

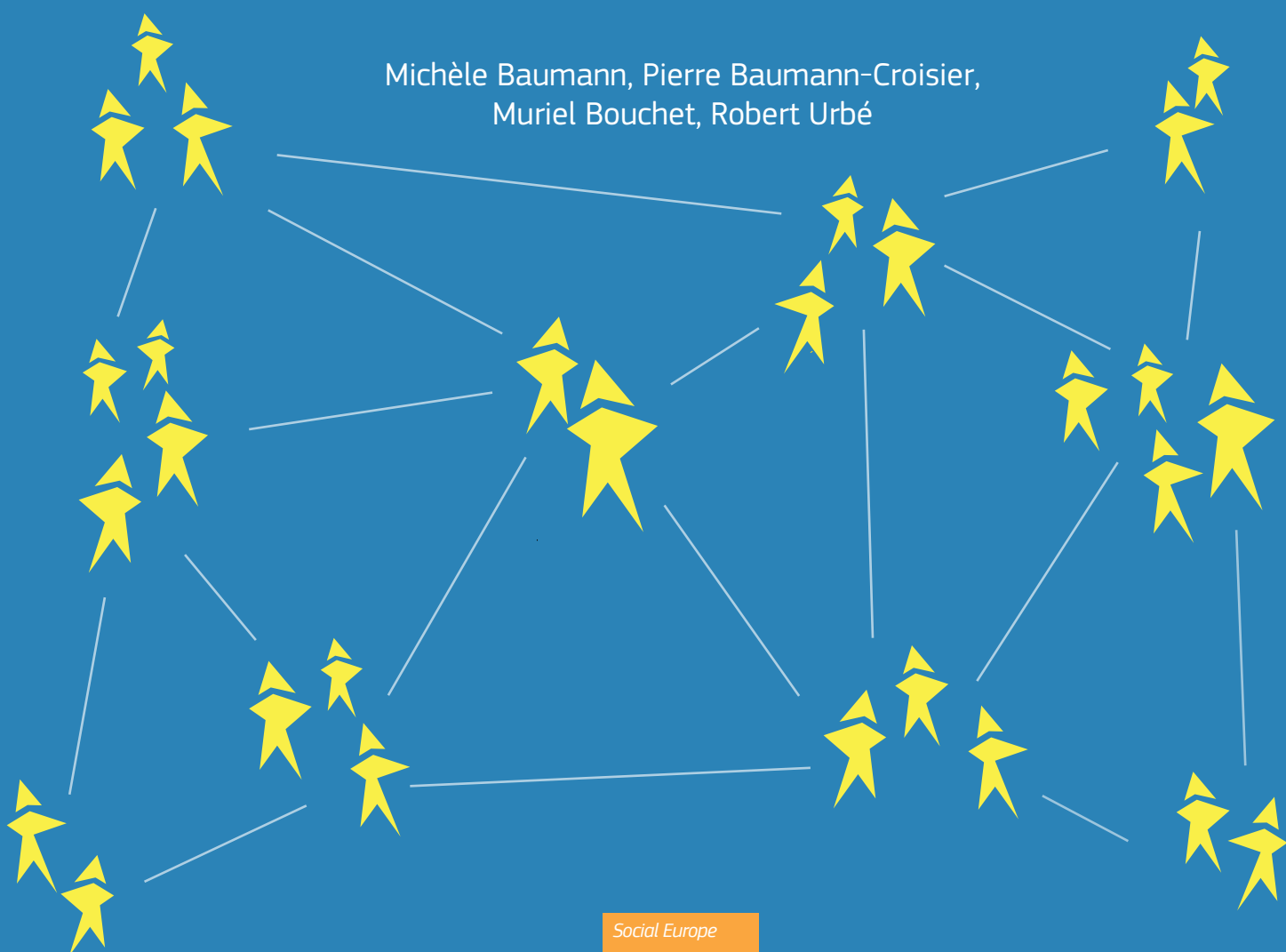


EUROPEAN SOCIAL POLICY NETWORK (ESPN)

Social protection and inclusion policy responses to the COVID-19 crisis

Luxembourg

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Muriel Bouchet, Robert Urbé



EUROPEAN COMMISSION

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European Social Policy Network (ESPN)

**ESPN Thematic Report:
Social protection and inclusion
policy responses to the
COVID-19 crisis**

Luxembourg

2021

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Muriel Bouchet, Robert Urbé*

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The ESPN brings together into a single network the work that used to be carried out by the European Network of Independent Experts on Social Inclusion, the Network for the Analytical Support on the Socio-Economic Impact of Social Protection Reforms (ASISP) and the MISSOC (Mutual Information Systems on Social Protection) secretariat.

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SUMMARY

Between Monday 3 February 2020 and Sunday 18 April 2021, the total number of confirmed COVID-19 cases per 100,000 people was 6,740 for the EU-27 as a whole; in Luxembourg, it was 10,545. The total number of deaths per 100,000 people was 126 for the EU-27, and also for Luxembourg.

Section 1 presents more data on the impact of the pandemic on the demographic, economic and social situation. A total of 14 different social protection and inclusion measures deployed by the Luxembourg government to counter and mitigate the effects of the pandemic are described in Section 2 in terms of the targeted population, the timing and their novelty.

These measures relate to: unemployment benefits; job protection; sickness benefits and sick pay; health insurance; minimum-income schemes and other forms of social assistance; housing support; leave for parents whose children are unable to attend school or a pre-school service by reason of COVID-19; and leave for family support. This section also analyses the social impact and the relevance of these measures, including, where appropriate, the concrete description of the benefits and (estimated) numbers of targeted populations and/or effective recipients.

Some of these measures are only of a regulatory nature and do not require any expenditure of money by the government or others (e.g. the National Health fund, employers or landlords), others are associated with more or less extensive expenditure, depending on whether they are aimed at many potential recipients or only a few.

In Section 3, a preliminary and tentative estimate of the induced costs of these measures is provided. According to this, the global cost would amount to roughly €996 million in 2020, which represents around 1.5% of 2019 GDP.

Some of the measures have been new ones, whereas others have only been adjustments or extensions of existing measures; in either case, not all of them will continue to be in force once the pandemic is over (some have already stopped). Whether, or the degree to which, any of these temporary measures will become permanent is not predictable at this time.

In general, the social protection system in Luxembourg has proved quite resilient to the COVID-19 crisis. However, a number of shortcomings have also been highlighted, several of which will most probably persist. This is the case for the growing number of people at risk of poverty, which has not been offset by the minimum income reform.

The increase in the percentage of NEETs (young people not in employment, education or training), as well as in the number of unemployed people aged 16-29, is to be mentioned, together with the fact that there are still groups that are not covered by the national health insurance system.

Specific groups such as non-EU migrants and homeless people have been particularly exposed to the crisis and they are also in general more heavily exposed to the risk of poverty.

The shortcomings of the housing market, with ever growing prices and the spill-over effects on rent levels, have certainly been somewhat cushioned by the measures, but there have been no structural changes to a situation that keeps getting worse.

In addition, the crisis has exacerbated the crucial importance of the medical workforce, which is in danger of shrinking in the next years because of upcoming retirements.

Finally, the crisis has revealed the problem of self-employed people not being sufficiently covered by social security cushions.

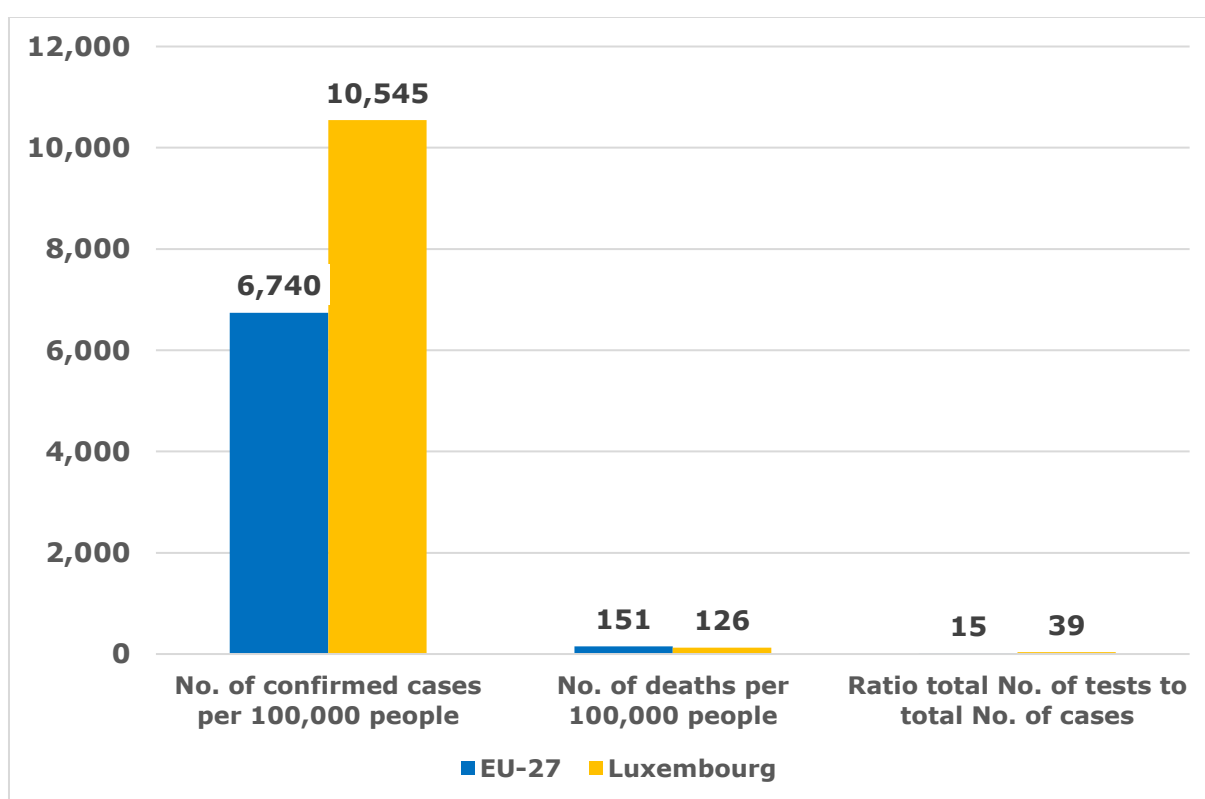
There is also a need to rethink social policy beyond the Luxembourg borders, and to improve the European co-ordination of national healthcare systems.

1 TRENDS OF THE PANDEMIC AND SOCIAL AND ECONOMIC IMPACT¹

1.1 Epidemiological situation

During the 63 weeks considered for these three indicators (from Monday 3 February 2020 to Sunday 18 April 2021), the total number of confirmed COVID-19 cases per 100,000 people was 6,740 for the EU-27 as a whole; in Luxembourg, it was 10,545. The total number of deaths per 100,000 people was 151 for the EU-27 versus 126 in Luxembourg. The ratio of the total number of COVID-19 tests conducted to the total number of confirmed cases was 15.3 for the EU-27 and 38.9 for Luxembourg.

Figure 1: Total number of COVID-19 cases and deaths per 100,000 people & ratio of total number of COVID-19 tests to total number of cases, 3 February 2020 to 18 April 2021 (EU-27 and Luxembourg)

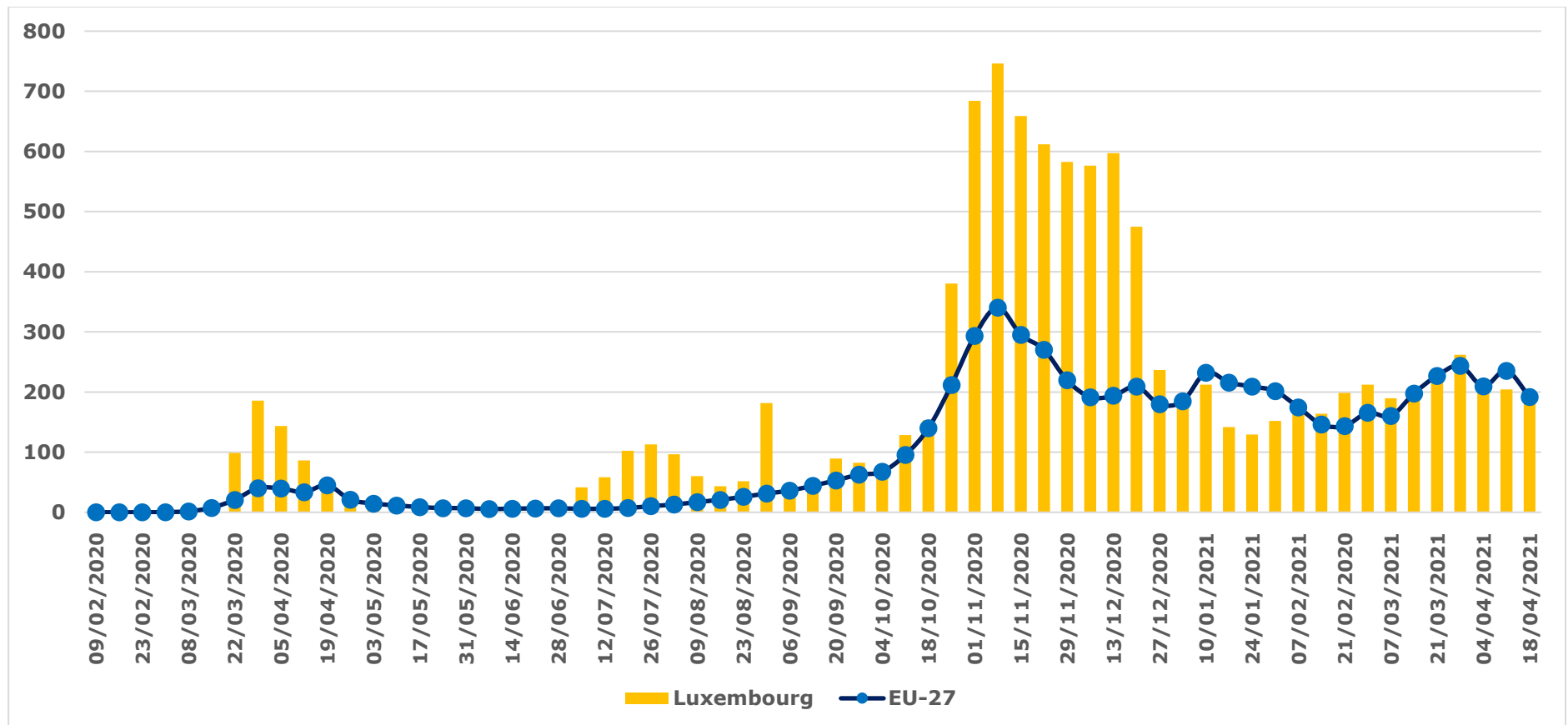


Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021

¹ Except if otherwise specified, the indicators presented in Sections 1.1 and 1.2 were calculated by the ESPN Network Core Team on the basis of data coming from two data sources: Our World in Data (OWID: <https://ourworldindata.org/coronavirus-source-data>) and the statistical office of the European Union (Eurostat: <https://ec.europa.eu/eurostat>). These indicators were calculated for all the 35 ESPN countries for which data were available. All of them are presented in Annex B of the following report: Isabel Baptista, Eric Marlier, Slavina Spasova, Ramón Peña-Casas, Boris Fronteddu, Dalila Ghailani, Sebastiano Sabato and Pietro Regazzoni (2021), *Social protection and inclusion policy responses to the COVID-19 crisis. An analysis of policies in 35 countries*, European Social Policy Network (ESPN), Luxembourg: Publications Office of the European Union. This report also provides additional explanations on the data sources used and the calculation of the indicators. In addition, Annex B of the report provides the country results related to all ESPN countries included in the two international data sources used (see Tables B1.1, B2.1 and B3.1 for Figure 1, Table B1.2 for Figure 2, Table B2.2 for Figure 3, Table B3.2 for Figure 4, Tables B4.1, B4.2 and B4.3 for Figure 5, Table B5 for Figure 6, Tables B6.1-3 for Figures 7a-c, and Tables B7.1-3 for Figures 8a-c). The full report and its various annexes can be downloaded [here](#).

