Peer Review on “Social Activation and Participation”

Peer Country Comments Paper - Luxembourg

REVIS: Towards a social inclusion approach & a more independent social activation scheme

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1 Introduction

This paper has been prepared for the Peer Review on “Social Activation and Participation”. It provides a comparative assessment of the policy example of the Host Country and the situation in Belgium. For information on the host country policy example, please refer to the Host Country Discussion Paper.

2 Situation in the peer country

Luxembourg’s economy is one of the strongest in Europe. The labour market is characterised by exceptional employment growth (70% in the period 2000-2018 compared to 17% in Belgium; European Commission, 2020). To meet the labour demand, Luxembourg has relied heavily on migration and cross-border commuters, who represent more than two thirds of the country’s workforce.

Major challenges the European Semester has identified are high inactivity rates and mismatches in the labour market (shortage of skilled labour/unfilled positions). Despite the economic growth, the risk of poverty and social exclusion has been increasing to 21.9 % in 2018 (Ametepe et al., 2019; OECD, 2017b). In addition, households face high levels of debt relative to their incomes as a result of increasing housing prices and thus mortgage loans. Single parent households are particularly vulnerable. Relatedly, Luxembourg’s income inequality has increased particularly fast (second highest S80/S20 increase between 2010-2019 after Bulgaria, Eurostat, 2021).

The economic growth has allowed Luxembourg to raise social benefits to high levels in international comparison, making the social security system also prone to work disincentives and welfare dependencies (Swinnen, 2018; Gbohoui, 2019).

As a response to the economic challenges as well as welfare ‘traps’, the parliament has voted for a number of reforms in recent years, most importantly the replacement of the guaranteed minimum income by the Revenu d’inclusion sociale (REVIS) in 2018 and the elevation of the gross minimum wage (on top of indexation). Yet, these significant reforms seem to have had only a limited impact so far, not able to offset the difficulties of households to making ends meet and covering mortgage instalments (Ametepe et al., 2019; European Commission, 2020).

3 Assessment of the policy measure

3.1 Social activation and participation policies in Luxembourg

The key element in the national social activation system is the social inclusion income (Revenu d’inclusion sociale - REVIS), an income for persons and households under a certain threshold and partly related to social and professional activation measures. Since the 2019 reform, it replaces the former guaranteed minimum income (Revenu minimum garanti – RMG). The rationale of the reform and thus objectives of the REVIS (Government of the Grand Duchy of Luxembourg 2018) are: (1) to introduce a social inclusion approach, (2) to establish a coherent system of stabilisation, social activation and professional reinsertion policies, (3) to act against child and single parent family poverty and (4) to simplify administrative procedures.

The new benefit structure tackles poverty of children and single parent households, housing issues and the widely known disincentives of the former one to take up employment and increase the household work intensity (Swinnen, 2018). Local

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1 The author would like to thank Christian Bintener, director of the National Office of Social Inclusion ONIS, for his interview and valuable information for this report. Moreover, literature suggestions from Alessio Fusco and Sylvia Girardi are gratefully acknowledged.

institutions, however, have criticised the reform project for not raising the benefit levels substantially in order to alleviate substantial poverty in Luxembourg.\(^3\) The reorganisation of the system and the division of responsibilities between the institutions seem to allow more efficient organisation and use of (human) resources and facilitate the process for beneficiaries.\(^4\)

The three main national actors involved in the implementation of the REVIS are the Fonds national de solidarité (FNS), the employment office (ADEM) and the Office national d’inclusion sociale (ONIS). The FNS is responsible for the financial aspects and manages the demands for various benefits\(^5\), makes decisions and payments.

The employment office ADEM “profiles” all REVIS candidates able to work and below age 65 in order to orientate them towards the more suitable of two orientations: (1) Towards labour market integration or (2) towards social and professional activation. Switches between both tracks are possible. In the first case, the beneficiary needs to remain enrolled with the employment office (ADEM), in order to receive the inclusion allowance. In the second case, the social inclusion office ONIS sets up an activation plan tailored to the individual needs. Persons participating in the activation measures proposed in this programme receive the activation allowance. The ONIS is also responsible for organising stabilising and activating measures as well as coordinating the actions of the regional social inclusion officers.

