



Exploratory study: filling in the knowledge gaps and identifying strengths and challenges in the effectiveness of the EU Member States' minimum income schemes

Country Fiche - Luxembourg

Written by Michael Richardson
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Contact: [First name Last name]

E-mail: [...]@ec.europa.eu (functional e-mail if existing, or Firstname.Lastname)

European Commission

B-1049 Brussels

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Directorate-General for Employment, Social Affairs and Inclusion

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Summary

The different national measures in the fight against poverty in Luxembourg are not limited to income poverty, and all aim at either social inclusion or the decrease of the relative poverty risk, which is based on the AROPE (at risk of poverty and exclusion) concept.

It is on that basis that the several benefits, in-kind and in-cash, contribute to this goal, forming a minimum income package comprising among others:

- Social inclusion income (Revenu d'inclusion sociale – REVIS), conferring basic means of existence combined with social and professional activation measures
- Cost-of-living benefit (*allocation de vie chère*) for low-income households, including REVIS beneficiaries
- Various tax credits depending on gross salaries or income, including "social minimum wage tax credit" and "single-parent tax credit"
- Access to adult language courses with reduced registration fees (€10 per class)
- Access to childcare service vouchers (*chèque-service accueil* - CSA), which allow free or reduced rates in crèches and drop-in centres (*maison relais*), depending on the income of the household the child lives in
- Free legal assistance, including the right to be assisted by a lawyer
- Free 'Culture for All passport' allowing free access to partner museums and admission to shows and events at reduced fee
- Access to subsidised grocery shopping (*Epiceries sociales*) provided by social welfare offices
- Individual one-off financial assistance by social welfare offices
- Rent subsidy intended to help low-income families to rent decent accommodation, based on household income and composition

Social inclusion income fulfils the most important role in Luxembourg's minimum income package.

The main novelty of the REVIS, introduced in 2018, is that it has a stronger activation element compared to its predecessor scheme, the RMG (*Revenu Minimum Garanti*). Indeed, the REVIS scheme involves early screening and skills profiling to identify those recipients who are 'job-ready' from those who need greater activation and social support to potentially integrate into the primary labour market.

Another novelty is that the REVIS is made up of a social inclusion benefit and an activation benefit. The social inclusion benefit is the guaranteed income component which varies depending on household composition. This change allowed for an increase in the child component of the benefit, as well as an increase of the benefit for children in single parent families.

In summary, the REVIS scheme is stricter than the RMG scheme in terms of conditionality but more generous in terms of payments.

One of the objectives of REVIS is to simplify governance and reduce administrative burdens, notably by strengthening networking and delineating responsibilities between the public employment service and social support services.

The REVIS is managed by the National Solidarity Fund (*Fonds national de solidarité*: FNS). The FNS works in close collaboration with:

- the public employment service (*Agence pour le développement de l'emploi*: ADEM), charged primarily with the initial screening and skills profiling of

REVIS applicants and provide services to recipients compulsorily registered as jobseekers;

- the national office for social inclusion (*Office national d'inclusion sociale*: ONIS) responsible for managing the network of regional social inclusion officers assisting those REVIS recipients screened as needing intensive and personalised activation and social inclusion support.

While administrative governance has been simplified, there are shortcomings in relation to monitoring mechanisms. No data are collected on take-up (or non-take-up) of REVIS among those individuals and households eligible to claim it, which does not make it possible to assess the scheme's effectiveness in terms of coverage. A hypothesis yet to be tested is whether the payback clause of the social inclusion benefit under REVIS (for recipients who inherit money or sell assets) may inhibit take-up.

Another potential issue is that while the REVIS is clearly activation-oriented, there is no efficient mechanism to monitor the labour market trajectories of REVIS recipients. For instance, those recipients who require intensive activation and social inclusion support are not registered as jobseekers with ADEM.

These various strengths and weaknesses of the REVIS scheme are explored in further detail in the following sections.

The following sections, first, outline the features of the MI support in place; secondly, describe the eligibility criteria and coverage and consider the adequacy of the financial support provided and the links with other benefits; thirdly, examine the extent of integration with labour market measures to help those supported into employment; fourthly, consider the access provided for the people concerned to social services; fifthly, summarise the governance mechanisms in place; and, finally, review the evidence on the impact on reducing poverty and assisting beneficiaries to find work.

An annex outlines the underlying situation in terms of the relative number of people at risk of poverty or social exclusion and the changes that have occurred over recent years, as well as the characteristics of the people concerned – their gender, age, employment status, education level, country of birth and the structure of the households in which they live. As such, it provides the context in which MI support is operating and indicates the groups on which support needs to be targeted.

1 Description of national schemes providing minimum income support

There is no legal definition of poverty in Luxembourg. However, Luxembourg does apply the EU definition of relative poverty risk – for which the threshold is defined as 60% of the median income – as well as the EU definition of social exclusion. According to Eurostat, 17.4% of the population in Luxembourg in 2020 were at risk of poverty or social exclusion (AROPE) after social transfers¹.

The Social inclusion income (*Revenu d'inclusion sociale*: REVIS) was introduced following the law of 28 July 2018. The REVIS thus ensures basic means of subsistence for its recipients. This is understood to be determined in relation to the essential items and corresponding amounts of the reference budget calculated by STATEC (however, the REVIS law has no explicit mention of the reference budget)². A reference budget is

¹ https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Living_conditions_in_Europe_-_poverty_and_social_exclusion#Poverty_and_social_exclusion

² Interview with CNDS representative (Comité National de Défense Sociale)

defined as a priced basket of goods and services that ensures a decent standard of living in society³.

REVIS is made up of the social inclusion benefit and the activation benefit. For instance, individuals in full-time employment can claim the social inclusion benefit to reach the threshold set by the REVIS and reduce the risk of in-work poverty. The REVIS replaces the RMG (*Revenu minimum garanti*) which was introduced in 1986. Compared to the RMG, the REVIS is more activation-oriented notably with the introduction of mandatory employability screening/skills profiling for all adult household members (aged 25 to 65) receiving the minimum income.

The threshold of the REVIS is defined in Article 5 of the REVIS law of 28 July 2018. The total benefit due for a single adult was left mostly unchanged compared the one defined under the RMG⁴. That single adult threshold was, similarly to the REVIS, regularly adapted in line with adaptations to the minimum wage and minimum pensions. The levels of minimum wage and minimum pensions back then influenced the threshold set in the RMG law. However, this threshold was not defined as a fixed proportion of minimum wage. All other thresholds in the REVIS law are defined based on the single adult benefit, in alignment with the OECD modified equivalence scale⁵.

The number of REVIS recipients and the level of public expenditure have remained stable between 2019 and 2020.

- 2019: 10,377 recipients; total expenditure of €178 million.
- 2020: 10,663 recipients; total expenditure was €184.0 million.⁶

No changes were made to the REVIS law in response the **Covid-19 pandemic**. However, financial state aid was provided to furloughed workers (*chômage partiel*) which allowed certain households to maintain their income to a large extent without the need to apply for REVIS.

1.1 Eligibility

Take-up of the REVIS is dependent on individual requests. The REVIS application process is managed by the *Fonds national de solidarité* (hereafter: FNS). However, there is no administrative or inter-institutional cross-checking of personal data to identify and reach those people who may be eligible for the REVIS.