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of confirmed COVID-19 cases per 100,000 people reached 191.8 for the EU-27. In Luxembourg, it was 201.4.

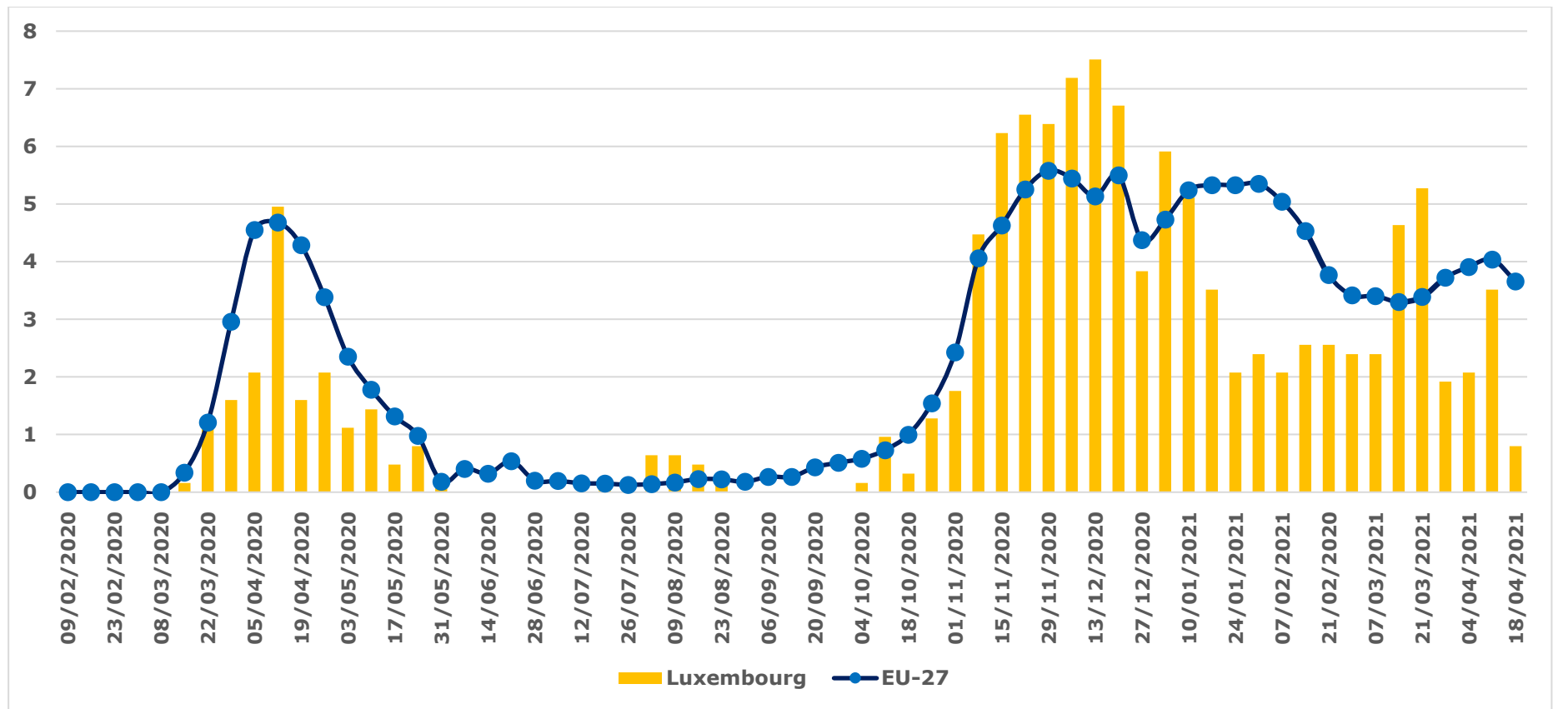
Figure 2: Weekly evolution - Number of confirmed COVID-19 cases per 100,000 people from 3 February 2020 to 18 April 2021 (EU-27 and Luxembourg)



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021.

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of COVID-19 deaths per 100,000 people reached 3.66 for the EU-27 as a whole. In Luxembourg, it was 0.80.

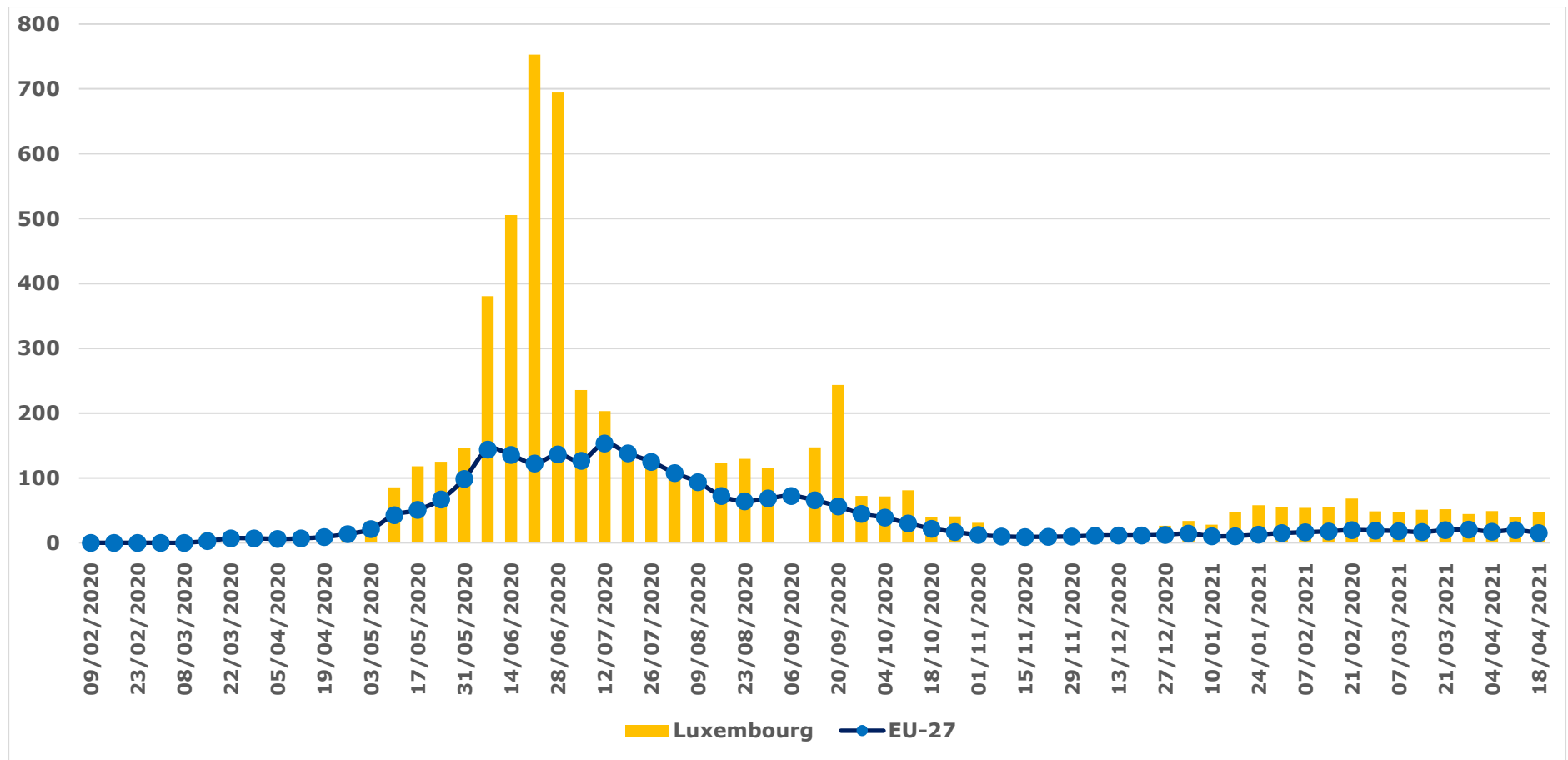
Figure 3: Weekly evolution - Number of COVID-19 deaths per 100,000 people, 3 February 2020 to 18 April 2021 (EU-27 and Luxembourg)



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021.

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of COVID-19 tests per new confirmed COVID-19 cases was 15.2 for the EU-27. In Luxembourg, it was 47.2.

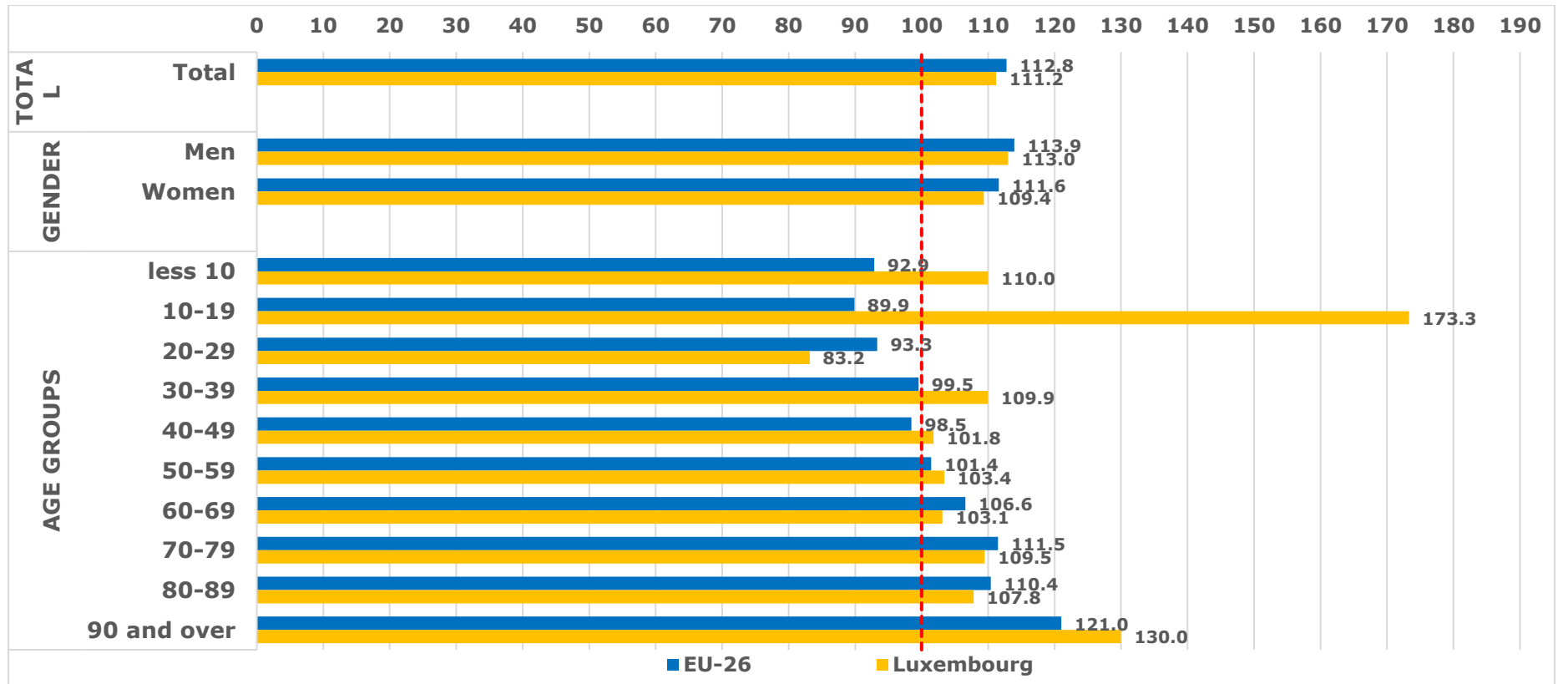
Figure 4: Weekly evolution - Number of COVID-19 tests per new confirmed COVID-19 case, 3 February 2020 to 18 April 2021 (EU-27 and Luxembourg)



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021. Full quote for these testing data: Hasell, J., Mathieu, E., Beltekian, D. et al. (2020). "A cross-country database of COVID-19 testing". *Sci Data* 7, 345 (2020) (<https://www.nature.com/articles/s41597-020-00688-8>).

The excess mortality ratio for 2020 is the total number of deaths (without distinction of causes) in the year 2020 expressed as a percentage of the previous 4-year (2016-2019) annual average of the total number of deaths. For the EU-26 average (no data for Ireland), the ratio of the total population is 112.8% while it is 111.2% in Luxembourg. For the EU-26, it is 113.9% for men and 111.6% for women. In Luxembourg, these gendered ratios are 113.0% and 109.4% respectively. Excess mortality is higher among older age groups. For those aged 90 years and more it reaches 121.0% for EU-26 and 130.0% for Luxembourg.

