities and access to the labour market, fair working conditions, access to social protection and inclusion.

The **European Pillar of Social Rights** sets out 20 key principles and rights to support fair and well-functioning labour markets and welfare systems. They are fully described here: [LINK](#).<sup>9</sup> Several of the rights cited by the European Pillar of Social Rights specifically relate to the conditions of people in poverty and social exclusion. This is particularly the case of PRINCIPLE 4 – Active support to employment; PRINCIPLE 11 – Childcare and support to children; PRINCIPLE 14 – Minimum income; PRINCIPLE 16 – Health care; PRINCIPLE 19 – Housing and assistance for the homeless; and PRINCIPLE 20 – Access to essential services.

Another highly relevant instrument is the (revised) **European Social Charter (ESC)** of the Council of Europe. The most relevant articles of the European Social Charter related to access to services are listed below (Box 1).

Box 1 – Ratification and implementation of the Revised European Social Charter (1996) related to access to services and minimum income

Luxembourg has signed but not yet ratified the 1996 Revised European Social Charter.

The following articles, some of which have not yet been accepted by Luxembourg, could have an impact on access to services and minimum income:

- The right to vocational guidance (Article 9)
- The right to vocational training (Article 10)
- The right to protection of health (Article 11)
- The right to social and medical assistance (Article 13)
- The right to benefit from social welfare services (Article 14)
- The right of the family to social, legal and economic protection (Article 16)
- The right of elderly persons to social protection (Article 23)
- The right to protection against poverty and social exclusion (Article 30)
- The right to housing (Article 31)

Luxembourg has not yet accepted the Additional Protocol providing for a System of Collective Complaints.

More information on the provisions accepted by Luxembourg can be found in the Country Factsheet.

On the basis of its experience on the ground, Caritas Luxembourg has determined that all social rights are easily accessible, apart from housing and assistance to the homeless that present various limitations (ranked 2 out of 5). According to Caritas Luxembourg, the groups of vulnerable people that face barriers and obstacles in accessing services are, in particular, young people, children, the homeless, persons with addictions, asylum seekers, migrants and ethnic minorities.

In the following section the difficulties in accessing a selected set of services available for those in need are described in detail.

<sup>9</sup> [https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights/european-pillar-social-rights-20-principles\\_en](https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights/european-pillar-social-rights-20-principles_en).

4. An assessment of the availability, accessibility, affordability and adequacy of key services and benefits in Luxembourg

In this section the main strengths and weaknesses of the access to five important services are described.

Three services selected for analysis are common to all European countries, (**public employment services, housing policies and early childhood education services**) and two have been specifically chosen by the national Caritas, having been identified as particularly relevant in Luxembourg: services for migrants and asylum seekers and services for the homeless. These two services have been selected for the analysis as they correspond to issues of particular relevance in Luxembourg currently:

- Services for migrant and asylum seekers: migration and asylum issues are widely debated in the general public. Caritas Luxembourg provides services for migrants and asylum seekers and
- Through advocacy measures, Caritas is furthermore aiming to give them a voice.
- Services for the homeless: homelessness has risen over the past years and increased advocacy for the homeless is needed. Caritas Luxembourg provides services for the homeless and believes that the social behaviour of a society can be judged by how it treats its most vulnerable members.

The main criteria of the evaluation of services are adequacy, accessibility, availability and affordability:

**ADEQUACY:** the service is of good quality and is satisfactory: it is able to respond to the needs of the user;

**ACCESSIBILITY:** the service can be reached or obtained easily, and it is easy to understand and to use;

**AVAILABILITY:** the service exists and it is available for those who need it;

**AFFORDABILITY:** the service is cheap enough for people who need it to be able to afford it.

The survey has been based on a scale ranging from 1 (the lowest mark meaning that the service is completely inadequate, or inaccessible, or unavailable or unaffordable) to 5 which means that it is completely positive.

The policy/service as having the highest rating, as the following table shows, is public employment, while those regarded as the most problematic are housing policies and services for the homeless.

When entering into the details of each service, it can be observed that services for the homeless are regarded as affordable as they are free of charge or adapted to a person's income, but not always adequate, nor accessible for all and often unavailable, while social housing policies seem to be adequate and affordable (for those who have access) but not accessible and available for all.