According to Articles 7 to 10 of the REVIS law, the following assets must be declared for means-testing:

- professional income (i.e. wages and salaries);
- replacement income (monetary benefits for sickness, maternity, unemployment, work-related accident or illness, parental leave allowance, etc.);
- pensions received (whether from Luxembourg or abroad);
- benefits received as part of an employment programme run by ADEM – the Public Employment Service (PES) in Luxembourg
- rent received on owned property (e.g. an apartment, a house, a parking space);
- maintenance/support payments; direct or indirect donations made by the applicant or beneficiary

³ <https://statistiques.public.lu/en/methodology/methodes/social-conditions/Cond-vie/reference-budgets/index.html>

⁴ Interview with LISER on 24 November 2021

⁵ Information obtained from ONIS on 23 November 2021

⁶ FNS rapport d'activité, 2020. Note that the population of Luxembourg was 620,001 in 2019 and 632,275 in 2020 according to the World Bank.

- inherited assets (i.e. financial assets, property assets).

As per the above, REVIS applicants must declare their full gross income and all other financial assets, as well as those of their household members.

All the above-mentioned elements are deemed to constitute the extent of an applicant's income and wealth and thus serve to calculate REVIS entitlements.

The following incomes are not taken into account in the calculation of the REVIS⁷:

- family benefits (*allocations familiales*);
- back-to-school allowance;
- birth allowance;
- special allowance for severely disabled people;
- long-term care insurance payments (in cash);
- the earned income of a person under 25, until and unless it is equal to the maximum social inclusion benefit for an adult;
- State financial aid (e.g. *allocation vie chère* or cost-of-living benefit, financial aid for housing.), aid from social welfare offices and other private social welfare charities.

Regarding **individual reviews of the MI amount**, REVIS recipients must immediately report to the FNS⁸ any change in their circumstances which might affect their right to REVIS. Restitution of the inclusion benefit can be requested if relevant changes in circumstances are not reported by the recipients.

A **new key design feature of the REVIS** is the partial exemption of professional replacement⁹ or pension earnings (article 9(3) of the REVIS law), allowing recipients to have 25% of their professional earnings excluded from the REVIS calculation to incentivise work intensity and make work pay¹⁰.

Regarding eligibility to apply for REVIS, the following criteria apply:

- **Legal residence in Luxembourg:** Having resided in Luxembourg for at least 5 years during the last 20 years (except for Luxembourgish nationals, nationals of an EU/EEA Member State, Swiss nationals, refugees and stateless persons). No distinction is made between temporary and permanent residence. The recipient must have a right of residence in Luxembourg, where they must be registered and regularly reside. Refugees are eligible, but not asylum seekers.
- **Age:** Minimum 25 years-old for an independent application. Dependents under 25 and children living in the same household as their parents receive REVIS benefits through them. There are however conditions for people under 25 to benefit as adult recipient of the REVIS, regardless of whether they have left the parental home. Persons under 25 years of age, not receiving family benefits and therefore inadmissible for benefits as child of the household, may claim REVIS if they:
 - are raising a child for whom they receive family allowances; or
 - are at least 7 months pregnant (a medical certificate will be required, showing the expected delivery date); or
 - are over 18 years of age and, due an illness or a disability, are unable to earn a living to the standard set by law; or

⁷ <https://guichet.public.lu/en/citoyens/sante-social/action-sociale/aide-financiere/revenu-inclusion-sociale-REVIS.html>

⁸ The National Solidarity Fund (Fonds national de solidarité)

⁹ Replacement earnings (*revenu de remplacement*) relate to financial compensation for (temporarily) incapacitated workers.

¹⁰ <https://legilux.public.lu/eli/etat/leg/loi/2018/07/28/a630/jo>

- are a carer (home care worker) for a person receiving long-term care insurance.
- **Fitness for work:** Each adult applicant aged below 65 undergoes mandatory initial screening and a skills profiling by ADEM upon receipt of a REVIS application. This initial screening allows ADEM to comment on the applicant's ability to integrate into the primary employment market. Claimants directed to the ADEM must be looking for employment and be and remain registered as a jobseeker with the ADEM to receive the REVIS, otherwise the REVIS may be withdrawn (see sanctions in Section 2). Claimants who are deemed not job-ready straightaway are referred to the ONIS for personalised activation and social inclusion support.
- **Receipt of / eligibility for other benefits:** The REVIS serves to top up the difference between the household's total gross income and the state-calculated minimum income scale. As such, it may be claimed by households below the threshold set under the minimum income scale regardless of the other benefits (e.g. family allowance) they are entitled to.

The eligibility criteria theoretically ensure good coverage of all people in need of minimum income support.

1.2 Coverage

There are currently no official figures on REVIS (non) take-up as there are no mechanisms to monitor it¹¹. REVIS being a household benefit (with household income as the determining factor of eligibility), whereas the people at risk of poverty threshold refers to individuals, that comparison would not allow to obtain that number. For households that do not claim benefits, the total household income as well as detailed household composition is unknown to the administrations, so a precise calculation of non-take-up figures is impossible¹².

There have never been any public information campaigns to ensure full take-up among those potentially in need of the REVIS. It has however been reported that beneficiaries of international protection (who are exempt from the normal 5-year residency requirement) are systematically referred to social services. Social services in question will provide them with information on how to apply for the REVIS.

According to FNS figures, a total of 10,377 households benefited from the REVIS in 2019 and 10,663 in 2020¹³.

It has also been reported that waiting times are now shorter since the introduction of the REVIS, with applications taking on average four weeks to process. Importantly, the reform of the minimum income scheme in Luxembourg aimed to improve institutional coordination¹⁴.

Table 1. Households receiving the REVIS in 2019 and 2020, and associated costs

	Number of households		Expenditure (in million €)	
	2019	2020	2019	2020
Inclusion benefit	9,690	10,138	151.7	155.7

¹¹ The latest estimate of non-take-up was made in 2007. Up to 65% of households entitled to the RMG (former MI scheme) do not apply for it. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1979277

¹² ONIS Director – email of 9 November 2021.

¹³ FNS rapport d'activité, 2020

¹⁴ Interview with ONIS representative.

	Number of households		Expenditure (in million €)	
	2019	2020	2019	2020
Activation benefit	1,355	1,433	26.3	28.3
Total*	10,377	10,663	178.0	184.0

**Note: the total number takes into account households that receive both the inclusion and activation benefits, (i.e. these are only counted once).*

There is a payback clause associated with the social inclusion benefit: individuals who sell assets or inherit money are required to pay back the benefit. There is no exact financial threshold that triggers the payback clause. It has been pointed out that this payback clause may inhibit take-up of REVIS; this hypothesis can be tested in the forthcoming evaluation of the REVIS scheme.

1.3 Adequacy

The REVIS comprises a social inclusion benefit (*allocation d'inclusion*) and an activation benefit (*allocation d'activation*).

The **activation benefit** provides support for the person who participates in activation measures as part of an activation plan or agreement and not a traditional employment contract. The activation benefit is paid monthly based on the hourly minimum wage¹⁵ (€12.08 gross per hour in 2019; €12.38 in 2020; €13.05 in 2021) multiplied by the number of hours the person works. The activation benefit is subject to social contributions as with normal wages and salaries (health insurance, pension, long-term care).