Figure 5: Excess mortality - Total number of all deaths in 2020 as percentage of the 2016-2019 annual average (including gender and age breakdowns (EU-26 and Luxembourg))

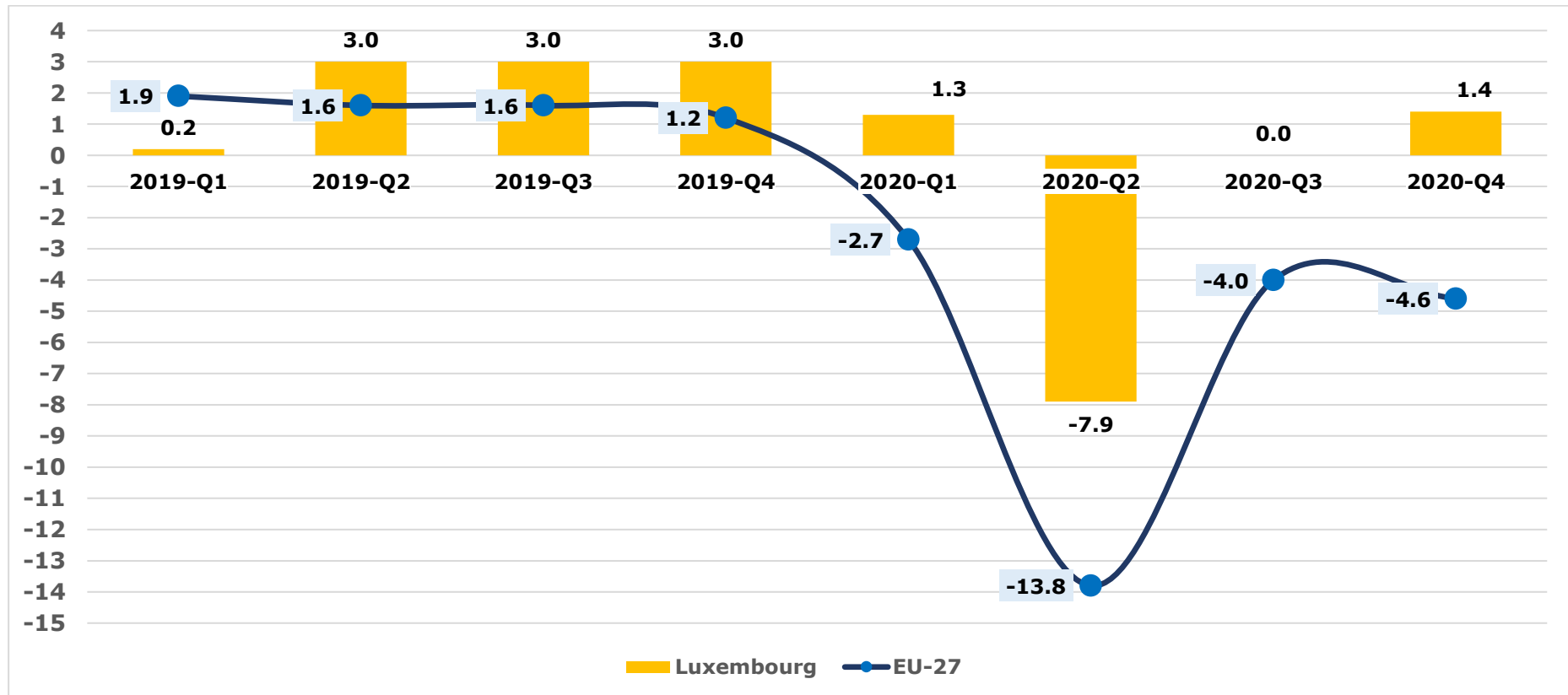


Source: Eurostat - indicator [DEMO_R_MWK_10__custom_560457] Deaths by week, sex and 10-year age groups - downloaded 26 April 2021. For Bosnia and Herzegovina: Agency for statistics of Bosnia and Herzegovina (data received upon request on 19 April 2021).

1.2 Economic and (un)employment situation

In the EU-27, GDP in the fourth quarter (2020-Q4) of 2020 fell by 4.6% compared to the fourth quarter of 2019 (2019-Q4). In Luxembourg, there was an increase of 1.4% for the same period.

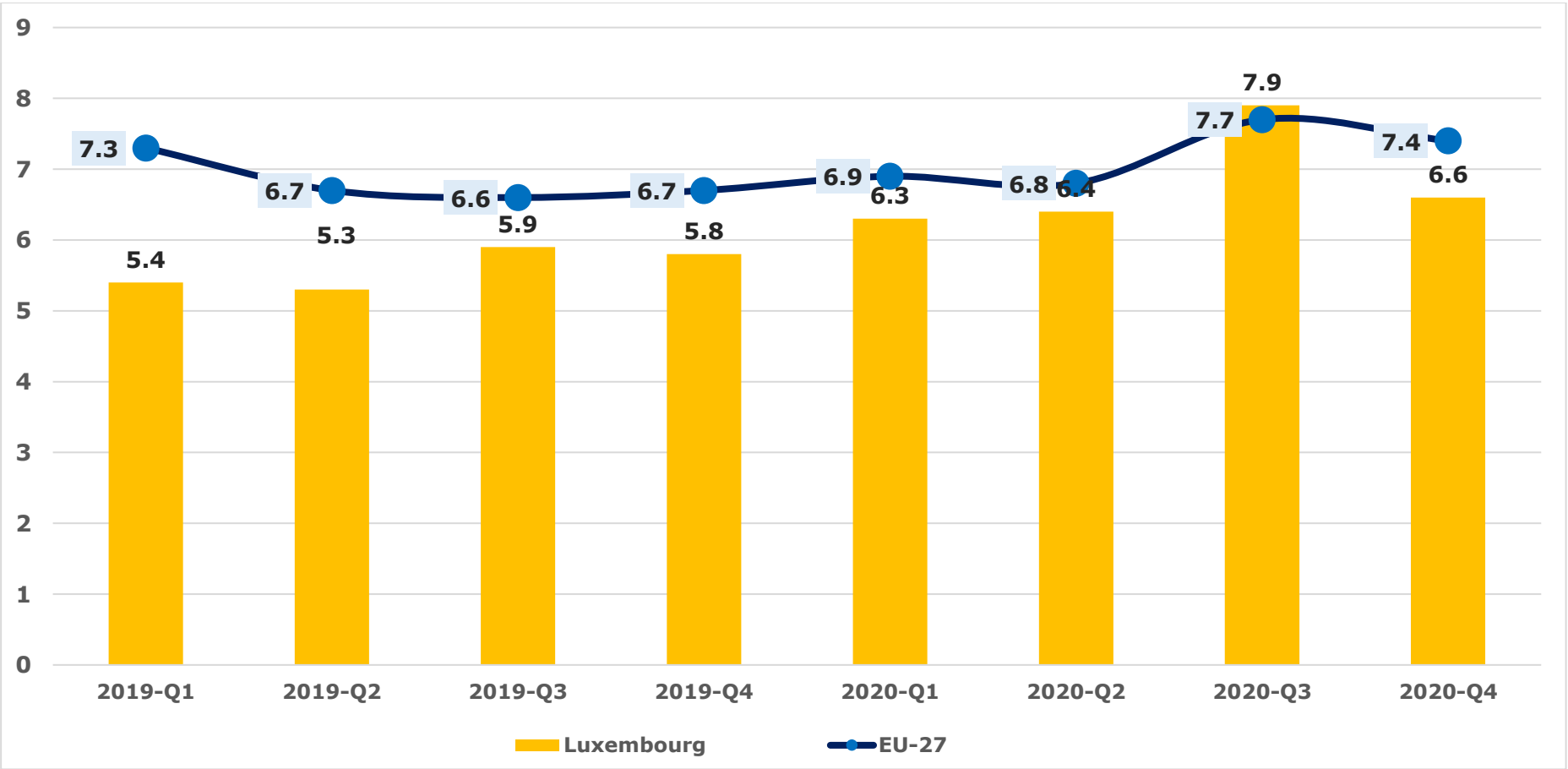
Figure 6: Gross domestic product at market prices, chain-linked volumes prices adjusted, percentage changes in quarter compared with same quarter in previous year (2019-2020, EU-27 and Luxembourg, %)



Source: Eurostat -GDP and main components (output, expenditure and income) - indicator [NAMQ_10_GDP__custom_507806] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 for people aged 15-64 years is 7.4%. In Luxembourg, it is 6.6%.

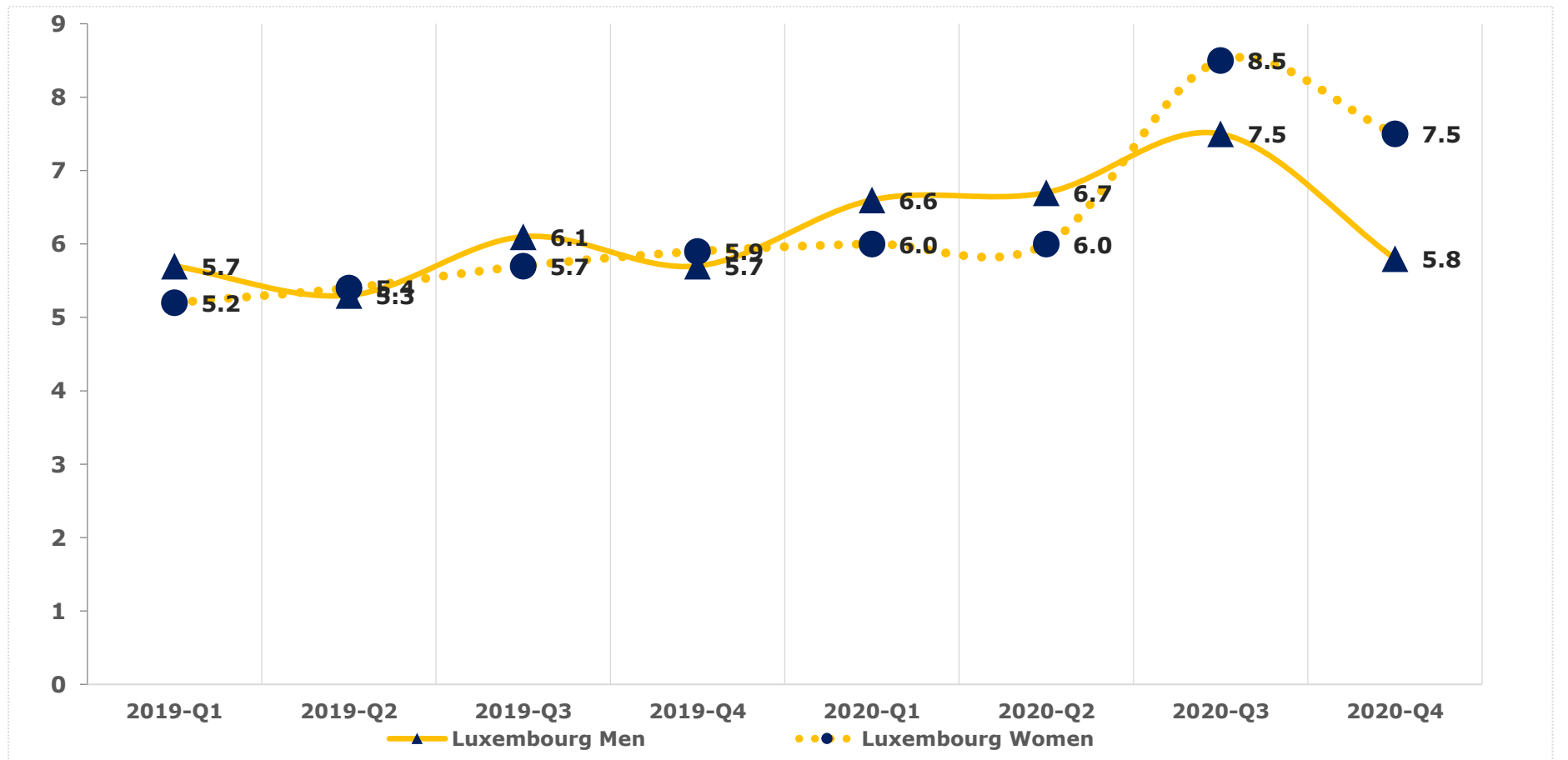
Figure 7a: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 (2019-2020, EU-27 and Luxembourg, %)



Source: Eurostat LFS - indicator [lfsq_urgan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 for people aged 15-64 years is 7.1% for men and 7.7% for women. In Luxembourg, these figures are 5.8% and 7.5% respectively.

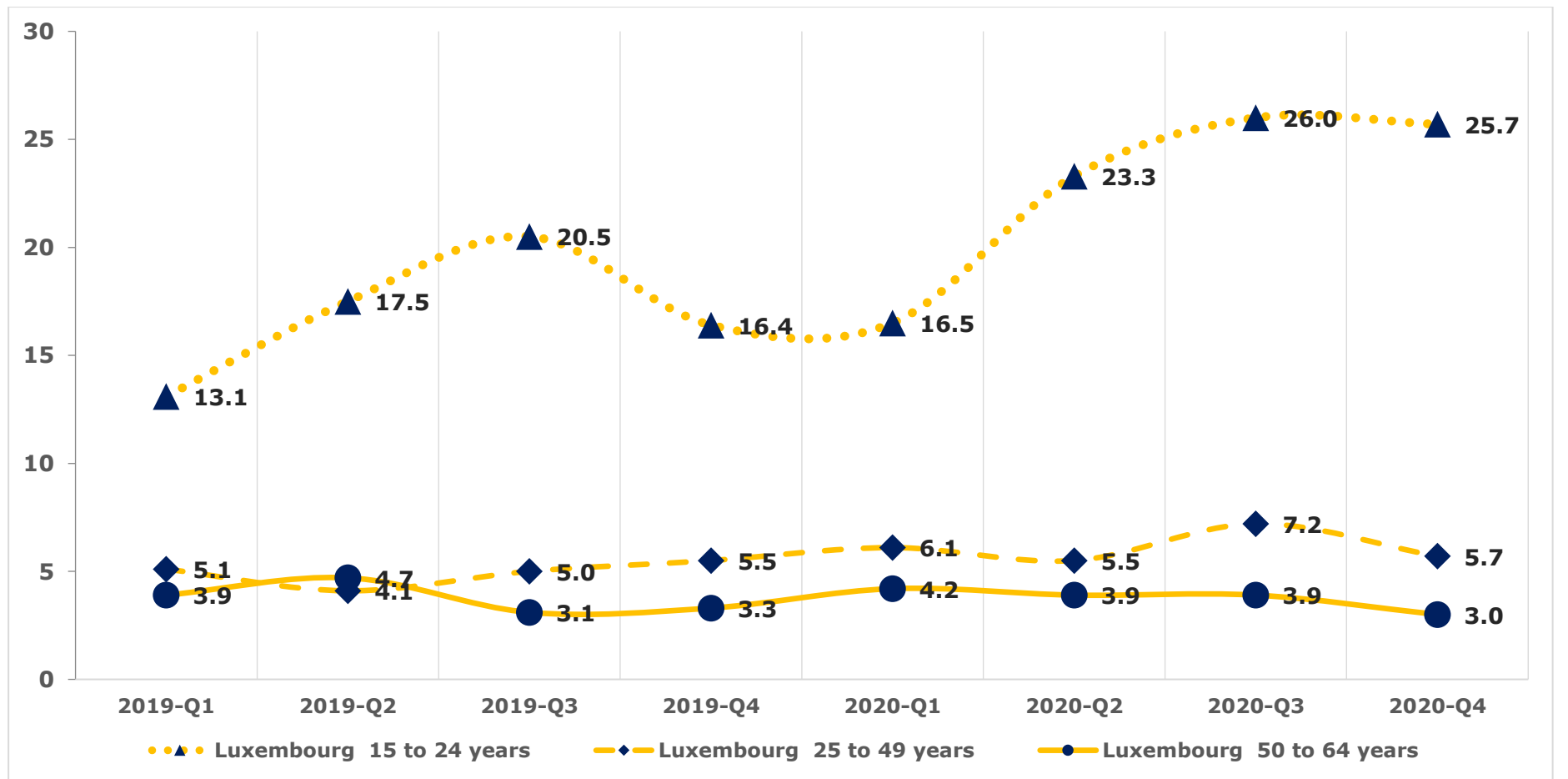
Figure 7b: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 – by gender (2019-2020, Luxembourg, %)



Source: Eurostat LFS - indicator [lfsq_urgan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 is 16.9% for the 15-24 age group. In Luxembourg, it is 25.7%.