	Adequacy	Accessibility	Availability	Affordability	AVERAGE
Public employment services	3	3	4	5	3.75
Housing policies	4	2	2	4*	3
Early childhood education/ECEC	5	5	5	5	5
Services for migrants and asylum seekers	4	3	4	-	
Services for the homeless	1	2	2	5	2.5
AVERAGE	2.4	3	3.4		

\* for those who have access!

a. Public Employment Services do not offer adequate support to vulnerable groups

The public employment service in Luxembourg assists job seekers during their job search, gives access to jobs published on its JobBoard, and proposes tailor-made solutions in order to foster integration into the labour market.

This service is sometimes not adapted to the needs of those with the lowest skill set. A barrier to accessing the public employment service is residency, without which access is not possible. This creates difficulties for homeless people who

might have residency rights but no fixed address. Furthermore, access to the labour market for very vulnerable young people between the ages of 18 and 25 can be difficult due to addictions or illness, for example. The service has been evaluated as completely affordable as it is free (ranked 5 out of 5) but with problems in terms of accessibility and adequacy (both rated 3).

Over the past few years the services provided have improved: public employment services have increased, among others factors, the number of staff, which allows for a better service.







## b. There is shortage of affordable housing

Luxembourg has a serious lack of affordable housing and social housing. Vulnerable people living in supervised social housing structures, such as homeless shelters or refugee shelters, cannot afford to move to private accommodation and thus over-saturate these structures. Furthermore, there is a shortage of affordable housing in general. This leads to overcrowding, as well as poor and inadequate housing conditions.

The most vulnerable groups most affected by these barriers/obstacles are the homeless, asylum seekers and refugees, undocumented persons, migrants and ethnic minorities.

According to Caritas Luxembourg's survey, two of the main problems are regarded as accessibility and availability (both ranked 2 out of 5). On the contrary, the service is quite adequate and affordable – when available (both ranked as 4).

Over the past few years, access to these services has worsened: the capacity of supervised social housing structure is insufficient and has not increased fast enough. The construction of new subsidised social housing is stagnating.

## c. Early Childhood Education and Care

Access to early childhood education and care is without obstacles in Luxembourg. In 2018 the child care allowances were adapted and 20 hours a week of child care is now free of charge for all

children from 1 to 4 years of age, and this during school hours. This gives access even to the poorest households. Over the past years the number of structures offering early childhood education has increased significantly which has, in turn, improved access.

## d. There's a lack of information on services for migrants and asylum seekers

In theory, access to services for asylum seekers is open to all those in need of support. However, there is a lack of information on existing services. When starting the asylum procedure, each person receives a brochure with information and important addresses. In 2015, the brochure was updated and the addresses of NGOs (including Caritas Luxembourg) were removed. Furthermore, there are supported and non-supported accommodation structures.<sup>10</sup> Access to information regarding non-supported accommodation structures is more limited.

Apart from this, according to Caritas Luxembourg's survey, these services are adequate and available with a ranking of 4 out of 5. Accessibility is rated with 3 because of a lack of information. **In the last few years the service has worsened** as it has become more difficult for users to get adequate information on services available to asylum seekers that are provided by NGOs.

The services are affordable as they are free of charge.

<sup>10</sup> <https://www.feantsa.org/en/toolkit/2005/04/01/ethos-typology-on-homelessness-and-housing-exclusion>.



**e. A stable homeless shelter requires conditions that not all homeless people can meet**

In Luxembourg there is low-threshold emergency accommodation as well as traditional night-shelters for homeless people. The criteria to access these emergency accommodation services vary. According to the principles of humanitarian aid, everyone has access to low-threshold emergency accommodation, while a residency certificate is required in order to have access to traditional night shelters. **A stable homeless shelter therefore requires conditions that many homeless people do not meet.** Only the traditional night-shelters offer a registration address, which is a condition for receiving social benefits and access to health insurance. Access to traditional night shelters provides support to mentally ill homeless people as homeless people without a registration address do

not have health insurance. Furthermore, homeless people without a registration address who are mentally ill often do not have enough resources to gain access to the health system. Homeless services, however, are less specialised in health problems and do not have enough specific health professionals.