The **social inclusion benefit** is financial assistance to cover essential living expenses for people¹⁶ whose income is below the "*minimum vital*" threshold, or subsistence level¹⁷. This typically supports individuals who have signed an activation agreement with ONIS, but – crucially – is not limited to them. Individuals who are unable to work for medical reasons and even workers in full-time employment may claim the social inclusion benefit to reach the minimum amount guaranteed by the REVIS. The threshold of the REVIS social inclusion benefit is defined by law (Article 5), and regularly adapted, in alignment with adaptations to the minimum wage, which itself is indexed to the evolution of the average wage in Luxembourg. The REVIS social inclusion benefit for a single person household is set below the minimum wage, with benefit increasing for each additional adult or child in the household on the basis of the OECD modified equivalence scale¹⁸.

The social inclusion benefit comprises:

- a basic flat rate amount per adult;
- a basic flat rate amount per child;
- an increased amount per child in case of single-parent household;
- an amount for common household expenses ;
- an increased amount for common household expenses in cases where there are children.

¹⁵ SSM: salaire social minimum

¹⁶ As per the reference budget, essential living expenses cover: healthy food, clothing, personal hygiene, housing, mobility, social life, lifelong learning, and special needs of children.

¹⁷ <https://ec.europa.eu/social/main.jsp?catId=1120&intPageId=4686&langId=fr>

¹⁸ <https://www.oecd.org/els/soc/OECD-Note-EquivalenceScales.pdf>

Table 2. Monthly payable amounts (in €) – 2019-2021

	2019	2020	2021	1 Oct 2021
Single adult	733.13	751.46	772.49	791.80
Per child	227.63	233.32	239.83	245.82
<i>Additional payment per child for single parent households</i>	67.27	70.88	70.88	72.65
Flat rate for common household expenses	733.13	751.46	772.49	791.80
<i>Flat rate increase for a household with one or more children</i>	112.78	112.78	115.95	118.85

The amount of the social inclusion benefit is the difference between the REVIS (€791.80 per adult since 1 October 2021) and the total resources eligible for the means-test (75% of earned income, replacement income or pension income excluding benefits). The final amount also varies according to the composition of the household.

For example, a household with 2 adults and 3 children aged 5, 7 and 13, in which one adult is registered as unemployed with the ADEM employment services and the other one is in full-time employment, but does not reach the threshold set by the REVIS, may receive the following monthly benefits:

- According to the scale, the household can benefit of two flat rate amount for adults (2 X €791,80), one flat rate for household expenses (1 X €791,80), one increase for households with children (1 X €118.85) and three flat rate amounts for children (3 X €245,8), for a total of €3.231,68
- Full time employment at minimum wage corresponds to a monthly gross income of €2.256,95, which is taken into account at 75%. From the maximum foreseen in the scale need to be deducted €1692,71.
- The inclusion allowance for the household will be €1538.97

Child benefits are paid on top of the basic REVIS. These start at €265 per child per month and increase with age (€285 for 6 to 11year-olds; €315 from the age of 12 onwards. The maximum is €1,910.80 for 5 children. In addition to child benefits, REVIS recipients may also claim support payments for health insurance, invalidity insurance and the special cost-of-living benefit (*allocation de vie chère*).

The **indexation of REVIS** is made according to the evolution of consumer prices in the reference budget. Luxembourg has an automatic wage indexation system based on a basket of around 8,000 goods and services that are divided into 255 categories. When the consumer price index increases by 2.5%, the REVIS is normally adjusted by the same proportion. The index is calculated according to actual household consumption data (reference basket) from the previous semester. As an example, in 2021, the REVIS rose by 2.8% compared to the previous year.

1.4 Links with other benefits

- The REVIS recipients followed by ONIS benefit from the support services of the regional social inclusion agents who are exclusively competent to deal with REVIS recipients. ONIS assesses and provides further support to REVIS recipients on a needs-basis, allowing to increase take-up of additional benefits foreseen in the minimum income package.

There are several in-kind benefits associated with the REVIS, although they are not exclusive to REVIS recipients. These in-kind benefits are:

- Access to language, literacy and ICT classes for a fee of just €10 per course (regular value between €100 and €348)¹⁹
- Access to childcare service vouchers (*Chèque service accueil*); either free or at significantly reduced rates for up to 60 hours a week, with increased availability for participation in activation measures²⁰
- Free access to medical and dental care
- Free legal assistance (just as with other claimants with insufficient resources)^{21 22}
- Culture-for-all passport (just as e.g. other residents who meet the criteria for the cost-of-living allowance),
- Subsidised grocery shopping (*Epiceries sociales*): groceries and basic goods with prices on average two-thirds lower than normal retail prices.
- Regarding financial benefits, the housing or rent subsidy is now cumutable with REVIS. This was not the case under the RMG which included a financial top up for housing for those recipients in need of it. The housing or rent subsidy ranges from €134 to €294 depending on the composition and earnings of households²³. There is however no separate state subsidy that cover energy bills, which can be an issue in poorly insulated homes²⁴.
- With REVIS payments being higher than under the predecessor RMG scheme for households with children and single parent households, with the housing subsidy now cumutable with the REVIS, the overall support provided to minimum income recipients in Luxembourg is satisfactory, but there is possibly room for improvement²⁵.

2 Link with labour market activation

The main novelty of the REVIS is that in each applicant household all adult individuals aged below 65 and able to work must undergo an initial screening and a skills profiling by the public employment service (ADEM). This interview allows ADEM to assess the extent of the applicant's job-readiness or ability to integrate the primary labour market.

Applicants deemed suitable for entering the primary labour market, or considered as 'job ready', are registered with ADEM and monitored as jobseekers. As such, ADEM's services for REVIS recipients are the same as for other jobseekers. Like with other jobseekers, REVIS recipients benefit from regular guidance and counselling services and have access to the ADEM Job Board to apply for suitable employment offers²⁶. To continue receiving the REVIS, applicants must remain registered as jobseekers and actively seek employment.

REVIS applicants with specific needs in terms of social and professional activation are directed by ADEM to ONIS (National Office for Social Inclusion) where they develop an activation plan with a regional social inclusion agent. It takes approximately one month from the first ONIS meeting for an activation plan to be drawn up.

¹⁹ <https://guichet.public.lu/en/citoyens/immigration/nouveau-resident-luxembourg/ecole-langues/cours-langues.html>

²⁰ <https://guichet.public.lu/en/citoyens/famille/parents/garde-enfants/cheque-service.html>

²¹ <https://guichet.public.lu/en/citoyens/sante-social/action-sociale/assistance-judiciaire/demander-assistance-judiciaire.html>

²² <https://guichet.public.lu/en/citoyens/loisirs-benevolat/culture-tourisme/activites-culturelles-lux/demande-kulturpass.html>

²³ <https://revis.public.lu/fr/autres-aides-etat.html>

²⁴ Interview with CNDS representative

²⁵ Interviews with CNDS representative and LISER representative

²⁶ Interview with ADEM on 9 November 2021

An ONIS activation plan is usually intended to improve capabilities and employability of the REVIS recipients with specific needs and increase their chances of finding employment in the primary labour market. This activation plan is concluded for one year and can be renewed. If necessary, a new activation plan can be established at any time.