At the regional level, social inclusion officers (Agents régionaux d’inclusion sociale - ARIS) support the ONIS and work out in more detail, together with the beneficiary, the (obligatory) activation plan and support the organisation of activation measures. Their aim is also to advise the beneficiaries on services and inclusion projects and to prevent dropouts through regular contact with the beneficiary as well as the responsible persons at the workplace. Coordinated by ONIS and led by social welfare offices, the social inclusion officers represent an important link between both.

At the level of the communes, 30 social welfare offices (Offices Sociaux - OS) provide counsel, guidance and activation services to ensure basic needs, including medical care, housing, food, clothing, drinking water and domestic energy. They also help to access communication facilities and socio-cultural activities.

The REVIS law allows the organisation of social activation measures together with public institutions, communes and other non-profit organisations. The ONIS works in practice for instance with many NGOs to implement activation measures, e.g. "work of public utility" measures. Main challenges to Luxembourg’s system of social activation and participation policies have been addressed by the 2019 reform (see section 4), including inactivity traps for benefit recipients, unevenness between social inclusion and active labour market policies, lack of efficiency and administrative barriers (multiple contact points, complex application procedures).

Current challenges comprise the ongoing implementation of the reform – i.e. the coordination of a systematic exchange between the actors at the same level and feedback process to the national level (e.g. about success, needs) - and the evaluation of the effectiveness of measures and the coverage of the population in need (take up).

3.2 Comparing the systems in Belgium and Luxembourg

While Luxembourg’s system of social activation and participation policies is (relatively) similar to the Belgian one in many respects (Kazepov and Sabatinelli, 2006), the demographic, economic and political context differs.

Based on the “Droit à l’Integration Sociale”, Belgium as well as Luxembourg belong to the countries with emphasis of citizenship rights (cf. Kazepov and Sabatinelli, 2006).

\(^3\) Cf. parliamentary debates in the frame of the Project de loi No 7113 relatif au Revenu d’inclusion sociale.

\(^4\) Source: Interview with ONIS.

\(^5\) E.g. REVIS, cost-of-living subsidy, education package, contribution to geriatric care, disability allowance.
In particular, the 2019 reform contributed to this development, when Luxembourg introduced an explicit social inclusion approach into the law.

The structure of Luxembourg’s system is also similar to the Belgium one, comprising similar actors at the national and regional level. The key role of the communes in both countries leads to positive effects thanks to the proximity to the people in need.

Also the co-existence of the two orientations, activation and ALMPs, is a communality. The 2019 reform in Luxembourg has separated the two tracks creating different responsible bodies. Mobility between tracks is explicitly possible and desired. In fact, the law foresees a “step model” moving from stabilisation, towards social activation and eventually professional reinsertion. However, such transitions do not happen at a large scale. The objectives at each step represent an end in itself and do not necessarily target re-employment but are open to it. The Belgian approach seems similar; however, there are country-specific issues and dependencies in Belgium.

One of the differences between the countries concerns the objectives of the policies. Objectives being less specific in Luxembourg, the measures can be handled with great flexibility. In Belgium, objectives seem to be defined clearer (“one variable objects”), which facilitates evaluations measuring progress towards these objectives.

Another difference is the implementation of the social inclusion approach. Luxembourg exhibits a clear division between the two orientations and institutions: the employment office ADEM is responsible for labour market integration and ONIS for the social activation. ONIS states that this reordering has allowed them to increase efficiency and devote themselves entirely to the organisation of activation measures. The Belgian report specifies that social activation policies are not strictly separated from the wider set of ALMP: The actors seem to assume both roles simultaneously in Belgium, causing competition for resources.