According to Caritas Luxembourg's survey, the service is regarded as completely affordable (ranked 5) because the costs are adjusted to the income of the person or are provided for free (for low-threshold emergency accommodation). At the same time the service is considered completely inadequate (ranked 1 out of 5) and insufficiently accessible and available (both ranked as 2): there is only accommodation in shared rooms without privacy and, in some cases, access to the rooms is only allowed at night.

Two testimonies can help to illustrate access to this service:

*Anna\*, a 23-year-old homeless person of Cape Verdean nationality, grew up in Luxembourg. After leaving school, she left Luxembourg for three years, thus automatically losing her residence permit for Luxembourg as well as the right to social benefits and she didn't get them back on her return. Anna is severely mentally ill and has no contact with her family. She regards herself as a "Luxembourg person with Cape-Verdean roots" – since she has lived in Luxembourg from the age of six. However, because she lost her residence permit and suffers from severe mental illness, Anna has been unable to access the traditional homeless shelters and has therefore had difficulty accessing psychiatric services.*

*Alain\*, a 22-year-old man diagnosed with "schizophrenia", was admitted to a homeless shelter. After several meetings of the social workers with the psychiatric institutions and a waiting period of about 8 months, he was finally admitted to a psychiatric housing facility. The funding was taken over by social services. An intensive and targeted discussion between Caritas Luxembourg, the Ministry of Health and the mental health services clarified the general barriers to access to health care for homeless and mentally ill persons. These discussions promoted some first steps towards help and awareness of the issue.*

\*Not their real names.





5. Use of the minimum income as a measure of inclusion and activation

Principle 14 of the **European Pillar of Social Rights** states that:

*“Everyone lacking sufficient resources has the right to adequate minimum income benefits ensuring a life in dignity at all stages of life, and effective access to enabling goods and services. For those who can work, minimum income benefits should be combined with incentives to (re)integrate into the labour market.”*

According to the approach put forward by the EU initiatives (in particular the Recommendation on the active inclusion of people excluded from the labour market, promoted in 2008 by the European Commission<sup>11</sup>), minimum income schemes have to be viewed through the perspective of the **active inclusion approach**: they are expected to be universal and to provide integrated support in the form of adequate cash benefits, effective access to enabling goods and services, and to include an

activation component for beneficiaries.

Minimum income is implemented in Luxembourg and it is named **“Revenu d’inclusion sociale” (REVIS) – social inclusion income**.

It is considered an active inclusion measure and it seems able to make a significant contribution to supporting vulnerable people. This scheme takes into account both active inclusion and activation measures. Activation measures include job placements in public institutions or non-governmental organisations, which give access to a wage and the labour market, as well as some form of social recognition. This is a first step towards social integration.

The most positive aspect of this approach is the promotion of active participation in society. At the same time it risks overlooking those who cannot work, or cannot work full time.

6. Progress made towards achieving EU and national social targets

The **Europe 2020 strategy** sets out the EU’s agenda for growth and jobs for the current decade including as its main objective the promotion of smart, sustainable and inclusive growth, as a way of overcoming the structural weaknesses in Europe’s economy and tackling inequalities among Member States. The Strategy sets out the **EU TARGETS** in order to give an overall view of where the EU should be by 2020, based on key socio-economic parameters. The EU targets are then translated into national targets, so that each EU

Member State can check its own progress towards each goal. The ones particularly relevant for this study are those referring to employment, and poverty and social exclusion.

In relation to **EMPLOYMENT, the target set at EU level is that, by 2020**, 75% of people aged 20–64 are expected to be working. For Luxembourg this indicator has been set at 73%; in 2009 it was at 70.4% and it reached 72.1% in 2018. The data show that the target is on the way to being met.

Concerning **POVERTY AND SOCIAL EXCLUSION**, the EU target aims to reach a reduction of at least 20 million people who are in or at risk of poverty or social exclusion. The expected target for Luxembourg, to be met by 2020, is 6,000 fewer people in conditions of poverty or social exclusion compared to 2007. In 2017, in Luxembourg, the number of people at risk of poverty and social exclusion was about 126,000 persons (21.5% of the population<sup>12</sup>). According to Eurostat figures, in 2017 no reduction was registered in comparison to 2007. On the contrary, the number of poor people increased by 54,000. Even if this figure is shown in relation to population growth, the target is far from being reached. According to Caritas Luxembourg, the Eurostat indicators completely reflect the

reality and more action is needed to reduce poverty and inequality within the country.