REVIS recipients are usually placed on one or more of the following activation and social support measures according to their personal ONIS activation plan:

- Public works (known as *travaux d'utilité collective* – TUC)
- Preparatory measures (e.g. language classes, skills assessments, basic skills acquisition, practical training) to support activation
- Medical treatments and other rehabilitation measures intended to restore or improve fitness for work.

REVIS recipients who have become able to integrate into the primary labour market are referred back to ADEM by ONIS and are then required to register with ADEM and to actively seek employment.

Regarding **sanctions**, the FNS may suspend or terminate payment of the REVIS if it finds that the conditions required to receive the REVIS are no longer met by the recipient, particularly after prior notification from either ADEM or ONIS. The targeted behaviours are:

- non-compliance with the commitments or the schedule of steps set out in the ONIS activation plan;
- refusal to participate in the measures of the ONIS activation plan;
- failure to comply with the terms and conditions of the signed activation plan;
- unjustified absence from an appointment fixed by either ADEM or ONIS.

For recipients referred to ONIS, the sanctions are gradual and in 3 stages whereby the person first receives a written warning, then has their REVIS reduced by 20% in case of a repeat offense, and eventually has their REVIS suspended for reoffending a third time.

Usually, the first written warning is enough to ensure there are no further sanctions owing to repeat offences.

However, the REVIS may be entirely suspended in the event of a serious offence, described as any act or behaviour that makes it immediately impossible for the recipient to maintain a relationship with ONIS workers.

There is **no tapering of the REVIS** in the usual sense, namely according to the level of earnings or work intensity. However, the novelty of the REVIS is that 25% of recipients' earnings is discounted from the calculation of the REVIS to incentivise recipients to increase their work intensity. People continue to receive the REVIS as a top up benefit until their earnings reach the threshold set by law for the individual household composition.

On average, 40% of REVIS applicants are directed to ADEM and 60% to ONIS. The new obligation to undergo screening under REVIS has resulted in an uptick in the number of registered jobseekers in Luxembourg. Similarly, the number of people in subsidised employment (TUC) is reported to have increased since the introduction of REVIS²⁷. In other words, the obligation for all adult household members to undergo screening under REVIS serves to tackle inactivity and low work intensity in households.

A potential limitation of the current system is that REVIS recipients followed by ONIS are not registered as jobseekers with ADEM. This complicates the possibility of

²⁷ Rapport d'activité ONIS 2020, p. 186

monitoring in an efficient manner the labour market trajectories of REVIS recipients followed by ONIS, and ultimately the effectiveness of REVIS in facilitating the labour market integration of recipients. Another issue is that REVIS beneficiaries followed by ADEM are monitored as regular jobseekers, which does not make it possible to isolate the labour market trajectories of REVIS recipients from ADEM monitoring data.

3 Access to services and integrated provision of targeted social services

Beyond the financial support provided by the REVIS, further targeted social support is offered by ONIS to those REVIS recipients who are considered not to be job-ready following the initial screening and skills profiling carried out by ADEM.

REVIS recipients directed to ONIS benefit from a multi-dimensional needs assessment carried out by regional social inclusion officers. On this basis, REVIS recipients can be eligible for in-kind service vouchers. Some of the advantages of this setup include:

- accessibility and proximity of the agents
- personalised support by a social worker
- tailor-made activation plans
- REVIS recipients directed to ONIS are assigned a regional social inclusion officer employed by the social welfare offices to provide intensive activation support. In theory, there is at least one regional social inclusion officer in every social welfare office (organised per municipality or agglomeration of over 6,000 inhabitants²⁸) with a caseload foreseen not to exceed 100 (there were 78 officers as of December 2020²⁹).
- The responsibilities of regional social inclusion officers are as follows³⁰:
- deal with the caseloads obtained from the ONIS;
- develop with the REVIS recipients referred by the ONIS a personal activation plan and review it on a regular basis;
- place REVIS recipient on the relevant social support and activation support measures (as described in Section 2);
- ensure the smooth running of the social support and activation support measures by means of regular contact with the recipient and the supervisor of the support measure;
- identify recipients with incapacity to work and refer them to the relevant specialist occupational health services to undertake an assessment;
- manage the cases of people exempted from participating in activation measures.
- collaborate with the other services of the social welfare office as well as with other social services in touch with the recipients, allowing for a coordinated approach
- identify recipients which are job-ready and direct them to ADEM
- Regarding placement on activation and social support measures, the ONIS regional inclusion officers refer REVIS recipients³¹ to various service providers, such as NGOs and language learning or training centres. As part of monitoring, these service providers liaise regularly with the regional inclusion officers to monitor and evaluate the progress made by the placed recipients towards job-

²⁸ Follow up email from CNDS representative, 8 December 2020

²⁹ FNS rapport d'activité 2020

³⁰ <https://onis.gouvernement.lu/fr/onis/organigramme/agents-regionaux-inclusion-sociale.html>

³¹ Note: household members who underwent initial screening/skills profiling and who then were directed to ONIS

readiness³². The ONIS budget for targeted activation services provided by regional social inclusion agents was €9.4 million in 2020.

REVIS recipients followed by the ONIS may be exempted, either partially or entirely, from participation in one or more activation measures, where required, on the advice of experts accredited to assess the physical or mental health and the social or family situation of the recipients. REVIS recipients with recognised physical or mental health problems or problem family situations may be exempted from participating in ONIS activation measures. Partial or total exemptions may also apply for:

- REVIS recipients raising a child for whom they receive benefits and whereby conditions in relation to childcare prevent the completion of the activation measures;
 - REVIS recipients involved in long-term care of dependents or relatives;
 - REVIS recipients completing secondary education studies (general or vocational).
- Annually, it is estimated that around 1,000 new cases are referred to ONIS, and the total number of ongoing cases is around 6,000. In 2020, 1,136 REVIS applicants were referred to ONIS for an initial meeting with a regional social inclusion agent. Of these 1,136 individual referrals, 982 personalised activation plans were signed with individual REVIS recipients³³. As of December 2020, there were 78 regional social inclusion agents (59 full time equivalent) working with ONIS³⁴. A full-time social inclusion agent has 87 cases to deal with on average³⁵.

4 Governance mechanisms

The REVIS system is organised at national level. There are three institutions involved in managing the REVIS:

- The FNS (*Fonds national de solidarité*) is responsible for managing the REVIS scheme. Its main role is to process applications for requesting the REVIS, to issue decisions to grant the REVIS to applicants, and to oversee payment of the REVIS benefits to the eligible individuals and households.
- ONIS (*Office national d'inclusion sociale*) is responsible for organising social support and activation measures. The ONIS has a network of designated regional social inclusion agents. Through this regionalised network introduced under the REVIS scheme, there was a recruitment drive for social inclusion workers. The rationale behind this change is to improve the development of personalised activation plans and to foster collaboration of social support workers on a regional level.
- ADEM (*Agence pour le développement de l'emploi*), responsible for the initial screening and skills profiling of REVIS applicants, and for the regular monitoring and organisation of measures in favour of employment.