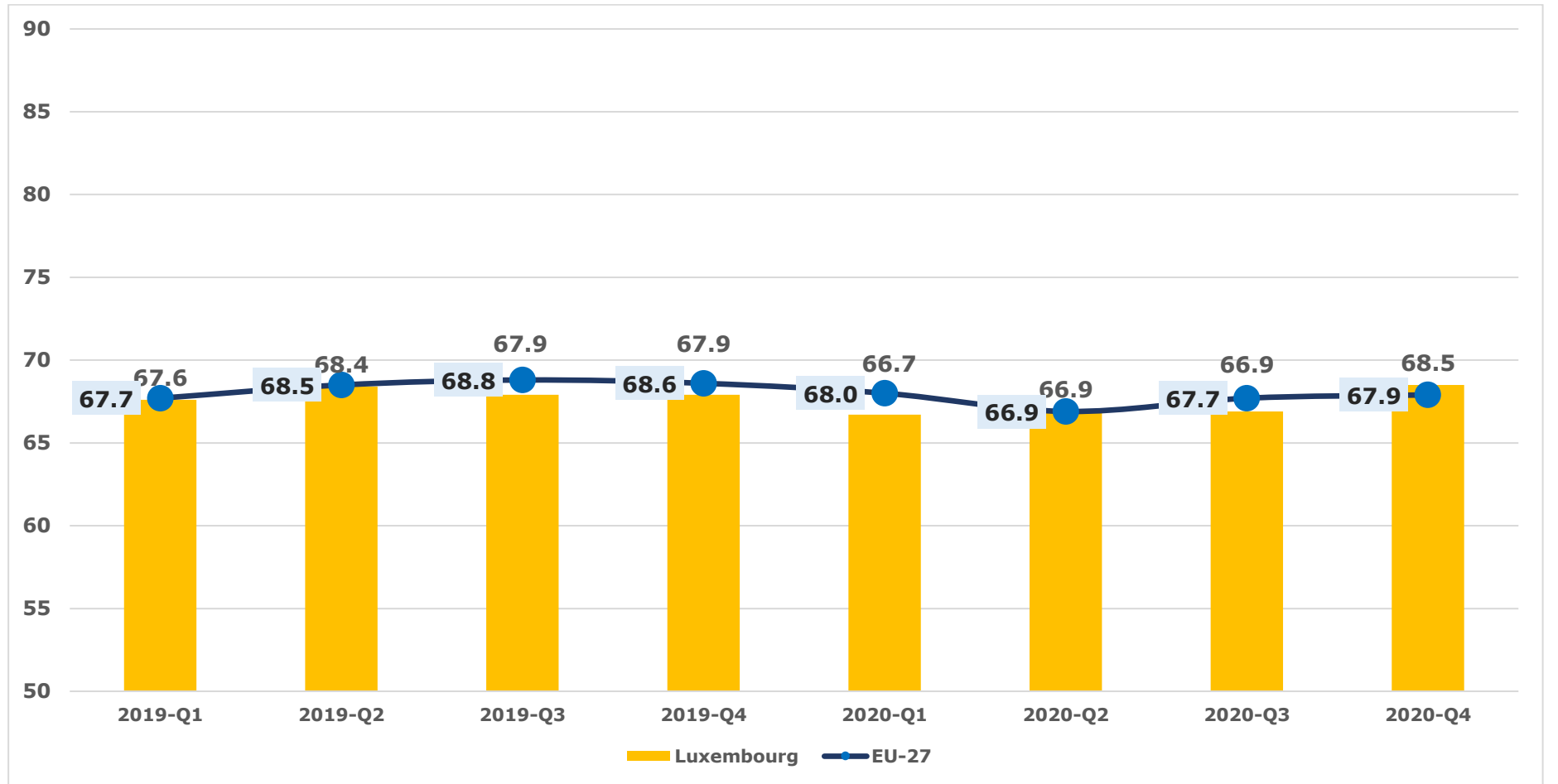
Figure 7c: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 – by age group (2019-2020, Luxembourg, %)



Source: Eurostat LFS - indicator [lfsq_organ] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate for people aged 15-64 in the EU-27 is 67.9%. In Luxembourg, it is 68.5%.

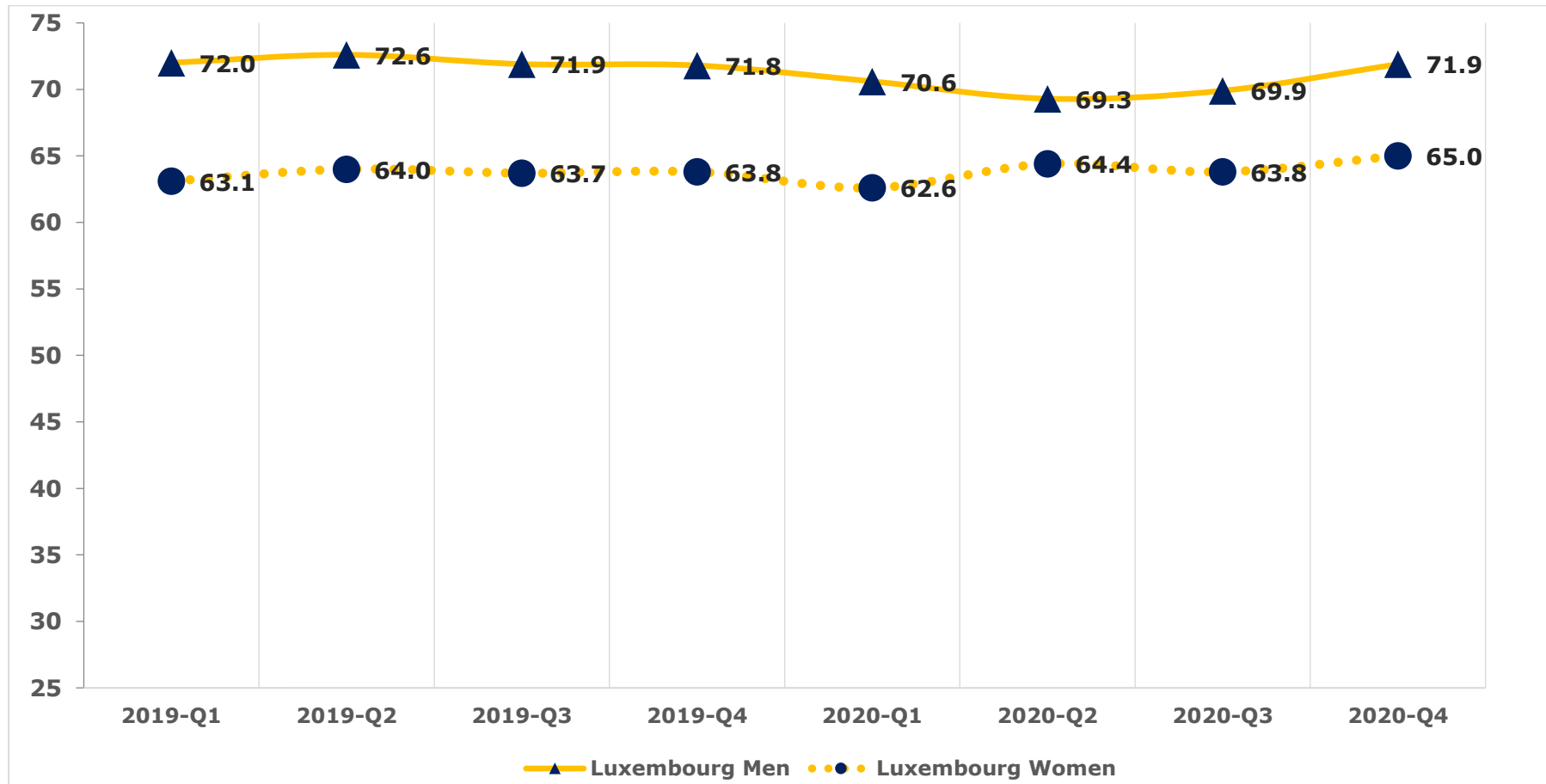
Figure 8a: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 (2019-2020, EU-27 and Luxembourg, %)



Source: Eurostat LFS - indicator [lfsq_ergan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate in the EU-27 is 73.0% for men and 62.8% for women. In Luxembourg, these figures are 71.9% and 65.0% respectively.

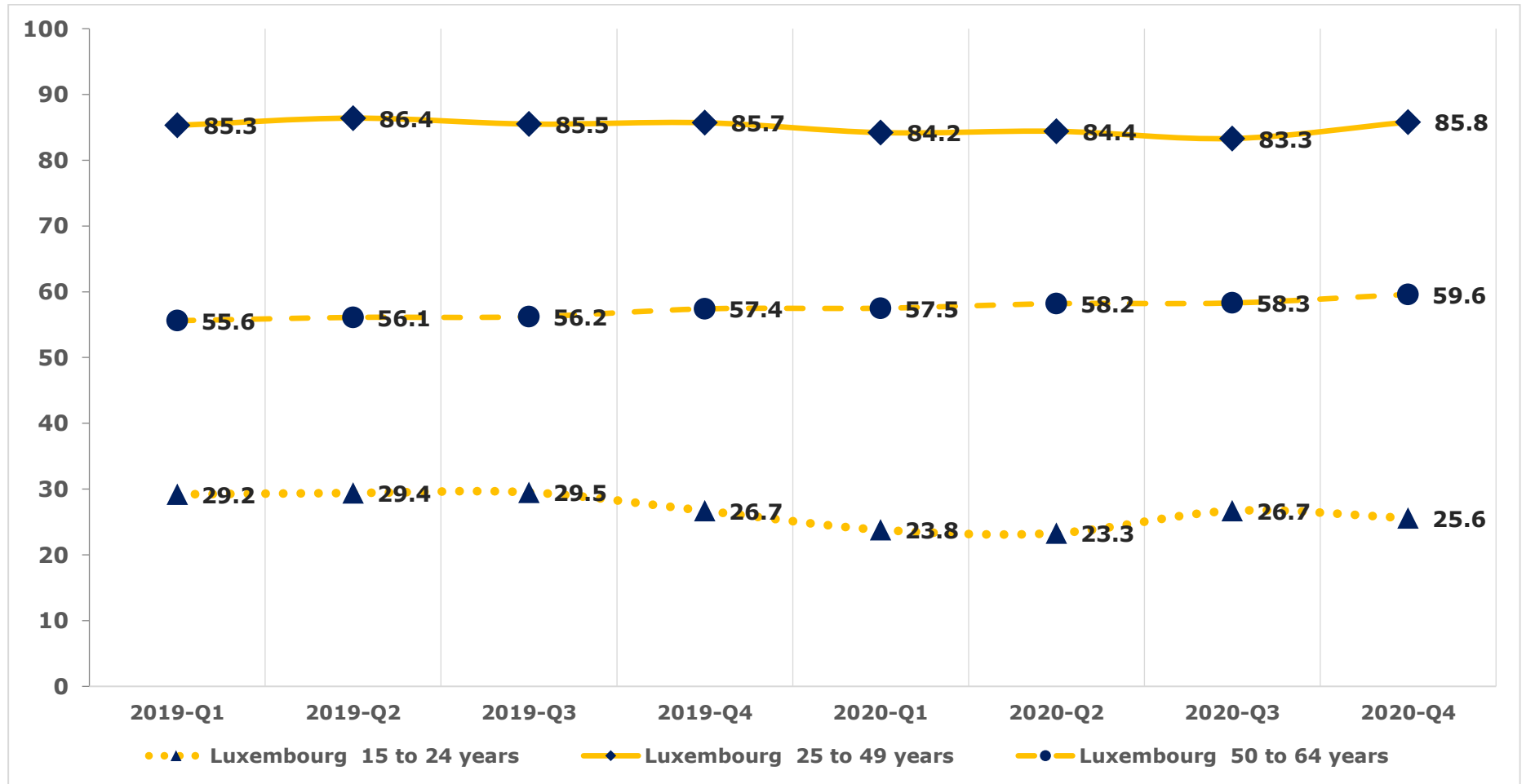
Figure 8b: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 – by gender (2019-2020, Luxembourg, %)



Source: Eurostat LFS - indicator [lfsq_ergan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate in the EU-27 is 31.1% for the 15-24 age group. In Luxembourg, it is 25.6%.

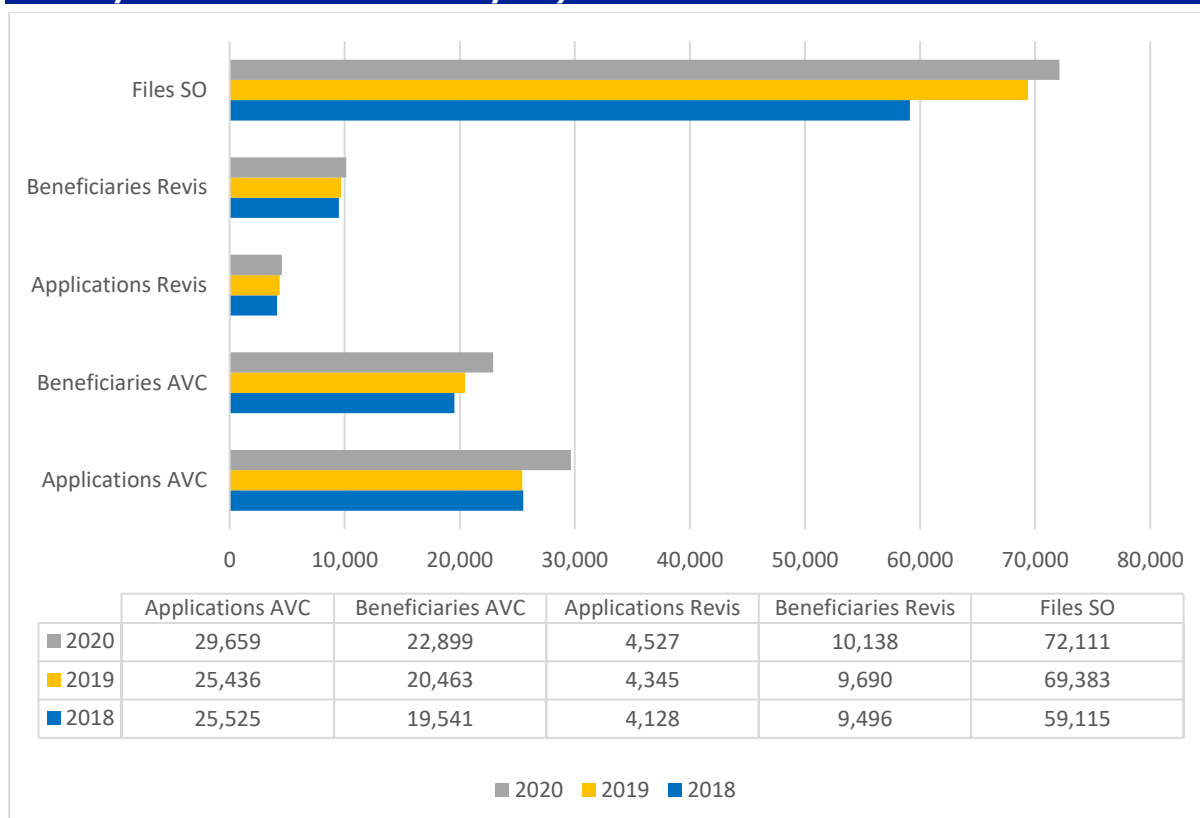
Figure 8c: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 – by age group (2019-2020, Luxembourg, %)



Source: Eurostat LFS - indicator [lfsq_ergan] - downloaded 26 April 2021.