To achieve these targets, the Government of Luxembourg has promoted, over the years, various programmes and reforms in line with the EUROPE 2020 Strategy.

- Within this framework the evolution of the socio-economic context in Member States is described each year within the Commission Staff Working Document European Semester Country Report.<sup>13</sup> In 2019, in the area of poverty and social exclusion, the report identified some negative trends in terms of a reduction of poverty and social exclusion:

Luxembourg shows relatively good social outcomes, but with some negative trends. From 2016 to 2017, the risk of poverty or social exclusion increased for young people (16–24) from 29.2% to 31%, for working age adults (25–54) from 18.5% to 20.4%, and even the elderly (>65), from 9.1% to 11.8%. Single-parent families showed the highest rate regarding the risk of poverty or social exclusion in 2017 (48.5%).

The Luxembourg social protection system performs well overall and the labour market shows very good results with low unemployment and equality in gender employment.

In-work poverty is becoming a growing challenge.

People born outside the EU tend to face particularly poor labour market and social outcomes.

Children with a migrant background are facing linguistic and integration issues that have an impact on their educational performance.

- In June each year the European Council assesses the progress made and issues **COUNTRY SPECIFIC RECOMMENDATIONS**<sup>14</sup> to propose new actions. The recommendations provide policy guidance tailored to each EU country on how to boost jobs and growth,

while maintaining sound public finances. The recommendations focus on what can realistically be achieved over the next 12–18 months. In 2018 the Recommendation issued to Luxembourg referring to social inclusion was the following:

<sup>11</sup> Commission Recommendation of 3 October 2008 on the active inclusion of people excluded from the labour market, <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32008H0867>.

<sup>12</sup> Eurostat, 2019, AROPE.

<sup>13</sup> European Semester Country Report, 2019. [https://ec.europa.eu/info/publications/2019-european-semester-country-reports\\_en](https://ec.europa.eu/info/publications/2019-european-semester-country-reports_en).

<sup>14</sup> Here you can download the most recent available [https://ec.europa.eu/info/publications/2018-european-semester-country-specific-recommendations-commission-recommendations\\_en](https://ec.europa.eu/info/publications/2018-european-semester-country-specific-recommendations-commission-recommendations_en).



1. Increase the employment rate of older people by enhancing their employment opportunities and employability while further limiting early retirement, with a view to also improving the long-term sustainability of the pension system.

The draft 2019 country specific recommendations,<sup>15</sup> issued by the European Commission on 5 June 2019, repeat the same recommendations as the previous years, and add two new recommendations. They contain only one other element, relevant to the subject of this report: the need to increase housing supply, without however specifying to what extent this concerns affordable or social housing.

• Within the **NATIONAL REFORM PROGRAMME**<sup>16</sup> each country describes the reforms identified in order to reach the targets set at EU level. The **reforms** described in the 2019 version, aimed at tackling social inclusion, social protection and health challenges, are the following:

– **Reconciliation between professional and private life:** parental leave periods have become more flexible and its modalities are improved, as well as the parental leave allowance, which has substantially increased; there is also a Policy of providing socio-educational welcoming initiatives for children.

– **Social Inclusion Income** (REVIS): In the area of social exclusion, the law dated 28 July 2018 relating to Social Inclusion Income (REVIS) took effect on 1 January 2019.

– **Adaptation of the minimum social wage** (SSM), REVIS and RPGH: social inclusion income

(REVIS) and income for severely disabled people (RPGH) have been increased by +1.1%. A further increase of 0.9% is foreseen and a net increase of the SSM of €100 has been achieved by a special tax credit offered.<sup>17</sup>

– **Renewal of the allocation of a living allowance to low-income households** for 2019 has been implemented.

– **Housing-related social exclusion and a national strategy against homelessness:** The Government has continued to coordinate the implementation of its 2013–2020 national strategy against homelessness and housing-related social exclusion.

– The law **reforming rent subsidies** took effect on 1 January 2018. Its purpose is to increase the number of households that can potentially benefit from grants.