REVIS was introduced to simplify administration³⁶. Inter-administrative collaboration under REVIS was strengthened and further formalised to prevent overlaps in the provision of support services to the recipients and to prevent errors in calculation of REVIS amounts granted to individuals and households.

³² Interview with CNDS representative.

³³ FNS rapport d'activité 2020

³⁴ Ibid

³⁵ Own Calculation

³⁶ <https://REVIS.public.lu/fr/reforme/objectifs.html>

Liaison and regular meetings take place between ONIS and ADEM, particularly regarding the transfer of REVIS recipients from one institution to the other. Liaison with the FNS involves primarily the reporting by ONIS and ADEM of offences leading to possible sanctions. There are bi-annual meetings involving the FNS to discuss broader governance matters.

Certain activation measures and services are delegated by ADEM and ONIS to different partners such as training centres and the COSP (*centre d'orientation socio-professionnelle*).

All institutions are delivering monitoring reports annually.

Some of the key monitoring indicators include:

- total number of REVIS beneficiaries by competent administration (ADEM, ONIS, FNS)
- types of activation measure and number of beneficiaries by type of activation measure (ONIS)
- caseload by regional social inclusion agent (ONIS).

However, there is no system in place to monitor take-up or non-take-up of REVIS on a regular or annual basis.

Regarding monitoring, there are data gaps for the following:

- trajectories of REVIS recipients (longitudinal monitoring)
- movements in and out of the REVIS
- information on long-term recipients and their reasons or motives
- average duration of the REVIS benefit
- efficiency of activation measures on future labour market integration
- second generation of recipients (intergenerational transmission of poverty)

The FNS is responsible for the monitoring of all REVIS cases:

- to detect changes to the financial circumstances of REVIS recipients to ensure that the minimum income benefit they receive is appropriate
- to ascertain the legal residence status of REVIS recipients to ensure they are still entitled to claim the minimum income benefit

This monitoring allows FNS to detect cases of fraud. Fraud cases detected by the FNS can be appealed to the social security arbitral tribunal (CASS). The CASS litigation service reviews new appeals to determine whether the decisions taken can be the subject of an internal review before they are transmitted to an administrative court³⁷.

The entry into force of the REVIS on 1 January 2019 led to the creation of a Social Policy Observatory under the authority of the minister responsible for the fight against poverty and social exclusion.

The responsibilities of the Observatory are set out in Article 38 of the law establishing REVIS. Among other things, the Observatory is responsible for leading quantitative and qualitative studies, evaluations, and analyses in the field of social policies, including international comparative studies. The Observatory is made up of a representative of an organisation specialised in socio-economic research (LISER: Luxembourg institute of socio-economic research) as well as representatives of ministries active in the field of social policy³⁸.

³⁷ FNS rapport d'activité 2020

³⁸ <https://gouvernement.lu/dam-assets/fr/publications/rapport-activite/minist-famille-integration-grande-region/2020-rapport-activite-mfamigr/2020-rapport-activite-mfamigr.pdf>

5 Impacts of the MI schemes

Research on the impacts of the REVIS is currently being undertaken in Luxembourg (by LISER) and the first findings will be available in the course of 2022.

However, some positive impacts can be expected from the reform of 2018 which introduced the REVIS, especially in relation to the following aspects:

- The REVIS has a greater focus on activation than its predecessor scheme RMG. Indeed, the REVIS mechanism now includes mandatory screening and skills profiling of adults below 65 in an applicant household. This screening was not mandatory under RMG, which meant that certain inactive recipients within a household could remain inactive. At the same time, conditionalities and sanctions linked to activation are stricter under REVIS than RMG.
- Compared to RMG, changes to the structure of the benefit under REVIS – with the introduction of a social inclusion benefit and an activation benefit – has led to an increase of the child component of the benefit, and an increase of the benefit for children in single parent families. This implies that the benefit payments under REVIS are deemed more generous than under RMG.
- There is greater clarity in the respective remits of the FNS, ADEM and ONIS under the REVIS, with strengthened and formalised coordination mechanisms between the three institutions. Under the RMG, there were potential overlaps in the roles and responsibilities of the institutions involved creating additional administrative burdens.
- The regionalisation of social inclusion support under REVIS has led to the creation of a network of regional social inclusion officers within the ONIS. These regional officers can follow more closely REVIS recipients in need of social inclusion support.

An outstanding issue which may affect the performance of the REVIS is the lack of monitoring of take-up or non-take up of the scheme. In this regard, it is important to point out that research hypotheses are being tested as to whether the payback clause relating to sold assets or inheritance could be a cause of non-take-up.

6 Sources

Data sources:

- MISSOC
- OECD Tax Ben
- <https://www.csl.lu/en/vos-droits/aides/REVIS/>
- Citizens' information portal: <https://guichet.public.lu/fr/citoyens/travail-emploi/activite-professionnelle/mesures-insertion-professionnelle/revenu-inclusion-sociale-revis.html>
- Public service information on REVIS:
<https://guichet.public.lu/fr/citoyens/travail-emploi/activite-professionnelle/mesures-insertion-professionnelle/revenu-inclusion-sociale-REVIS.html>
- Public service information on REVIS benefit calculation:
<https://revis.public.lu/fr/revis/prestations/calcul.html>
- Public service information on REVIS administrative setup:
<https://revis.public.lu/fr/revis/procedures/simplification-admin.html>
- Public service information on REVIS and other state benefits:
<https://revis.public.lu/fr/autres-aides-etat.html>
- ONIS: <https://onis.gouvernement.lu/fr/onis.html>
- ONIS website – information on REVIS:
<https://onis.gouvernement.lu/fr/Activation-des-beneficiaires-du-REVIS.html>
- EUROSTAT-SILC poverty and social exclusion:
https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Living_conditions_in_Europe_-_poverty_and_social_exclusion#Poverty_and_social_exclusion
- STATEC reference budget:
<https://statistiques.public.lu/en/methodology/methodes/social-conditions/Cond-vie/reference-budgets/index.html>