1.3 Poverty, inequality and social exclusion situation

Figure 9: (Total) number of people who contacted the social offices who applied for or were beneficiaries of the Revis, or who applied for or were beneficiaries of the AVC, in 2018, 2019 and 2020 (Luxembourg, number of people between 1 January and 31 December each year)



Notes: "Files SO" refers to the number of files opened by the personnel of the (municipal or regional) social offices after having been contacted by applicants. "Revis" is the name of the Luxembourg minimum-income scheme. "AVC" ("allocation de vie chère") is a special "high-cost-of-living allowance"; see Sub-section 2.5.1 and Urbé (2019)².

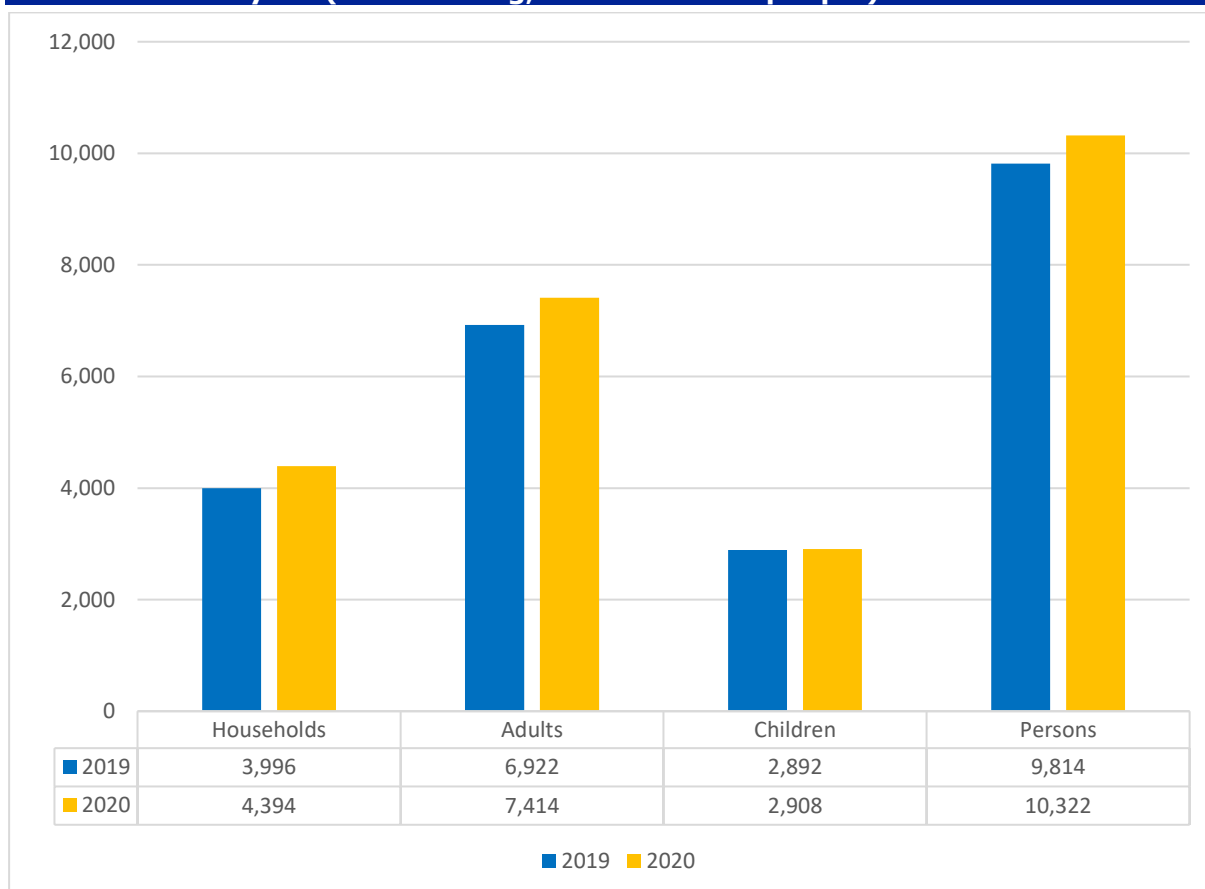
Source: Annual reports of the Ministry of Family, Integration and the Greater Region³ regarding figures for 2018 and 2019, advance information from the Ministry on the annual report⁴ regarding figures for 2020.

² Regarding these indicators, several caveats have to be taken into account: (a) the social offices were closed for several weeks during the lockdown, and afterwards difficult to reach; (b) those in unemployment will only apply for the Revis when they cease to be entitled to receive unemployment benefits; and (c) a greater number of candidates for the AVC may not only be due to a greater number of people with an income below the relevant threshold (therefore more poor people): it may also be that people who were already entitled to the AVC before the crisis, only later applied having learned of the existence of such an allowance because it was presented in the media as a way to deal with the consequences of the crisis. In addition, the doubling of the allowance may also have made it more attractive to apply.

³ Ministère de la Famille, de l'Intégration et à la Grande Région (2019 and 2020a).

⁴ Ministère de la Famille, de l'Intégration et à la Grande Région (2021).

Figure 10: Number of households or people who contacted the social groceries of Red Cross and Caritas in 2019 and 2020, between 1 January and 31 December each year (Luxembourg, households or people)



Note: These data may not accurately reflect the situation, as another provider of social groceries had closed its shops during this period. On the other hand, because of the crisis, an additional social service was allowed to issue its clients with access cards to the social groceries. In addition, data from the 445 people who used the "Caritas corona helpline" between 7 April 2020 and 31 August 2020 show that 860 people, including 308 children, were helped. Analysis of these data has shown that many people who had a decent living before the crisis are now in dire financial straits. Of these 445 requests processed by the helpline, 67% had never used social assistance or at least not in the past 12 months. So these were people who impoverished because of the crisis⁵.

Source: An internal report of the Red Cross and Caritas social groceries; these data will probably be published later in their annual report for 2020.

⁵ See https://www.caritas.lu/sites/default/files/revendications_caritas_luxembourg_version_definitive-20201008.pdf, downloaded on 30 January 2021.

2 SOCIAL PROTECTION AND INCLUSION MEASURES IN RESPONSE TO THE PANDEMIC⁶

This section provides a brief description of the main measures related to social protection and social inclusion that have been put in place to help mitigate the financial and social distress produced by the economic downturn caused by the pandemic. It is based on readily available data and evidence. For each measure, it provides the following information.

- a) Short description of the measure.
- b) Category: Is it a flat benefit, a conditional benefit, both a flat and a conditional benefit, or neither a flat nor a conditional benefit?
- c) Timing: When did the measure start/end? Has it been extended?
- d) Depending on the category:
 - amount and duration (for flat measures); and
 - range (minimum-maximum), duration and conditionality (thresholds) (for conditional measures).

If the measure is neither flat nor conditional, this is indicated by "Not applicable".

- e) Targeted population: What is/are the target(s) of the measure? – that is to say, which parts of the population or of the labour force. Where data and evidence are readily available, estimated number of people targeted and/or applicants.
- f) Beneficiaries: What is the number of recipients of the measure (if relevant and available)?
- g) Novelty: Was the measure new or an already existing one that was adjusted?

It was not possible to have data and information covering the situation up until 31 January 2021 at the moment of finalising this report (March 2021), as these data were not yet available. The figures presented are those available at the time of writing, and include estimates when available.

2.1 Measures related to unemployment benefits

2.1.1 *Extension de la durée des droits aux indemnités de chômage (Extension of the entitlement period for unemployment benefit)*

- a) Short description of the measure: Compensation for the unemployed (employees as well as self-employed people and young people out of school) may normally not exceed a maximum of 12 months (or a maximum of 24 months in the event of an extension). Given the fact that many job-seekers registered with the Employment Agency (*Agence pour le développement de l'emploi* – ADEM) had little chance of being able to enter the labour market in the short term, due to the extraordinary situation following the COVID-19 pandemic, the duration of their rights to unemployment benefits, whether initial or extended, was extended by the duration of the state of emergency. Hence, the maximum of 12 (or 24) months was extended by three months⁷.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: The measure was first implemented with the regulation of 27 March 2020 and took effect on the same day; it lasted until the end of the state of emergency on 24 June 2020.

⁶ The temporary measures mentioned in this report refer to the situation as of 15 April 2021. Their duration may have been extended since then.

⁷ See Grand-Duché de Luxembourg (2020g).

- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: All people receiving unemployment benefits were targeted. The population targeted were those receiving unemployment benefits during March to June 2020 (9,040 in March, 10,221 in April, 10,631 in May and 10,747 in June – respectively 49.1%, 50.5%, 52.6% and 54.1% of all unemployed people)⁸.
- f) Beneficiaries: In a response to a parliamentary question⁹ at the beginning of December 2020, the Minister of Labour, Employment and the Social and Solidarity Economy indicated that a total of 12,460 people¹⁰ benefited from the extension of their rights to unemployment benefits. At the beginning of December 7,317 people (out of a total of 10,358 people on unemployment benefits¹¹) were still receiving unemployment benefits because of the extension to their period of entitlement following this measure¹². More recent data are not yet available.
- g) Novelty: This was a new measure.

2.2 Measures of job protection provided through support to employers, employees and the self-employed

2.2.1 *Flexibilisation du chômage partiel* (Flexibility of partial unemployment)

- a) Short description of the measure: To alleviate the consequences of the first lockdown from 16 March 2020 as well as to maintain employment and avoid lay-offs, the government decided to ease the requirements and formalities for companies to be eligible for partial unemployment (or reduced working hours)¹³. The conditions became more flexible¹⁴ and an accelerated procedure allowing the payment of advances has been put in place for all companies that have had to completely or partially shut down their activities following government decisions. In return the applying companies had to refrain from lay-offs.
- b) Category: Conditional benefit.
- c) Timing: The measure was first implemented with the regulation of 27 March 2020 and lasted until the end of the state of emergency, it was extended once until the end of 2020, and recently there has been a further extension until 30 June 2021¹⁵.
- d) Range, duration and conditionality: Workers subject to partial unemployment are granted 80% of their gross wages (but not less than the minimum wage), capped at 250% of the minimum wage per month. These amounts were paid by the state. The usual conditions for partial unemployment were made more flexible because of the

⁸ According to the monthly bulletins published by the ADEM: <https://adem.public.lu/fr/publications.html>, downloaded on 10 February 2021.

⁹ Question No 3186, see <https://chd.lu/wps/portal/public/Accueil/TravailALaChambre/Recherche/RoleDesAffaires?action=doQuestpaDetails&id=20201>, downloaded on 20 December 2020.

¹⁰ In relation to domestic employment of 443,130 per month on average in 2020, according to https://statistiques.public.lu/stat/TableViewer/tableView.aspx?ReportId=12948&IF_Language=fra&MainTheme=2&FldrName=3, downloaded on 10 February 2021.

¹¹ See <https://adem.public.lu/fr/publications/adem/2020/chiffres-cles-2020-12.html>.

¹² See <https://chd.lu/wps/portal/public/Accueil/TravailALaChambre/Recherche/RoleDesAffaires?action=doQuestpaDetails&id=20201>, downloaded on 20 December 2020.

¹³ “Partial unemployment” or “reduced working hours” means that the duration of unemployment will be limited in time, and the reduction can be up to 100% of the working hours.

¹⁴ See https://gouvernement.lu/fr/actualites/toutes_actualites/communiqués/2020/03-mars/18-aides-entreprises-chomage.html, downloaded on 18 December 2020.

¹⁵ See Grand-Duché de Luxembourg (2020t).

pandemic. Thus, partial unemployment has been extended to almost all sectors¹⁶. In addition, exceptionally, companies with late payment of their social contributions have also been allowed to offer partial unemployment¹⁷. A company that resorts to partial unemployment in the event of force majeure undertakes not to dismiss employees for economic reasons as long as the relevant government decisions remain in effect¹⁸. Companies wishing to apply for partial unemployment after the state of emergency had to satisfy the condition that they provide a recovery plan (for small companies with fewer than 15 employees) or a job-retention plan (for companies employing more than 15 employees)¹⁹.

- e) Targeted population: All companies and self-employed people who employ staff are targeted (and by extension their employees threatened with unemployment). When introducing the measure, the government estimated that a very large number of employees would be targeted²⁰. Later on, there were no further estimates.
- f) Beneficiaries: Between 18 March and 30 June 2020 workers were subject to partial unemployment (or to reduced working hours) in 375,196 cases²¹, affecting 14,810 companies²². In March and April 2020, around 30% of the country's employees were on reduced hours. This proportion greatly exceeds that observed during the financial crisis of 2009, when requests for partial unemployment concerned only 3.4% of employees²³.

During the period between March and September 2020, workers were in partial unemployment in 382,977 cases, which equates on average to 54,711 per month, compared with 450 and 872 per month during the same period in 2018 and 2019 respectively; a total of 50,525 companies were affected (an average of 7,218 per month, compared with seven and 18 per month in the same period in 2018 and 2019 respectively)²⁴. The average of 54,711 workers per month should be shown in relation to the total number of employees, which was on average about 444,000 per month between March and September 2020²⁵; thus partial unemployment concerned on average around 12% of the workforce.

As another selective and sectoral detail, it can be reported that the hotel and catering sector saw a third of its employees on reduced hours in the third quarter of 2020²⁶. More recent data are not yet available. Between July 2020 and March 2021 35,314 applications for partial unemployment by companies were accepted. These requests

¹⁶ See <https://statistiques.public.lu/catalogue-publications/conjoncture-flash-en/2020/PDF-Flash-03-2020-EN.pdf>, downloaded on 20 December 2020.