– **National Integration Action Plan** (PAN integration): The Government adopted the PAN integration scheme in 2018 in order to provide a general, strategic and sustainable framework for the reception and social support of applicants for international protection, as well as the integration of all non-Luxembourg persons residing in the country.

According to Caritas Luxembourg the situation and problems described in the COUNTRY REPORTS, and the reforms identified in the NATIONAL REFORM PROGRAMMES, reflect the reality of poverty and social exclusion, but poverty and inequality are not sufficiently addressed, nor the problems related to housing.

The reforms suggested are considered adequate and implementable (ranked 4 out of 5); at the same time these reforms are too reflective of a

liberal vision and demand a reduction in public spending, which threatens to weaken the social protection system and the quality of public services.

The most relevant policy reform related to the social inclusion/social protection system implemented in Luxembourg in the last 2 years, and which is considered to have had mostly a positive impact on the reduction on poverty

and social exclusion and in promoting access to social rights, is the reform of the minimum income scheme. The Ministry for Family and Integration is the responsible institution.

On the other hand, the most relevant policy reform considered as having had mostly a negative impact is the reform of child benefits. Here again the Ministry for Family and Integration is the responsible institution.

## 7. The use of EU Funds 2014–2020

In the multi-annual financial framework 2014–2020, within the Europe 2020 strategy, the fight against poverty and social exclusion has been on an equal footing with other EU targets and objectives. Under the regulations adopted for this new period, more effort has been put in place to ensure that the challenges around social inclusion are addressed: 20% of the European Social Fund (ESF) should be dedicated to policies and measures aimed at promoting social inclusion, and a specific fund has been implemented to support Member States in the fight against poverty and social exclusion: the Fund for European Aid to the Most Deprived (FEAD).

In Luxembourg the ESF is being used to promote action to increase skills and knowledge among jobseekers, particularly those over the age of 45, in line with the future needs of the labour market, thus enhancing job market integration. Enhanced and sustainable job market integration for young people is also targeted, particularly through the development and improvement of the implementation and monitoring of the Youth Guarantee.

The ESF is also used to support measures to reduce the overall unemployment rate, and particularly the youth unemployment rate, thus reinforcing social cohesion and inclusion. Concrete projects are being implemented to increase the integration of marginalised people (who are furthest from the labour market), particularly those receiving the guaranteed minimum income through job search support, and training or other integration measures to facilitate social inclusion. Investment in education, training and vocational training for skills acquisition and life-long learning aims to increase workers' skills and knowledge, particularly for those aged over 45. Furthermore they increase employment rates for women and older people, and improve the suitability of jobseekers' qualifications, including migrants.

Caritas Luxembourg has been indirectly involved in the implementation of the ESF, and directly involved in the implementation of FEAD. It considers that ESF and FEAD resources have been quite adequately used to fight poverty and social exclusion.

<sup>15</sup> Draft country specific recommendations 2019: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52019DC0516&from=EN>.

<sup>16</sup> Here you can download the most recent available [https://ec.europa.eu/info/sites/info/files/2019-european-semester-national-reform-programme-luxembourg\\_en.pdf](https://ec.europa.eu/info/sites/info/files/2019-european-semester-national-reform-programme-luxembourg_en.pdf).

<sup>17</sup> For more details see Urbé, Robert (2019), ESPN Flash Report 2019/20, Luxembourg: new government announces important increase in the minimum wage, European Social Policy Network (ESPN), Brussels: European Commission.

## 8. Caritas Luxembourg promising practices

Caritas Luxembourg recently implemented two positive and innovative practices promoting social inclusion of people at risk of poverty that have proved to be particularly successful.

- The first is a **social grocery shop**. Within the framework of their common objective of combating poverty, and against the background of the increasing risk of poverty in Luxembourg, the Luxembourg Red Cross and Caritas Luxembourg jointly developed a concept of “social grocery shops” that are being implemented in different parts of the country. These social grocery shops provide food and everyday products to people affected by poverty, at a reduced cost of one-third of the normal market price. Some products are co-financed by the Fund for European Aid to the Most Deprived (FEAD). Through this solidarity initiative, disadvantaged people see their purchasing power increase while having access to fresh quality products. Please refer to initiative webpage at <https://www.caritas.lu/caritas-buttek>.