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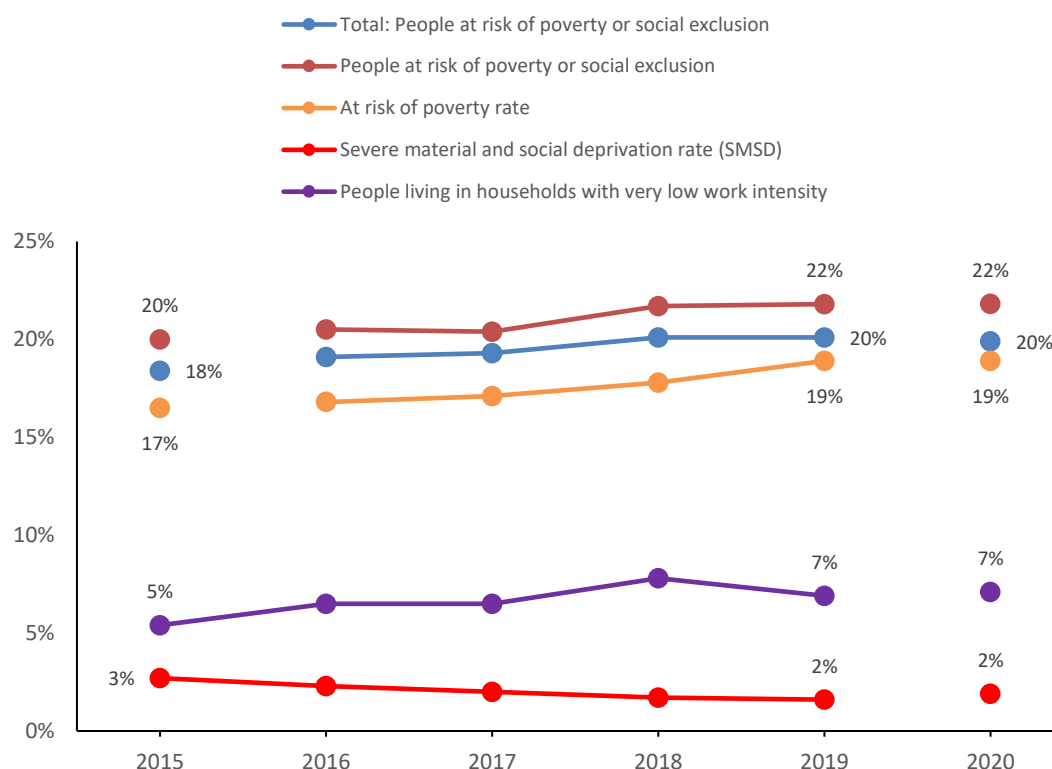
- REVIS Guide available from: <https://www.csl.lu/wp-content/uploads/2020/04/le-revenu-dinclusion-sociale-revis-bilingue.pdf>
- Minimum income scheme reform in Luxembourg, ESPN Flash Report 2018/38
- Rapport d'activité FNS 2020:
https://www.fns.lu/fileadmin/file/fns/RapportActivite/Rapport_d_activite_2020_-_FNS-1.pdf#pageMode=bookmarks
- Rapport d'activité gouvernement du Luxembourg 2020 :
<https://gouvernement.lu/dam-assets/fr/publications/rapport-activite/minist-famille-integration-grande-region/2020-rapport-activite-mfamigr/2020-rapport-activite-mfamigr.pdf>
- MINET OECD Monitoring & Evaluation Study
- REVIS law of 28 July 2018:
<https://legilux.public.lu/eli/etat/leg/loi/2018/07/28/a630/jo>
- Amétépé, F. (2012). The Effectiveness of Luxembourg's Minimum Guaranteed Income International Social Security Review, Vol. 65, Issue 1, pp. 99-116, 2012

Interviews:

- ONIS, 15 October 2021 (and follow-up communications on 16 and 23 November 2021)
- ADEM, 9 November 2021
- LISER, 24 November 2021
- Comité National de Défense Sociale (CNDS), 2 December 2021 (and follow-up communication on 8 December 2021)

7 Annex

Figure 1. AROPE indicator and components, Luxembourg, 2015-2020 (%)

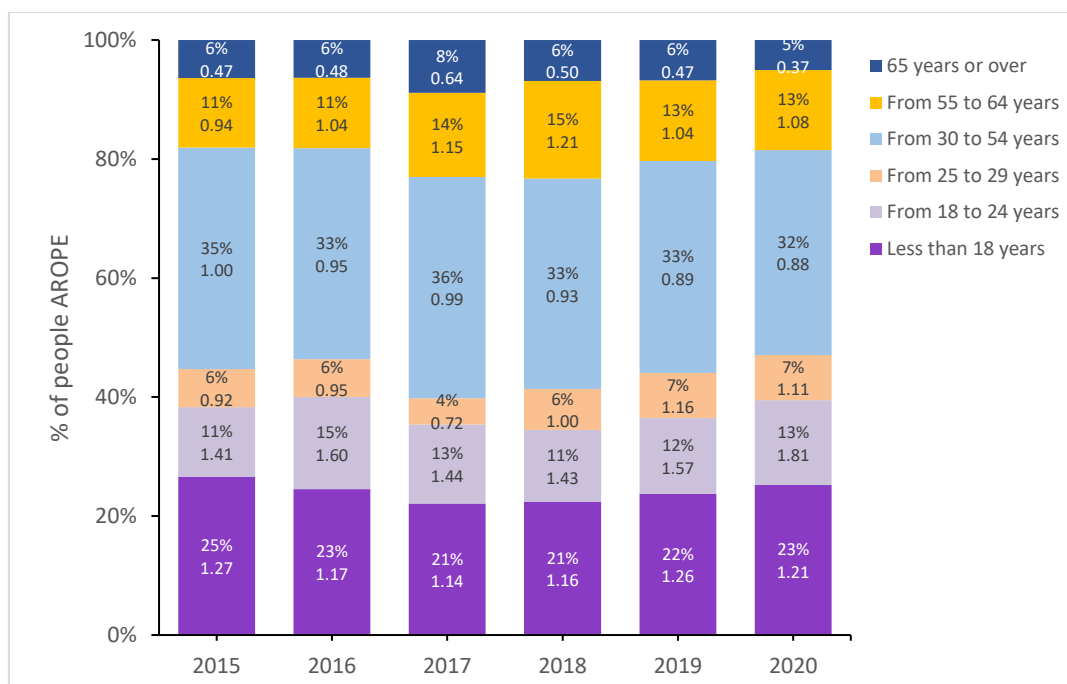


Note: The line for "Total: People at risk of poverty or social exclusion" indicates the trend for overall population, while the other lines show the figures for individuals aged 0-64. Break in the series for AROPE and at-risk-of-poverty in 2016 and 2020 and for the other two series in 2020, so the figures for the latter two series for 2020 and not directly comparable with those for earlier years and for the other three series, the figures for 2016-2019 are not directly comparable with those for 2015 and 2020.

Source: Eurostat EU-SILC indicators [ilc_peps01n], [ilc_li02], [ilc_mdsc11] and [ilc_lvhl11n]. Data downloaded on 14/02/2022.

- In 2020, the share of total population at risk of poverty or social exclusion (AROPE) in Luxembourg stood at 19.9%, while that of those aged 0-64 was higher at 21.8%, reflecting the relatively low risk among older people aged 65 and over. Over the period 2016-2019, there was a slight increase for both the total and those aged 0-64.
- A large majority of the people at risk of poverty or social exclusion (18.9 % of those aged 0-64) had household disposable income of below 60% of the median in 2020 (I.e. they were at risk of poverty). This proportion increased by slightly more than the AROPE rate between 2016 and 2019.
- A third of those aged 0-64 at risk of poverty or social exclusion lived in households with very low work intensity, 7.1% of those aged 0-64, the latter proportion increasing over the period 2015-2019,, but only marginally between 2016 and 2019.
- Less than 10% of those at risk of poverty and social exclusion were affected by severe material and social deprivation, just 1.9% of those aged 0-64, the latter proportion declining between 2015 to 2019.