Another particularity in the small country Luxembourg is the geographical proximity and the low number of social offices. These factors facilitate the exchange between the actors and institutions at the different levels. The regional officers (ARIS) are particularly important as they are on-site in the social offices as well as in constant exchange with the federal office ONIS. In Luxembourg, the public actors collaborate closely with NGOs and other organisations. In Belgium, the welfare agencies have a higher level of autonomy and seem more remote from the national institutions but have institutionalised a systematic exchange allowing learning from best practices and innovative policy concepts. In Belgium, non-profit organisations seem less relevant.

Different is also the degree of openness of the measures to non-benefit receivers. In Luxembourg, this is only the case so far for single measures, e.g. language courses. The reverse side is the levels of dropouts. As the measures are targeted to REVIS beneficiaries and are of compulsory nature, the dropout rate is rather low in Luxembourg and is not perceived as an issue by ONIS. Belgium’s openness to the society creates more diversity among the participants and enhances thus inclusion potential.

In sum, Luxembourg and Belgium exhibit major analogous features in their social activation systems, albeit a few significant differences. These concern the role of the actors (ARIS, NGOs), the link between social activation and ALMPs, the clarity of

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6 In the Luxembourghish context, the term « inclusion » rather than « integration » is used. Integration is mostly used in the context of relations between migrants and non-migrants.

7 Source: Interview with ONIS.

8 Especially, in view of the repercussions of the COVID pandemic that slowly abound (despite buffering policies) in the form of increasing unemployment, inequality and poverty, ONIS shall be less affected than before by prioritising reduction of unemployment over activation. Source: Interview with ONIS.

9 Source: Interview with ONIS.

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objectives, the link between the national and communal levels as well as the targeting of the measures.

4 Assessment of success factors and transferability

A few quantitative studies evaluate the former scheme including trajectories into the RMG, take-up rates (Ametepe and Hartmann-Hirsch, 2010; Ametepe, 2012), durations and exit behaviour (Loutsch and Berger, 2019; Fusco et al., 2020). One mixed-methods study (Steinmetz et al, 2013) evaluates the social services and the subjective perception of the impact on the beneficiaries’ situation.

In 2006, more than half of households eligible for benefits did not receive RMG benefits (Ametepe 2012). Access to information, a complicated administrative procedure coupled with unawareness of social rights as well as subjective barriers (shame and stigma) seem to cause non take-up in Luxembourg (Steinmetz et al., 2013, Girardi et al., 2019).

Besides, inactivity traps exist related to the former “immunisation” – a threshold supplementary paid activities need to pass for RMG beneficiaries to benefit. Loutsch and Berger (2019) estimate the employment rate (at least one hour paid activity during the reference week) at 25% among RGM beneficiaries - compared to 71% in the population overall (20-64 years old, 2015). The 2019 reform has formally abolished the “immunisation” disincentive, but the impact has not been evaluated yet.

Regarding service quality, participants were largely satisfied according to an evaluation in 2013. Moreover, the majority reported an impact on their lives: 8 out of 10 respondents stated that their situation has improved and that their problems decreased. ONIS and the social workers monitor the quality of the services internally, for instance short-term effects on an individual scale, focusing on potential follow-up measures in a pathway approach. The participants’ demand for such follow-up activities can be a proxy for the satisfaction of the participants, relevance and quality of the offer. ONIS sees here potential to evaluate offers with similar objectives.

Belgium also raises the need for flexibility in terms of content of the projects. As the objectives are not defined in detail, there is a lot of flexibility in deciding on projects – which is advantageous according to ONIS. Especially the collaboration with NGOs in Luxembourg increases flexibility and has mutual benefits. ONIS turns often for specific needs to NGOs to set up a suitable project. This also works the other way around, NGOs with project ideas contact the ONIS for collaboration and co-financing.

Some of the main challenges to Luxembourg’s system of social activation and participation policies have been addressed by the aforementioned reform in 2019. For instance, the administrative barrier has been lowered. The application procedure became simpler and easier accessible; people at risk have now only a single contact point. Also resources have increased. The separation of responsibilities between the institutions seems to allow more independent and efficient organisation and use of (human) resources. The support ratio introduced aims reducing regional variation of the offer and quality of services. A particular asset in the feedback process and exchange of practices and needs are the ARIS as link the regional and national level.