- The second is an **intergenerational residence**. It addresses the difficulties in accessing affordable (public) housing and aims to address social isolation. Although the poverty rate among the elderly is very low in Luxembourg, some elderly people have very modest incomes, especially the most vulnerable who have been living in supported housing structures as a result of multiple problems. These people are vulnerable not only because of their material circumstances, but also because of isolation. Furthermore, numerous students may struggle to pay rent. Many might be from abroad and may also be dealing with feelings of isolation. The Caritas Luxembourg project brings elderly people and students together, to live under one roof, so that they can support each other. The innovative aspect is that the communal life of elderly people and students is organised in such a way that everyone can appreciate the advantages and can experience communal living in a positive light. In return for a very modest rent, students carry out small tasks for people with diminished independence, such as providing assistance with mobility, support with shopping, administrative support, minor repairs, etc. Please refer to the initiative webpage: <https://www.caritas.lu/doheem-mateneen>.





# Conclusions

On the basis of its experience on the ground Caritas Luxembourg believes that all social rights are easily accessible, apart from housing and assistance to the homeless that present some challenges (ranked as 2 out of 5). People that face barriers and obstacles in accessing services are, according to Caritas Luxembourg, mostly young people, children, the homeless, persons with addictions, asylum seekers, migrants and ethnic minorities.

When entering into the details of each service, it can be observed that services for the homeless are assessed as affordable as they are cost free or adapted to one's income, but they are not always adequate, nor accessible for all and often unavailable, while social housing policies seem to be adequate and affordable (once access is obtained) but not accessible and available for all:

- Public Employment Services do not offer adequate support to all vulnerable groups.
- There is a serious shortage of affordable housing.
- There is a lack of information on services for migrants and asylum seekers.
- A stable homeless shelter requires some conditions that not all homeless people can meet, which de facto prevents them from accessing other services such as (mental) health care.

# Recommendations

According to Caritas Luxembourg, one policy reform is particularly needed in Luxembourg: it is a reform intended to provide social housing. To support the Government in addressing this problem, the EU could use the ESF not only for employment related projects.

Caritas Luxembourg recommends that the national and European authorities promote changes and reforms, in particular in the following areas:

## At national and local level (Government and municipalities)

- Recommendation 1:** **Take stronger action to fight the lack of affordable housing, especially social housing and high rental costs**  
Take stronger action in the field of housing, especially social (rental) housing, by:
1. Increasing the number of dwellings, especially those rented at affordable prices (social housing);
  2. Sanctioning vacant dwellings and unused land;
  3. Fighting property speculation and controlling rental prices;
  4. Promoting the existing rent subsidies; and
  5. Introducing binding social housing quotas for all the municipalities.

## At national level

- Recommendation 2:** **Take measures to increase the employment rate of older workers**  
As Luxembourg has the second lowest employment rate of older workers, Caritas recommends public employment services put extra effort into supporting older workers to return to, or stay in, the labour market. Such a measure would allow limits on early retirement schemes for those workers that had hard and demanding working conditions.
- Recommendation 3:** **Take another approach to the strategic change process linked to the challenge of digitalisation**  
The challenge of digitalisation is putting pressure on a significant number of jobs, and will pose important challenges to the workforce, in particular to young people and future generations. Public employment services should take another approach to the strategic change process called the "Third Industrial Revolution" so that the social impact is not only one of the evaluation indicators, but that it is a decisive element in the planning and implementing phase.
- Recommendation 4:** **Implement a new tax reform that addresses existing injustices in the tax system**  
Implement a new tax reform resulting in fewer inequalities. For example, fundamentally reform taxes related to housing.
- Recommendation 5:** **Take advantage of the existing national strategy against homelessness and housing exclusion 2013–2020**
1. establish a comprehensive common database of all services provided in the field;
  2. install a steering group for the monitoring of the strategy, composed of representatives of all players;
  3. prepare a final evaluation of the strategy and use this assessment to develop a new strategy beyond 2020.
- Recommendation 6:** Caritas recommends that the Luxembourg Government ratifies the Revised European Social Charter, accepts articles 23, 30 and 31 as well as the additional protocol providing for a System of Collective Complaints.



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