Figure 2. *Division of people aged 0-64 at risk of poverty or social exclusion by age group, Luxembourg, 2015-2020 (%)*

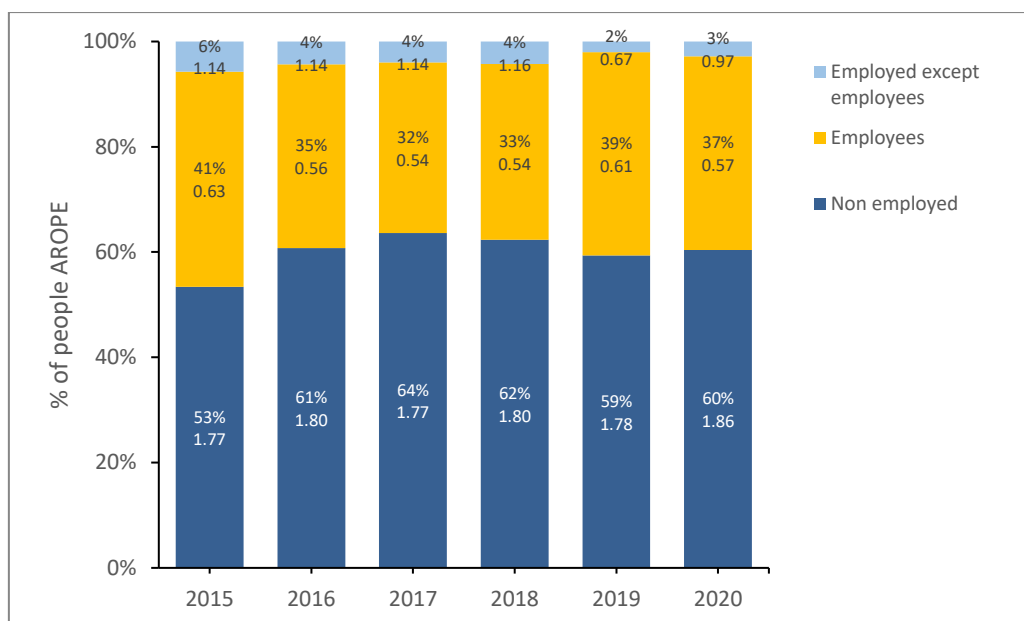


Note: Break in the series in 2016 and 2020, so the figures for 2016-2019 are not directly comparable with either 2015 or 2020.: Figures below the percentage figures in the bars show the ratios of the share at risk to the share of the age group in total population, which indicate the relative likelihood of the age group being at risk.

Source: Eurostat EU-SILC indicators [ilc_peps01n], own calculation. Data downloaded on 14/02/2022.

- More women than men aged 0-64 were at risk of poverty or social exclusion in 2020 (just over 51% of the total). Since there were slightly fewer women than men in the population of this age group, there was a significantly higher likelihood of women to be more at risk than men.
- Older people aged 65 and over are far less likely to be at risk of poverty or social exclusion than those younger, these making up only 5% of the total at risk in 2020.
- Children under 18, by contrast, are more likely than adults to be at risk of poverty or social exclusion, these making up almost a quarter (23%) of the total at risk in 2020.
- Young people aged 18-24 are also particularly likely to be at risk, making up 13% of the total at risk in 2020, well above their share of population.

Figure 3. *Division of people aged 18-64 at risk of poverty or social exclusion by most frequent economic activity status, Luxembourg, 2015-2020 (%)*

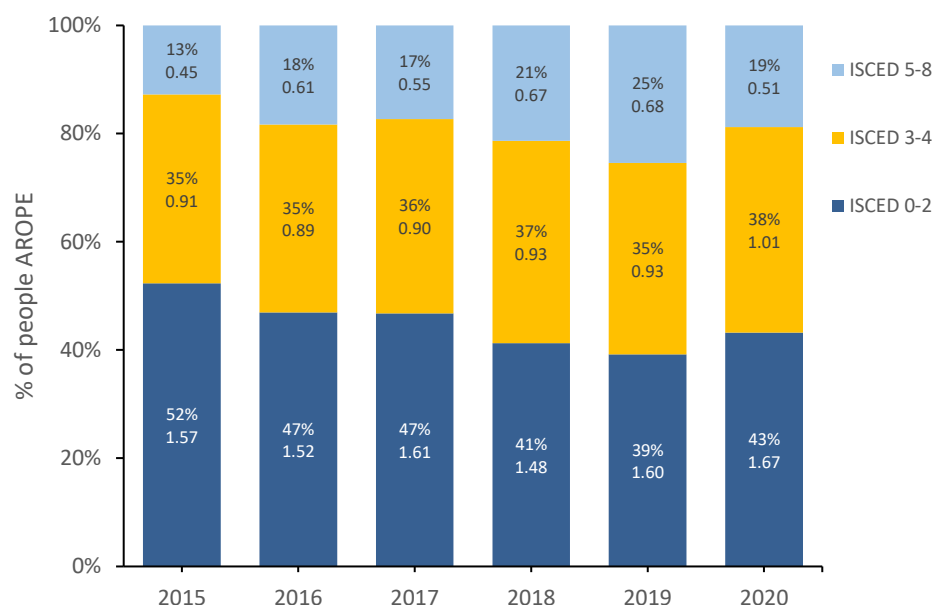


Note: Break in the series in 2016 and 2020, so the figures for 2016-2019 are not directly comparable with either 2015 or 2020. Figures below the percentage figures in the bars show the ratios of the share at risk to the share of the age group in total population, which indicate the relative likelihood of the age group being at risk.

Source: Eurostat EU-SILC indicators [ilc_peps02n] and [ilc_lvhl02], own calculation. Data downloaded on 14/02/2022.

- People of working age (18-64) who are out of work are far more likely to be at risk of poverty or social exclusion than those in employment, these making up 60% of the total at risk in 2020.
- Among those in work, the self-employed are much more likely than employees to be at risk but they made up only 3% of the total at risk in 2020.

Figure 4. *Division of people aged 18-64 at risk of poverty or social exclusion by education level, Luxembourg, 2015-2020 (%)*

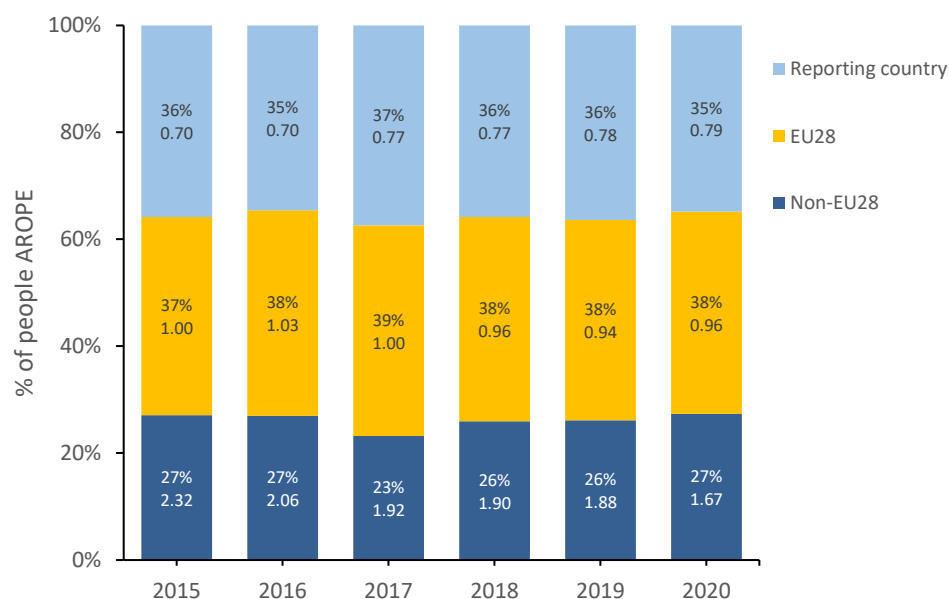


Note Break in the series in 2016 and 2020, so the figures for 2016-2019 are not directly comparable with either 2015 or 2020.: Figures below the percentage figures in the bars show the ratios of the share at risk to the share of the age group in total population, which indicate the relative likelihood of the age group being at risk.