¹⁷ See https://cdc.gouvernement.lu/fr/actualites.gouvernement%2Bfr%2Bactualites%2Btoutes_actualites%2Bcommuniques%2B2020%2B04-avril%2B06-comite-conjoncture.html, downloaded on 20 December 2020.

¹⁸ See <https://guichet.public.lu/fr/entreprises/sauvegarde-cessation-activite/sauvegarde-emploi/chomage-partiel-technique/chomage-partiel-coronavirus.html>, downloaded on 20 December 2020.

¹⁹ See <https://guichet.public.lu/fr/entreprises/sauvegarde-cessation-activite/sauvegarde-emploi/chomage-partiel-technique/chomage-partiel-relance-eco.html>, downloaded on 8 January 2021.

²⁰ See https://meco.gouvernement.lu/fr/actualites.gouvernement%2Bfr%2Bactualites%2Btoutes_actualites%2Binterviews%2B2020%2B03-mars%2B16-fayot-lequotidien.html, downloaded on 20 December 2020.

²¹ A worker could be affected once (i.e. for a month) or for up to four months in total.

²² See <https://meco.gouvernement.lu/dam-assets/dossiers/MinEco-Dashboard-Covid19.pdf>.

²³ See <https://statistiques.public.lu/catalogue-publications/conjoncture-flash-en/2020/PDF-Flash-04-2020-EN.pdf>, downloaded on 20 December 2020.

²⁴ These figures stem from a note by Adem to EMCO/SPC.

²⁵ See https://statistiques.public.lu/stat/TableViewer/tableView.aspx?ReportId=12948&IF_Language=fra&MainTheme=2&FldrName=3, downloaded on 10 February 2021.

²⁶ See <https://statistiques.public.lu/catalogue-publications/conjoncture-flash-en/2020/PDF-Flash-12-2020-EN.pdf>, downloaded on 20 December 2020.

granted expressed in full-time jobs amount to 278,323 jobs (in relation to a total workforce (employed and self-employed) of 473,971 at the end of December 2020²⁷.

- g) Novelty: This was not a new measure, but the relaxation of the conditions and the extension of the coverage of an existing measure.

2.2.2 *Suspension du cours de la période de 26 semaines de protection contre le licenciement en cas d'incapacité de travail (Suspension of the 26-week protection against dismissal in case of incapacity to work)*

- a) Short description of the measure: In case of incapacity to work, people are protected against dismissal for 26 weeks. During the state of emergency, this 26-week term of protection against dismissal due to incapacity to work was suspended. Thus the period of protection was extended; the duration of this extension corresponded to the period between 8 April 2020 and the end of the state of emergency on 24 June 2020. After the state of emergency, the 26-week protection against dismissal was extended to periods of incapacity to work due to quarantine or isolation in connection with COVID-19.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: The measure was first implemented with the regulation of 8 April 2020²⁸. It has been extended several times since then and, after the last extension, remains in effect until 30 June 2021²⁹.
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: All employees are targeted.
- f) Beneficiaries: None of the public administrations has any data on the number of beneficiaries.
- g) Novelty: This is not a new measure, but the extension of an existing measure.

2.2.3 *Délais prolongés pour la déclaration et le paiement des impôts, cotisations sociales et TVA (Extended deadlines for the declaration and payment of taxes, social contributions and VAT)*

- a) Short description of the measure: In order to support companies whose financial situation was affected by the COVID-19 emergency, the government also decided to extend the deadlines for declaring and paying taxes, VAT and social contributions. These measures resulted only in a certain delay; effective financial contributions are described in Section 2.2.5. The main objective of these measures was and is to alleviate the financing and liquidity needs of businesses and self-employed people (as well as natural persons in the event of fiscal measures) who are strongly affected by the current economic restrictions.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: The fiscal measures were initially introduced through administrative allowances announced on 17 March 2020 by the Ministry for Finance³⁰. They were then embodied in a law³¹, as far as the year 2020 is concerned. New measures were prepared for the

²⁷ See

https://statistiques.public.lu/stat/TableViewer/tableView.aspx?ReportId=12949&IF_Language=fra&MainTheme=2&FldrName=3&RFPPath=91.

²⁸ See Grand-Duché de Luxembourg (2020l).

²⁹ See Grand-Duché de Luxembourg (2020v).

³⁰ See

https://mfin.gouvernement.lu/fr/actualites.gouvernement%2Bfr%2Bactualites%2Btoutes_actualites%2Bcommunes%2B2020%2B03-mars%2B17-mesures-fiscales-covid19.html, downloaded on 18 December 2020.

³¹ See Grand-Duché de Luxembourg (2020n).

year 2021³² and the fiscal measures were extended by a new law³³. As far as social contributions are concerned, the greater flexibility was announced on 19 March 2020 by the Common Centre for Social Security (*Centre commun de la sécurité sociale, CCSS*)³⁴ and lasted until September 2020³⁵.

- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: All companies, self-employed people and individuals (legal and natural persons) were and are targeted. There is no information on the number of potential recipients.
- f) Beneficiaries: There are no data available on the number of beneficiaries.
- g) Novelty: These were new measures.

2.3 Measures related to sickness benefits and sick pay

2.3.1 *Gel de la limite des 78 semaines d'incapacité de travail (Freeze applied to the limit of 78 weeks of incapacity to work)*

- a) Short description of the measure: Normally, the right to financial compensation for incapacity to work is limited to a total of 78 weeks³⁶. Periods of personal incapacity to work during the state of emergency were not accounted for in the calculation of this maximum of 78 weeks.
- b) Category: Conditional benefit.
- c) Timing: The measure was implemented with the regulation of 3 April 2020 and came into effect retrospectively from 18 March 2020, lasting until the end of the state of emergency on 24 June 2020³⁷.
- d) Range, duration and conditionality: The measure consisted in granting a longer period for the payment of the financial compensation for incapacity to work. The amount of this compensation depends on the employee's salary. For the fraction of month of the onset of incapacity to work and the three following months, the employer continues to pay the salary. If the insured person is no longer entitled to the maintenance of their salary by their employer, the compensation will be paid directly to them by the National Health Fund (*Caisse Nationale de Santé – CNS*)³⁸, which will in turn be reimbursed by the state budget³⁹. The sickness allowance paid by the CNS corresponds to the highest remuneration during one of the three calendar months preceding the start of the payment of the sickness allowance. Supplements and additional amounts may be added that are equivalent to the average of the supplements and accessories perceived. The monthly pecuniary allowance may not be lower than the minimum wage, nor can it exceed five times the minimum wage⁴⁰.
- e) Targeted population: All employees with a status of incapacity to work were targeted. In an unofficial and unpublished document, the General Social Security Inspectorate

³² See

https://mfin.gouvernement.lu/fr/actualites.gouvernement%2Bfr%2Bactualites%2Btoutes_actualites%2Bcommunes%2B2020%2B12-decembre%2B21-delai-declaration-impots.html, downloaded on 18 December 2020.

³³ See Grand-Duché de Luxembourg (2021b).

³⁴ See <https://ccss.public.lu/fr/actualites/2020/03/19.html>, downloaded on 18 December 2020.

³⁵ See <https://ccss.public.lu/fr/actualites/2020/08/17.html>, downloaded on 18 December 2020.

³⁶ This limit was increased from 52 to 78 weeks, see Grand-Duché de Luxembourg (2018).

³⁷ See Grand-Duché de Luxembourg (2020k), Article 1.

³⁸ See <https://guichet.public.lu/fr/citoyens/travail-emploi/conges-jours-feries/situation-personnelle/covid-conge-quarantaine-isolement-enfant.html>, downloaded on 16 January 2021.

³⁹ See Sub-section 2.7.1.

⁴⁰ See <https://cns.public.lu/fr/assure/vie-professionnelle/arret-de-travail/maladie/determination-indemnite-pecuniaire.html>, downloaded on 16 January 2021.

(*Inspection générale de la sécurité sociale – IGSS*) quantifies the number of potential recipients at 430,500 (i.e. equalling the total domestic workforce).

- f) Beneficiaries: According to the same IGSS document, 500 people benefited from this measure until October 2020. More recent data are not yet available.
- g) Novelty: The measure was not new; it was a sort of an extension of the normally valid rule of 78 weeks.

Note: Under Sections 2.7.1 and 2.8.1, two measures are described, assimilated to compensation in a period of incapacity to work due to illness or accident, that have been pre-financed by the CNS, but which will be refunded within four years from the state budget.

2.4 Measures related to health insurance

2.4.1 *Ajoutes dans la nomenclature des actes à rembourser par la CNS* (Additions to the nomenclature of acts to be reimbursed by the National Health Fund)

- a) Short description of the measure: In the context of the reorganisation of the health system, the following measures have been introduced.

For doctors: an "hourly rate for consultation and treatment in response to the COVID-19 epidemic according to the recommendations of the Directorate of Health, including, where appropriate, remote consultation"⁴¹ including, where appropriate, the establishment of medical prescriptions and declarations of incapacity for work"⁴².

For dentists: an "hourly rate for consultation and treatment in response to the COVID-19 epidemic according to the recommendations of the Directorate of Health, including, where appropriate, remote consultation"⁴³ and the "increase of the hourly rate for related costs in the event of consultation and treatment in the context of the COVID-19 epidemic according to the recommendations of the Health Directorate"⁴⁴.

Other new acts were included in the nomenclature of the CNS, such as special tariffs for temporary increased medical surveillance measures for symptomatic patients with clinical signs of seriousness in aid and care establishments by nurses⁴⁵, or "Teleconsultation in the context of the COVID-19 epidemic according to the recommendations of the Health Directorate, including, where appropriate, the establishment of medical prescriptions" to be carried out remotely by midwives⁴⁶.

These flat rates are paid at the preferential rate of 100% by the CNS.

- b) Category: Conditional benefit.
- c) Timing: The measure took effect retroactively from 16 March 2020 and is still in force. It will probably last until the end of the pandemic.
- d) Range, duration and conditionality: Remote consultations by doctors were paid for by the CNS at a rate of €51 each, those of dentists at €33.90 each and those of midwives at €26.51 each⁴⁷.

⁴¹ See https://gouvernement.lu/fr/actualites/toutes_actualites/communiqués/2020/03-mars/16-teleconsultation-c45.html, downloaded on 16 December 2020.

⁴² See Grand-Duché de Luxembourg (2020h).

⁴³ See Grand-Duché de Luxembourg (2020i).

⁴⁴ See Grand-Duché de Luxembourg (2020i).

⁴⁵ See Grand-Duché de Luxembourg (2020m).

⁴⁶ See <https://cns.public.lu/en/professionnels-sante/teleconsultation/tele-sages-femmes.html>, downloaded on 14 January 2021.

⁴⁷ C45, DC45 and S45 are the respective codes in the nomenclature, see <https://cns.public.lu/fr/professionnels-sante/teleconsultation.html>, downloaded on 16 January 2021.

- e) Targeted population: All doctors and dentists are targeted, and by extension patients with COVID-19 or symptoms of COVID-19, as well as all the other potential patients who want to use remote consultations to avoid having to go to a doctor's waiting room. Nurses in aid and care establishments and their patients, as well as all midwives and pregnant women, are also targeted. The IGSS document mentioned above in Section 2.3.1 does not provide information about potential recipients. There are also no other publications on this.
- f) Beneficiaries: According to the expenses quantified in the same IGSS document, it can be estimated that around 220,000 remote consultations had been performed by doctors (and 1,200 by dentists) by end of March 2021. More precise data are not yet available.
- g) Novelty: It is an entirely new measure.

2.4.2 *Gratuité des tests et de la vaccination contre la COVID-19 (Free testing and vaccination against COVID-19)*

- a) Short description of the measure: Luxembourg adopted an ambitious testing strategy as part of its exit strategy to terminate the first lockdown in the spring of 2020. For this, it was able to count on the support of Luxembourg research, in particular the COVID-19 "Research Luxembourg" taskforce⁴⁸. In close co-operation with the Ministry of Higher Education and Research and the Ministry of Health, the COVID-19 taskforce has developed, as the core of its strategy, a "large-scale testing" scheme (LST) based on voluntary testing of the entire population, including cross-border commuters from the Greater Region⁴⁹. The CNS has agreed to pay for all COVID-19-tests in the context of the LST scheme, for all medically prescribed tests, for tests of people returning from a "red category" country to Luxembourg (especially at the airport) and for tests of people needing to leave the country for professional or other essential reasons. As for the vaccination, the government council decided at its meeting of 4 December 2020 on the key elements of the COVID-19 vaccination strategy for Luxembourg⁵⁰. Apart from the decision of the prioritisation of different socio-professional categories, this also included the fact that the vaccines would be made available free of charge, regardless of whether people have health insurance or not.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: The first phase of the LST ran from 27 May 2020 until 27 July 2020⁵¹, and was followed, after an intermediary "summer phase"⁵², by the second phase that was coordinated by the Health Directorate of the Ministry of Health and that ran between 16 September 2020 and March 2021, with a capacity of 53,000 tests per week⁵³. Currently, a third phase is running⁵⁴. The free vaccination measure took effect with the start of the vaccination campaign on 28 December 2020. It will last until the end of the pandemic.

⁴⁸ See Urbé (2020b).

⁴⁹ See https://gouvernement.lu/de/actualites/toutes_actualites/communiqués/2020/04-avril/28-strategie-deconfinement-sante-recherche.html and https://gouvernement.lu/en/actualites/toutes_actualites/articles/2020/07-juillet/16-maee-covid-test-strategy.html, both downloaded on 30 December 2020.

⁵⁰ See https://gouvernement.lu/fr/actualites/toutes_actualites/communiqués/2020/12-decembre/04-covid19-strategie-vaccin.html, downloaded on 30 December 2020.

⁵¹ See <https://gouvernement.lu/dam-assets/documents/actualites/2020/09-septembre/-PR-Large-scale-testing-operations-handover-GB.pdf>, downloaded on 30 December 2020.

⁵² See https://gouvernement.lu/fr/actualites/toutes_actualites/communiqués/2020/08-aout/14-lenert-covid.html, downloaded on 30 December 2020.

⁵³ See <https://covid19.public.lu/en/testing.html>, downloaded on 16 January 2021

⁵⁴ See https://gouvernement.lu/fr/actualites/toutes_actualites/communiqués/2020/09-septembre/24-lenert-lst.html, downloaded on 30 December 2020.

- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: All residents and cross-border workers are targeted.

Vaccinations started on 28 December 2020. As at 18 April 2021, 118,118 people (18.6% of the population) had had their first dose and 45,973 people (7.2%) had been completely vaccinated⁵⁵. Approximately 1.2 million people (almost twice the population) will be able to be vaccinated according to the quantities that have been ordered so far⁵⁶.