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11 42% of beneficiaries interviewed by Steinmetz et al. (2013) do not wish that others know they have been to social offices. About half stated that they did not know their rights and/or how to access social services.
12 According to Steinmetz et al. (2013), 85% of the interviewed beneficiaries state that the services are targeted to their needs and 89% are satisfied with the offer of activities.
13 Yet, many say to be unable to manage their situation without the help of the social offices. The question is, as the Belgian report rightly asks, how to measure progress, especially in case of stabilisation.
14 ONIS states further that internal evaluations of mid-/long-term effects are difficult due to the complexity of factors contributing to social inclusion and lacking follow-up information after exiting the programmes.
15 Source: Interview with ONIS.
Diverse efforts in this direction of Belgium’s approach of opening the measures to a larger public exist also in Luxembourg, e.g. language courses, participation in sports (associations), and single projects. The concept of the social integration project PINSS ("Projet d’Intégration Sociale à Strassen") for instance is to valorise competences and self-esteem while practicing the French language in workshops aiming for knowledge transfer and artisanal skills. The activity was intended to be open for REVIS beneficiaries (as participants or as instructor) as well as residents of the commune to increase "social mixity"16 (but had to be adapted as consequence of the COVID pandemic). Beneficiaries also meet other people in the context of volunteer work in NGOs, although the target group there are also mostly REVIS clients. ONIS emphasises that this format – besides the contents of the measure - represents an added value for integration. This approach should also help combating stigma.

As mentioned earlier, the economic, political and demographic context is rather specific in Luxembourg, often in a favourable way: There are few obstacles at labour market entry, the minimum income protection higher than the reference budget (Ametepe, 2019 and 2020), costs of participation into cultural, sports and social activities are relatively low (subsidies, free public transport, etc.). This poses naturally the question to which extent policies can be transferred to other countries. However, people remote from the labour market and/or society may not directly profit from a flourishing labour market, when excluded from it. Needs may still be similar in different countries as well as activation challenges and effective tools. Some elements of Luxembourg’s strategy and in particular specific measure might be transferable to other countries. To this end, aggregated analyses of needs, input and outcomes of particular target groups are indispensable.

5 Questions

- **Link between social integration and ALMP.** Behavioural conditionality combined with high levels of job seekers and conservative markets can be especially problematic in the pandemic (Girardi et al., 2020). How are the objectives (Principle 14 of the EPSR17) balanced with the obligatory approach (incentive structure) and the fact there is no clear legal distinction between social activation and professional activation? How is being dealt with competing objectives, interests and resources?

- **Pathway approach.** How formalised are the ‘pathways’? Are they (pre-)defined at the national level or decided at-hoc in collaboration with the local actors? What ‘prototypes’ of pathways exist, and how tailored to particular population groups are they (e.g. newly arrived inactive young migrants vs. older workers after a recent job loss)? What incentives are there for the participant to follow-through such a pathway?

- **Outreach.** Considering that measures are open to the wider society, and not only for RIS-recipients, how does the CPAS reach out to promote participation in these activation measures?

- **Analysis of needs.** One indicated success factor by the host country paper is introduced with “needs need to be known”. What tools are used to identify and quantify the needs to guide the development of particular activation measures?

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17 EPSR 14 on Minimum Income: 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.
• **Indicators for policy evaluation.** Considering the effort indicators used (p.9), what are current developments to define and make use of outcome indicators, in particular for the analysis of opportunity?

• **Exchange of national best practices.** How are (local) projects documented and evaluated at the national level in Belgium and peer countries? How are best practices shared within the country and can other countries access information on these projects for knowledge transfer and exchange of best practices?

## 6 List of references


Annex 1 Summary table
The main points covered by the paper are summarised below.

**Situation in the peer country**

- Luxembourg’s economy and employment growth is one of the strongest in Europe.
- Major challenges are high inactivity rates, mismatches in the labour market and shortage of skilled labour. The latter is addressed through migration and cross border commuters.
- Household debt and risk of poverty and social exclusion are high, inequality increasing. Single parent households are particularly vulnerable.
- Luxembourg has a relatively generous social protection, but faced also welfare traps.
- As a response to shortcomings, the recent reform restructured the former guaranteed minimum income scheme and introduced the social inclusion income REVIS.