Source: Eurostat EU-SILC indicators [ilc_peps04n] and [ilc_lvps04], own calculation. Data downloaded on 14/02/2022.

- People aged 18-64 with only basic schooling are much more likely to be at risk of poverty or social exclusion than those with higher education levels, these making up 43% of the total at risk in 2020.
- People aged 18-64 with tertiary education (ISCED 5-8) are by some way the least likely to be at risk, but still accounted for 19% of the total at risk in 2020.

Figure 5. *Division of people aged 18-64 at risk of poverty or social exclusion by country of birth, Luxembourg, 2015-2020 (%)*

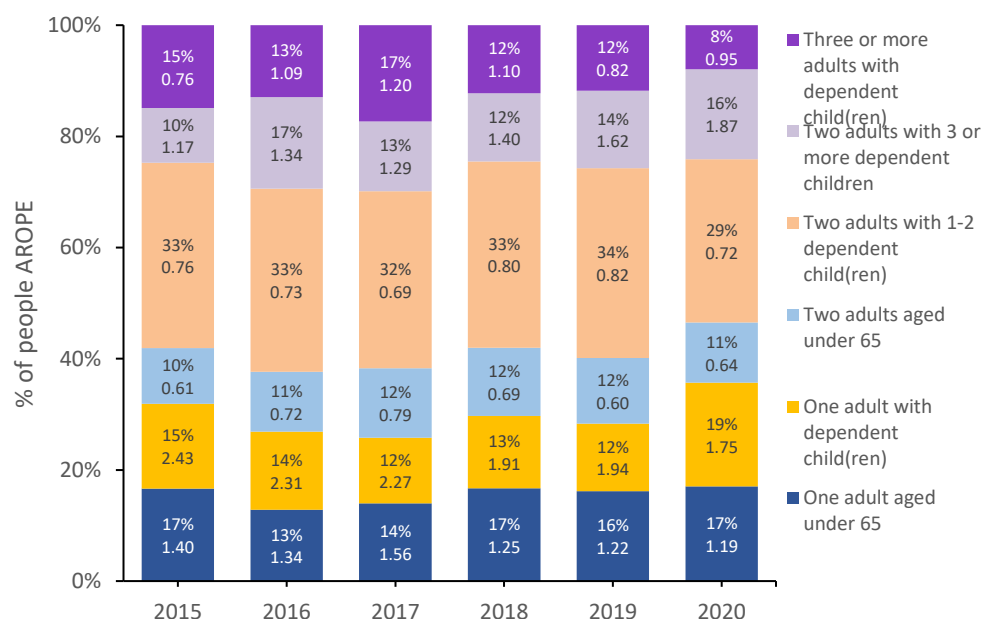


Note: Break in the series in 2016 and 2020, so the figures for 2016-2019 are not directly comparable with either 2015 or 2020. : Figures below the percentage figures in the bars show the ratios of the share at risk to the share of the age group in total population, which indicate the relative likelihood of the age group being at risk.

Source: Eurostat EU-SILC indicators [ilc_peps06n] (Data downloaded on 14/02/2022) and EU-SILC microdata, own calculation.

- People aged 18-64 born outside the EU are far more likely to be at risk of poverty or social exclusion than those born in Luxembourg, making up over a quarter of the total at risk in 2020, though the likelihood fell slightly between 2016 and 2019.
- Those in this age group born in another EU country were also more likely to be at risk than those born in Luxembourg, but significantly less so, and these made up 38% of the total at risk, more than the share accounted for by those born in the country.

Figure 6. Division of people at risk of poverty or social exclusion by household type, Luxembourg, 2015-2020 (%)



Note: Break in the series in 2016 and 2020, so the figures for 2016-2019 are not directly comparable with either 2015 or 2020: Figures below the percentage figures in the bars show the ratios of the share at risk to the share of the age group in total population, which indicate the relative likelihood of the age group being at risk.

Note that the chart does not include all household types. In particular, it excludes those aged under 65 living in a household with three or more adults without children, who are difficult to distinguish in the published data.

Source: Eurostat EU-SILC indicators [ilc_peps03n] and [ilc_lvps02], own calculation. Data downloaded on 14/02/2022.

- People aged under 65 living alone are more at risk of at risk of poverty or social exclusion than others and this is especially so for those living alone with children, who made up 19% of the total at risk in 2020.
- Couples with 1-2 children were only slightly more likely than those aged under 65 without children to be at risk, but still made up 29% of the total at risk in 2020.
- On the other hand, couples with 3 or more children were far more likely to be at risk of poverty or social exclusion - even more so than lone parents – making up 16% of the total at risk in 2020. The risk, moreover, increased between 2016 and 2019 (the only period for which it is possible to identify changes over the recent past).

Table 3. At risk of poverty rate before and after social transfers, excluding old age benefits, for those aged 0-64, Luxembourg, 2015-2020

	Before social transfers, excl. old-age benefits (%)	After social transfers (%)	Effect of social transfers on atrop rate (%-point change)
2015	29.7	16.5	-13.2
2016	28.5	16.8	-11.7
2017	28.6	17.1	-11.5
2018	30.8	17.8	-13.0
2019	29.1	18.9	-10.2
2020	31.7	18.9	-12.8

Note: Break in the series in 2016 and 2020, so the figures for 2016-2019 are not directly comparable with either 2015 or 2020.

Source: Eurostat EU-SILC indicators [ilc_li02] and [ilc_li10]. Data downloaded on 14/02/2022.

- Social transfers had the effect of reducing the at-risk-of-poverty (atrop) rate by 13percentage points in 2020, cutting the number at risk by 40%, similar to the reduction in the preceding 5 years.

Table 4. At risk of poverty rate and persistent at risk of poverty rate for those aged 18-64, Luxembourg, 2015-2020

	At risk of poverty rate (%)	Persistent at risk of poverty rate (%)	Persistent rate as % of annual rate
2015	14.9	10.8	72.5
2016	15.5	9.8	63.2
2017	16.2	10.0	61.7
2018	16.5	7.1	43.0
2019	17.3	8.6	49.7
2020	17.6	8.5	48.3

Note Break in the series in 2016 and 2020, so the figures for 2016-2019 are not directly comparable with either 2015 or 2020.

Source: Eurostat EU-SILC indicators [ilc_li02] and [ilc_li21]. Data downloaded on 14/02/2022.

- Just under half (48%) of people of working age (18-64) at risk of poverty in 2020 were at persistent risk, i.e. they were consistently at risk for a number of years rather than being at risk for only one year, or temporarily. This is much less than in the years 2015-2017, when most people (over 60%) at risk were at persistent risk.

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