- f) Beneficiaries: According to the expenses quantified in the IGSS document mentioned above in Section 2.3.1, about 460,000 tests outside of the LST⁵⁷ had been carried out by the end of March 2021.

By 18 April 2021 a total of 5,570,604 tests had been conducted (equal to 410,569 per 100,000 residents), including 1,528,275 (244,091 per 100,000 residents) with the LST⁵⁸ (i.e. in purely mathematical terms the entire population had been tested almost 2.5 times).

- g) Novelty: It is an entirely new measure. Such testing of almost the entire population has never been experienced. On the other hand, vaccinations are usually only paid under certain circumstances by the CNS.

2.5 Measures related to minimum-income schemes and other forms of social assistance

2.5.1 *Doublement de l'allocation de vie chère – AVC (Doubling of the high-cost-of-living allowance)*

- a) Short description of the measure: The high-cost-of-living allowance (AVC) was created in 2009 to replace the former heating allowance and to generalise it into an allowance related to the high general costs of living for low-income households⁵⁹. To alleviate somewhat the consequences of the COVID-19 emergency, the government decided on 20 May 2020 to double the AVC for 2020⁶⁰.
- b) Category: Conditional benefit.
- c) Timing: The measure was implemented only for 2020. It has not been extended to 2021. For 2021, the government agreed a 10% increase in the AVC amounts⁶¹, which had remained unchanged previously since 2009.
- d) Range, duration and conditionality: The AVC was set at €1,320 per year for a single person, rising by €330 for every additional person (adult or child) in the household, with a ceiling of €2,640 (i.e. corresponding to a five-person household); these amounts

⁵⁵ See <https://download.data.public.lu/resources/covid-19-rapports-journaliers/20210419-172803/coronavirus-rapport-journalier-19042021.pdf>, downloaded on 8 May 2021.

⁵⁶ See https://gouvernement.lu/fr/actualites/toutes_actualites/communiqués/2021/01-janvier/15-deploiement-campagne-vaccinale.html, downloaded on 16 January 2021

⁵⁷ The LST is a preventive testing scheme. In addition, doctors prescribe tests in suspected cases and / or when symptoms are present; and, as part of the contact tracing, the health department sends those to be tested who had contact with a person tested positive. All these tests are paid for by the CNS. Only if a person wants to be tested at his own request, he has to pay for this test himself.

⁵⁸ See <https://download.data.public.lu/resources/covid-19-rapports-journaliers/20210419-172803/coronavirus-rapport-journalier-19042021.pdf>, downloaded on 8 May 2021.

⁵⁹ See Grand-Duché de Luxembourg (2009), for more details see Urbé (2020a).

⁶⁰ See https://gouvernement.lu/fr/actualites/toutes_actualites/communiqués/2020/05-mai/20-allocation-vie-chere.html, downloaded on 30 December 2020.

⁶¹ See Grand-Duché de Luxembourg (2020r).

had not been changed since 2009⁶². The AVC was then doubled for the year 2020. The allowance therefore consisted of an annual amount of €2,640 for one person, €3,300 for two people, and so on up to €5,280 for five or more people for 2020. The AVC is paid out annually in one lump sum. The doubling was only valid for 2020. From 2021 onwards, the AVC will be 10% higher than in 2019 and the thresholds have also been increased⁶³.

- e) Targeted population: All households entitled to the AVC were targeted.
- f) Beneficiaries: According to the IGSS document mentioned above in Section 2.3.1, 29,659 households applied for the AVC in 2020 (compared with 25,436 in 2019), and 22,899 households benefited from the doubled AVC in 2020 (compared with 20,463 people who received the standard AVC in 2019). These 22,899 households correspond to 8.6% of the total number of Luxembourg households⁶⁴.
- g) Novelty: There was nothing new about this measure; an existing allowance was just doubled to help face exceptional and difficult circumstances.

2.6 Measures related to housing support

2.6.1 Hausse de la subvention loyer (Rent subsidy increase)

- a) Short description of the measure: As of 1 January 2016, a rent subsidy was introduced. In view of the development of the rental property market, it had been planned to adapt both the reference rental scale and the amounts of the rental subsidy⁶⁵. Following the shutdown measures affecting many economic sectors due to the coronavirus pandemic and the risk of a growing number of people experiencing a loss of income, it was decided to bring forward the implementation of this adaptation to the rental subsidy from 1 April 2020.
- b) Category: Conditional benefit.
- c) Timing: The measure was implemented as of 1 April 2020 and is still in effect⁶⁶.
- d) Range, duration and conditionality: Regarding the housing allowance, the planned update was brought forward and the amounts, scales and reference income were revised upwards⁶⁷. Depending on the income and the composition of the household, the amount of monthly assistance may be between €134 and €294⁶⁸.
- e) Targeted population: All low-income tenant households who use more than 25% of their income to pay their rent. Low-income households are defined as those that in 2019 had an annual income of below €25,744 for a single person, increased by €12,872 per year for a second person and by €7,723.20 per year for each additional person in the household (adult or child)⁶⁹.

⁶² See <https://igss.gouvernement.lu/fr/publications/parametres-sociaux/2020/202001.html>, downloaded on 6 January 2021.

⁶³ See <https://igss.gouvernement.lu/fr/publications/parametres-sociaux/2021/202001.html>. downloaded on 6 January 2021.

⁶⁴ Statec indicates that the total number of households in 2020 was 265,000, see <https://luxembourg.public.lu/dam-assets/publications/le-luxembourg-en-chiffres/luxembourg-chiffres.pdf>, downloaded on 16 January 2021.

⁶⁵ The actual amounts can be found at <https://logement.public.lu/content/dam/logement/documents/aides-individuelles/0331-Plafonds-et-baremes-Subvention-de-loyer.pdf>, downloaded on 28 December 2020.

⁶⁶ See Grand-Duché de Luxembourg (2020e).

⁶⁷ See Grand-Duché de Luxembourg (2020e).

⁶⁸ See <https://logement.public.lu/fr/locataire/obtenir-aide-location/subventionloyer.html>, downloaded on 16 January 2021.

⁶⁹ See <https://igss.gouvernement.lu/fr/publications/parametres-sociaux/2020/202005.html>, downloaded on 6 January 2021. These income ceilings are all exclusive of family allowances and the birth allowance.

Since the introduction of the rent subsidy in 2015⁷⁰, the number of beneficiaries has always been significantly lower than the estimated number of applicants⁷¹. This is why the law was amended soon after its introduction⁷², without an increase in take-up. The share of households actually benefiting from the measure, relative to the potential number, increased from 5.9% in 2016 to 10.1% in 2017, 12.7% in 2018 and 16.1% in 2019⁷³. There was, therefore, no precise estimate of the number of applicants in 2020. In addition, no estimates were made of the number of households that would become eligible during 2020 due to a fall in their income.

- f) Beneficiaries: It is not possible to confirm what type or how many households became beneficiaries of the rent subsidy increase thanks to the reform of the scheme. In 2020, a total of 3,712 households⁷⁴ were new applicants for this subsidy (compared with 3,060 in 2019), according to an internal document of the Ministry of Housing. The ministry believes that this is not due to the effects of the pandemic, but the subsidy being discussed again in the media, and the minister also appearing in the news, brought in eligible households, which until then had not taken up the subsidy, to apply to become beneficiaries.
- g) Novelty: It was not a new measure at all; it was simply the adaptation of an existing benefit scheme.

2.6.2 *Suspension des expulsions en matière de baux résidentiels (Suspension of evictions in residential leases)*

- a) Short description of the measure: During the crisis period the government banned the eviction of tenants from their homes. This measure made it possible to avoid people being put on the street during the state of emergency.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: The measure was first implemented during the state of emergency with the grand ducal regulation of 25 March 2020⁷⁵; it was extended with the law of 20 June 2020 until 25 July 2020⁷⁶; and it was recently reintroduced with the law of 19 December 2020 for the period from 23 December 2020 until 31 March 2021⁷⁷.
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: All tenants were targeted (and by extension their landlords). In their answer to parliamentary question No 2906, the Ministers of Justice and Housing acknowledged that there are no data on the number of evictions⁷⁸. In his answer to parliamentary question No 3205, the Minister of Housing confirmed the absence of data⁷⁹. It has therefore not been possible to estimate the number of people targeted by this measure.

⁷⁰ See Grand-Duché de Luxembourg (2015).

⁷¹ See the statement of reasons for the draft law: Chambre des Députés (2017).

⁷² Grand-Duché de Luxembourg (2017).

⁷³ See financial statement ("*Fiche financière*") of Grand-Duché de Luxembourg (2020e), non-public document.

⁷⁴ Out of a total of around 265,000 households, see footnote at the end of Sub-section 2.5.1 above.

⁷⁵ See Grand-Duché de Luxembourg (2020d).

⁷⁶ See Grand-Duché de Luxembourg (2020q).

⁷⁷ See Grand-Duché de Luxembourg (2020w).

⁷⁸ See

[https://chd.lu/wps/PA_RoleDesAffaires/FTSByteServletImpl?path=C4EC2EC081182D2DF9628A9B16330A8908F6042E6A0FC17E26B1D07D402E3F5BA019065A6061D0D42FB15764444614E1\\$58E2AF1595E1C8A865DA04A9DE2274F5](https://chd.lu/wps/PA_RoleDesAffaires/FTSByteServletImpl?path=C4EC2EC081182D2DF9628A9B16330A8908F6042E6A0FC17E26B1D07D402E3F5BA019065A6061D0D42FB15764444614E1$58E2AF1595E1C8A865DA04A9DE2274F5), downloaded on 22 January 2021.

⁷⁹ See

[https://chd.lu/wps/PA_RoleDesAffaires/FTSByteServletImpl?path=BEAF1B48A358A7497AD51CA0B77759CC24F2E678C96E2CA6872813968B30DD52D6B0546C9C07A5C1DF83D9F55E6EF10\\$148D4A097CBBF510D5EBD25D67C53450](https://chd.lu/wps/PA_RoleDesAffaires/FTSByteServletImpl?path=BEAF1B48A358A7497AD51CA0B77759CC24F2E678C96E2CA6872813968B30DD52D6B0546C9C07A5C1DF83D9F55E6EF10$148D4A097CBBF510D5EBD25D67C53450), downloaded on 22 January 2021.

- f) Beneficiaries: Consequently, there are also no data on the number of households that have benefited from this measure. However, in the same answer to parliamentary question No 2906 (see above) the ministers speculated that it would be normal for judicial officers to have resumed the enforcement of judicial eviction decisions since the end of the suspension measure on 25 July 2020. It is good practice, however, not to carry out evictions just before Christmas. The ministers stated that they had no information as to whether the number of forced evictions in 2020 was significantly different from that of previous years.
- g) Novelty: Such a ban on evictions had never happened before – it is a real novelty.

2.6.3 Gel des augmentations de loyer (Freeze on rent increases)

- a) Short description of the measure: All residential rents were frozen during the state of emergency. Any increase was forbidden by law.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: The measure was first implemented during the state of emergency with the grand ducal regulation of 20 May 2020⁸⁰, it was extended with the law of 20 July 2020 until 31 December 2020⁸¹, and it was recently prolonged with the law of 19 December 2020 until (at least⁸²) 30 June 2021⁸³.
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: All tenants were targeted (and by extension the landlords). An internal calculation by the Ministry of Housing estimated that around 20,000 households could take advantage of this measure (30% of the total of 265,000 households in 2020 are tenants and on average they are subject to a rent increase every four years).
- f) Beneficiaries: There are no data on the number of households that have actually benefited from this measure. Ultimately, it is unclear what will happen when the freeze on rent increases ceases and whether all postponed increases will then be activated, or whether there will be even more increases than normal.
- g) Novelty: Such a rent freeze has never happened before. It is a real novelty in a country, where private property is considered sacrosanct.

2.6.4 Prolongation et début anticipé de l'action hiver (Wanteraktioun – WAK) (Extension and early start of the winter action)

- a) Short description of the measure: The winter action (WAK) has been implemented by the government since 2001 in order to prevent the homeless from falling victim to hypothermia during periods of extreme cold. It usually lasts from 1 December to 31 March each year⁸⁴. It offers day and overnight shelter, so it was decided that it was necessary to open it for the homeless when the government declared a state of emergency according to Article 32.4 of the constitution, and decided on 12 March 2020 to implement an almost total lockdown in response to the COVID-19 pandemic under the slogan "*Bleift Doheem!*" (Stay at home!)⁸⁵. Had the WAK not opened, the homeless would have had nowhere to stay "home" to comply with the lockdown.

⁸⁰ See Grand-Duché de Luxembourg (2020o).

⁸¹ See Grand-Duché de Luxembourg (2020p).

⁸² The government argued, during the vote in parliament, that in the light of future developments, it could be further extended.

⁸³ See Grand-Duché de Luxembourg (2020u).

⁸⁴ Depending on early or late periods of extreme cold, the WAK can start earlier or continue later.

⁸⁵ See Grand-Duché de Luxembourg (2020a, 2020b and 2020c).

- b) Category: Neither flat nor conditional benefit.
- c) Timing: The measure was taken just before the usual end of the WAK scheduled for 31 March 2020 and it was extended until end of June 2020. After that date, one floor remained available to people showing symptoms of COVID-19 and awaiting a test⁸⁶. Because of the curfew between 11 p.m. and 6 a.m. imposed by the government, the dormitories of the WAK were opened as an emergency measure exceptionally from 2 November 2020. The new WAK for 2020-2021 that was scheduled to start on 1 December 2020 started early on 16 November 2020⁸⁷; and instead of closing as normal on 31 March 2021, it has also been extended to 30 June 2021⁸⁸.
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: All homeless people are targeted, insofar as they have not found shelter in the usual structures. This is especially the case for non-nationals, as the usual structures are only open to Luxembourg nationals (in order to avoid "social tourism"). Since this was the first time that the WAK had been extended from April to June, it was not possible to estimate the number of potential beneficiaries.
- f) Beneficiaries: During the extension period from April to June 2020 the day centre was open 91 days and welcomed a total of 445 different people, to whom 9,372 meals were distributed. (In comparison, during the "normal" period of December 2019 to March 2020 the centre was open 122 days and welcomed 1,286 different people and distributed 18,173 meals. During the 2018-2019 WAK 1,316 different people were supported, receiving 17,234 meals.)

During the same period of extended opening, the night centre accommodated a total of 452 different people for a total of 11,336 overnight stays. (In comparison, during the "normal" action period, the night centre accommodated a total of 784 different people for a total of 16,299 overnight stays. In 2018-2019, 773 different people received accommodation for 14,192 overnight stays.⁸⁹) For the emergency opening period from 2 to 15 November 2020, corresponding figures are not yet available. For the early opening period from 16 to 30 November 2020, 988 meals were distributed and 1,444 overnight stays were counted⁹⁰. There is no information regarding the number of different people these numbers correspond to.