**Assessment of the policy measure**

- The key element in national social activation system is the social inclusion income REVIS. It entails two orientations: (1) labour market integration and (2) social and professional activation.
- The national inclusion office ONIS as well as the regional social inclusion officers ARIS define a binding activation plan together with the beneficiary. Behavioural conditions apply.
- The regional social inclusion officers ARIS create an efficient link between the national inclusion office ONIS and the social welfare offices in the communes.
- Luxembourg’s system of social activation and participation policies is (relatively) similar to the Belgian one (approach, structure, actors).
- Regarding the differences, the division between ALMP and social activation policies is more clear-cut in Luxembourg, which leads to greater resources, efficiency and independence. There is more room for flexibility in implementing measures. Systematic exchange between the actors is not yet fully in place. The close collaboration with NGOs is efficient and has mutual benefits.

**Assessment of success factors and transferability**

- An analysis of needs is done at the individual level in the frame of the obligatory activation plan. An aggregated analysis of these needs at the national level could be an additional useful tool.
- Most measures in Luxembourg target REVIS beneficiaries alone, although there are promising efforts towards more openness of activation measures.
- Stigma and non-take up are issues in Luxembourg, where Belgium’s strategy seems a source for policy transfer (outreach and communication strategy).
- Outcome evaluations are lacking in Luxembourg and Luxembourg would therefore profit from knowledge transfer with other countries.
- A systematic exchange between the actors at the same level and feedback process to the national level as it is the case in Belgium would allow Luxembourg to learn from best practices and innovative policy concepts.

**Questions**
The link between social integration and active labour market measures (ALMP): How is dealt with competing objectives, interests and resources?

How formalised are the 'pathways'? Are they (pre-)defined at the national level or decided at-hoc in collaboration with the local actors?

Considering the offer exists for every citizen, and not only for RIS-recipients, how does the CPAS reach out to promote the measures?

Considering the effort indicators used, what are current developments to make use of outcome indicators, as means to transferability of particular activation measures?

How are (local) practices shared within the country and can other countries access information on these projects for knowledge transfer and exchange of best practices?

Annex 2 Example of relevant practice

<table>
<thead>
<tr>
<th>Name of the practice:</th>
<th>Social Integration Project in Strassen: Valorising competences through workshops « Projet d’Intégration Sociale à Strassen : valorisation des compétences par des ateliers (PINSS) »</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year of implementation:</td>
<td>2020</td>
</tr>
<tr>
<td>Coordinating authority:</td>
<td>Municipality Strassen</td>
</tr>
<tr>
<td>Objectives:</td>
<td>The objectives of the project PINSS are: At the individual level, the valorisation of the participants’ competences and skills as well as self-esteem The development of competences to access the labour market The promotion of social cohesion More specifically, the aim of the workshops organised in the context of the measure is the transfer of artisanal competences while practicing the French language. The objective of improving language skills or increase self-esteem though sharing of competences and knowledge in a group do not directly target to qualification for the labour market, but contribute to it indirectly.</td>
</tr>
<tr>
<td>Main activities:</td>
<td>PINSS is an activation measure of the type “Collective utility works” implemented through workshops linking practicing language skills and hands-on works. PINSS targets beneficiaries of REVIS, as participants but also as instructor. The role of the instructors is to pass on their skills in the field in which they are specialised.</td>
</tr>
<tr>
<td>Results so far:</td>
<td>It was planned that REVIS beneficiaries as well as other citizens of the commune Strassen could participate in the PINSS workshops to</td>
</tr>
</tbody>
</table>
promote “social mixity”. However, as a consequence of the (measures related to the) COVID pandemic, the measure was to date only open to REVIS beneficiaries.

The project has not yet been evaluated formally. However, according to ONIS the project is promising and might serve as benchmark in the future.