No data are yet available for the new extension period starting on 1 April 2021.

- g) Novelty: This is not a new measure; it is the extension of an existing measure. NGOs have been claiming for years that this measure should not be limited to winter, but that it should be in effect all year round.

⁸⁶ For more details, see

https://mfamigr.gouvernement.lu/fr/support/recherche.gouvernement%2Bfr%2Bactualites%2Btoutes_actualites%2Bcommuniqués%2B2020%2B05-mai%2B27-prolongation-action-hiver.html, downloaded on 18 December 2020. For a review of the WAK 2019-2020, see

<https://mfamigr.gouvernement.lu/fr/publications/rapport/WAK/wak.html>, downloaded on 18 December 2020.

⁸⁷ See

https://mfamigr.gouvernement.lu/fr/actualites.gouvernement%2Bfr%2Bactualites%2Btoutes_actualites%2Bcommuniqués%2B2020%2B10-octobre%2B28-couvre-feu-wanteraktioun.html, downloaded on 18 December 2020.

⁸⁸ See

https://mfamigr.gouvernement.lu/fr/actualites.gouvernement%2Bfr%2Bactualites%2Btoutes_actualites%2Bcommuniqués%2B2021%2B03-mars%2B26-prolongation-action-hiver.html.

⁸⁹ See Ministère de la Famille, de l'Intégration et à la Grande Région (2020b).

⁹⁰ These figures stem from an internal note to the Ministry. They will be published together with the other figures in the 2020-2021 WAK report.

2.7 Leave for parents whose children are unable to attend school or a pre-school service by reason of COVID-19

2.7.1 *Congé pour raisons familiales* (Leave for family reasons)

- a) Short description of the measure: The existing scheme providing leave to care for sick children was extended in the following cases: for the quarantine or isolation of a child; for dependent children vulnerable to COVID-19 for whom attendance at school or a childcare facility was contra-indicated; for all children⁹¹ who could not attend school or a childcare facility during the period when these were closed by the government; and all children born after 16 September 2016. It allowed one parent to stay at home with the child(ren). Because leave for family reasons is equivalent to a period of incapacity to work due to illness or accident, this parent was entitled to receive a leave allowance based on their salary. This allowance was paid by the CNS, and will be reimbursed by the state budget in four instalments in 2020-2023⁹².
- b) Category: Conditional benefit.
- c) Timing: The measure was first implemented with two regulations⁹³ and began on 16 March 2020. It has been extended several times by new regulations and, since the end of the state of emergency on 24 June 2020, with new laws. The same scheme was extended⁹⁴ recently for the latest "light lockdown" between 26 December 2020 and 10 January 2021 with a duration until 20 January 2021; it was prolonged from 21 January until 2 April 2021 with the law of 22 January 2021⁹⁵, and until 17 July 2021 with the law of 2 April 2021⁹⁶.
- d) Range, duration and conditionality: Employees in the private sector benefit from the maintenance of their remuneration by the employer. Since leave for family reasons is equivalent to a period of incapacity to work due to illness or accident, the employee is entitled to receive a leave allowance based on their salary. The leave allowance for family reasons must be advanced by the employer and the latter is reimbursed for all the salary costs paid within the framework of this leave by the Employers' Mutual Fund. If the insured person is no longer entitled to the maintenance of their salary by their employer, the compensation will be paid to them directly by the CNS⁹⁷, which will in turn be reimbursed by the state budget⁹⁸. The sickness allowance paid by the CNS is described in Sub-section 2.3.1. With regards to duration, it must be noted that in normal times such leave for family reasons exists in a framework providing a certain number of days according to age group⁹⁹. During the pandemic, leave days taken during the period of suspension of activities are not counted in the tally of legal days of leave for family reasons.
- e) Targeted population: All employed parents are targeted, including self-employed people and workers under non-standard contracts. In the document mentioned above in Section 2.3.1, the IGSS estimated at 216,300 the number of potential beneficiaries.

⁹¹ All children aged less than 13; however, this age limit is increased to 18 in the event a child is hospitalised, and the limit does not apply if a child is disabled.

⁹² See https://gouvernement.lu/fr/actualites/toutes_actualites/communiqués/2020/11-novembre/18-schneider-comite-quadripartite.html, downloaded on 18 December 2020.

⁹³ For more details, see IGSS (2020).

⁹⁴ See Grand-Duché de Luxembourg (2020x).

⁹⁵ See Grand-Duché de Luxembourg (2021a).

⁹⁶ See Grand-Duché de Luxembourg (2021c).

⁹⁷ See <https://guichet.public.lu/fr/citoyens/travail-emploi/conges-jours-feries/situation-personnelle/covid-conge-quarantaine-isolement-enfant.html>, downloaded on 16 January 2021.

⁹⁸ See Sub-section 2.7.1.

⁹⁹ See Grand-Duché de Luxembourg (2017).

- f) Beneficiaries: According to the same IGSS document, 63,400 people¹⁰⁰ had benefited from this measure by end of March 2021. More recent data are not yet available.
- g) Novelty: Although parents' leave to care for sick children existed before in Luxembourg legislation and had just been reformed in 2018, the novelty was that other cases of parents' leave have also been included because of the pandemic.

2.8 Other important temporary social protection/inclusion measures adopted in the context of the pandemic, which do not fall in any of the categories listed in the previous sections

2.8.1 *Congé pour soutien familial* (Leave for family support)

- a) Short description of the measure: During the first period of the general lockdown the government introduced a leave scheme to enable relatives to take care of an older or disabled adult person in the event that the structure in charge of their care were to close. Similar to the leave for family reasons described in Section 2.7.1, it allowed one relative to stay at home with the older or disabled person and to be entitled to a leave allowance.
- b) Category: Conditional benefit.
- c) Timing: The measure was first implemented with the regulation during the state of emergency¹⁰¹ which took effect retroactively from 18 March 2020. It has been extended and partially adapted several times with regulations and laws, most recently with the law of 23 November 2020¹⁰². It will now last until 25 May 2021.
- d) Range, duration and conditionality: An employee, self-employed person or public official who cares at home for an adult relative with a disability, or older relative, with whom they reside may claim leave for family support where the approved structure that normally provides care has ceased all or part of its activities in the context of the state of emergency. The leave may be split between the members of a household but cannot be taken at the same time by more than one person. It should be noted, however, that the leave ends if the daycare, training or work facility notifies the minister of the resumption of its activities and of the availability of a place in the approved service¹⁰³. The modalities of the allowance to be paid to the beneficiary are the same as those described in Sub-section 2.7.1 above.
- e) Targeted population: All employed (employees and self-employed) relatives in charge of an older or disabled adult relative are targeted. The IGSS indicates in the unofficial and unpublished document that, while this measure is being implemented, no assessment of potential beneficiaries is made.
- f) Beneficiaries: According to this IGSS document, 60 people had benefited from this measure by end of March 2021. More recent data are not yet available.
- g) Novelty: This measure is entirely new.

¹⁰⁰ As total domestic employment amounted in October 2020 to 476,693 jobs, this is around 12%; see https://statistiques.public.lu/stat/TableViewer/tableView.aspx?ReportId=12948&IF_Language=fra&MainTheme=2&FldrName=3, downloaded on 16 January 2021.

¹⁰¹ See Grand-Duché de Luxembourg (2020j).

¹⁰² See Grand-Duché de Luxembourg (2020s).

¹⁰³ See <https://guichet.public.lu/fr/citoyens/travail-emploi/conges-jours-feries/situation-personnelle/covid-certificat-conge-soutien-familial.html>, downloaded on 16 January 2021.

3 SOCIAL PROTECTION AND INCLUSION RESPONSES TO THE CRISIS: OVERALL ASSESSMENT AND POSSIBLE GAPS

This third section briefly considers three aspects: the expected cost of the social protection and inclusion measures put in place by the country (Section 3.1), the impact of these measures on the social protection system and on social inclusion policies (Section 3.2), and the possible remaining gaps in the social protection system and in social inclusion policies (Section 3.3). It concludes with Section 3.4 on debates and recommendations.

3.1 Expected cost of social protection and inclusion measures

The expected costs of the measures introduced in response to the coronavirus crisis are described in Table A1 in the Annex. The amounts refer to the period from March 2020 to April 2021 (some being estimates).

According to these results, including preliminary and tentative estimates, the largest item of expenditure concerns job-protection measures and amounts to €562 million (0.88% of 2019 GDP). The second largest expenditure was on leave for parents whose children were unable to attend school or a pre-school service, amounting to €262 million (0.41% of 2019 GDP); and the third largest item, €136 million (0.2% of 2019 GDP), concerned measures related to health insurance. The global cost for the eight policy areas presented in this report would amount to roughly €1.03 billion for 2020 and part of 2021, which represents around 1.61% of 2019 GDP (as established by the statistical institute, STATEC).

However, this estimate does not take into account those measures that did not lead to public expenditure, such as the extended deadlines for the declaration and payment of taxes and social contributions. These add up to around €5.95 billion (9.4% of 2019 GDP). Moreover they only have a temporary impact, and in many cases were subject to low take-up in 2020¹⁰⁴.

3.2 Impact on the social protection system and on social inclusion policies

At this stage, any assessment of the permanent or temporary nature of the emergency measures put in place in response to the pandemic is still tentative. Of the measures listed above, none is really likely to be made permanent. Purely legal changes in this respect will not survive the crisis; but after this breakthrough, similar (temporary or de jure) measures will most probably be considered, should large shocks emerge in the future (pandemics or more “classical” major economic shocks).

Rent subsidies and the high-cost-of-living allowance already existed before the crisis, but the relevant amounts were boosted in a significant way. The latter was doubled in 2020. This increase will be reduced to 10% in 2021, which suggests a permanent and significant surge (although of a limited extent compared with the 2020 effort, particularly since the allowance was not amended between 2009 and 2020).

3.3 Remaining gaps in the social protection system and social inclusion policies

In general, the social protection system in Luxembourg has proved quite resilient to the COVID-19 crisis. However, severe shortcomings have also been highlighted, several of which will probably persist in spite of the new measures.

First, the existing social safety net is intrinsically quite exhaustive, but its ability to dampen poverty could be improved. According to the European Commission, the impact of social

¹⁰⁴ For instance, according to the IGSS document mentioned above in Section 2.2.3, of the €3 billion in respect of delayed social contributions only about €100 million occurred in 2020.

transfers other than pensions on income distribution in Luxembourg was in the lower half among EU countries in 2019 and, in addition, it posted the worst deterioration (after Hungary) with respect to 2018¹⁰⁵. Inactive people in particular are not sufficiently covered. In 2019, Luxembourg indeed recorded the highest increase in the EU as regards the monetary poverty gap¹⁰⁶ for the working-age population living in households with very low work intensity¹⁰⁷.

Most prominently, Revis (the minimum-income scheme) is characterised by low take-up rates, as in 2007 only about 35% of the people theoretically entitled to this minimum became recipients¹⁰⁸. The reasons for this could include: a lack of awareness of the very existence of the scheme; its complicated procedures; the “digital divide”; fear of stigmatisation; and suspicions as regards its “activation” component. In addition, Revis recipients are not immune to poverty, as the amounts of the benefit are (very) frequently (depending inter alia on the family composition) below the “official” poverty thresholds (i.e. 60% of equivalised disposable income)¹⁰⁹. The COVID-19 crisis is not likely to lead to structural change in this area, as the pandemic measures – although highly commendable and useful – have frequently been of a transitory nature (e.g. doubling of the AVC, WAK, emergency forms of aid, and measures directly related to the healthcare situation) or are primarily targeted at active people (in particular the most costly measure, namely the easier access to partial unemployment).

Second, the COVID-19 crisis has exacerbated early leaving from education and training, and more generally hampered the smooth integration of young people into the labour force. The percentage of NEETs (young people not in employment, education or training) among the population aged 15-24 is low by EU standards (6.9% compared with 14.0% for the EU average in 2019)¹¹⁰, but it posted one of the most pronounced increases among European countries during the crisis, rising by 2.2 percentage points between 2019 Q2 and 2020 Q2¹¹¹. Moreover, the number of unemployed people aged 16-29 increased by 22% between March 2020 and December 2020¹¹². These evolutions, which could lead to considerable and well entrenched poverty problems in the future, should be monitored closely. In general, civil society organisations and the actors in the field often highlight the fact that although the CNS certainly provides for the needs of a very large element of the population, there are still groups who are not covered¹¹³. This is why these actors are calling for the introduction of universal health coverage¹¹⁴.

Third, specific groups such as non-EU migrants and homeless people have been particularly exposed to the crisis¹¹⁵. In 2020 Q2, the employment rate of non-EU migrants reached 60.8%, compared with 64.2% in 2019¹¹⁶. Homeless people have also been particularly affected – especially the ones in physical or psychological distress – with a drastic fall in

¹⁰⁵ See European Commission (2020), page 103.

¹⁰⁶ The poverty gap shows the distance of the median income of people at risk of poverty from the poverty threshold (i.e. 60% of the median disposable income for the general population).

¹⁰⁷ See European Commission (2020), page 100.

¹⁰⁸ See Amétépé (2012) and Ruben (2015).

¹⁰⁹ See for instance Chambre des Salariés du Luxembourg (2017), page 19.

¹¹⁰ See Eurostat database [edat_lfse_20], extracted on 25 March 2021.

¹¹¹ European Commission (2020), page 61.

¹¹² ADEM; see <https://adem.public.lu/fr/marche-emploi-luxembourg/faits-et-chiffres/chiffres-cles-adem/de-moins-30-ans.html>, downloaded on 27 January 2021.

¹¹³ See <https://ec.europa.eu/migrant-integration/librarydoc/recommandations-pour-assurer-une-couverture-sanitaire-universelle-et-des-mesures-connexes-au-luxembourg?lang=en>, downloaded on 30 January 2021.

¹¹⁴ See <https://www.infogreen.lu/la-couverture-sanitaire-universelle-au-luxembourg-donner-acces-aux-soins.html#:~:text=L%27acc%C3%A8s%20aux%20soins%20est%20le%20droit%20humain%20le%20plus,enfants%20vivant%20sur%20son%20territoire>, downloaded on 30 January 2021.

¹¹⁵ See https://www.caritas.lu/sites/default/files/revendications_caritas_luxembourg_version_definitive-20201008.pdf, downloaded on 30 January 2021.

¹¹⁶ European Commission (2020), page 9.

their access to income, health services and dormitories (where social distancing rules are difficult to implement).

Fourth, house prices are soaring, even more so than before the crisis (up 13.6% in 2020 Q3 compared with 2019 Q3¹¹⁷), with spill-over impacts on the rental market. Low incomes and allowances are increasingly eaten up by these developments, linked inter alia to the rapidly growing population. New COVID-19 measures have been adopted as regards this specific problem, but they will not improve the situation in a structural way¹¹⁸ and under “normal” circumstances.

Fifth, the COVID-19 crisis highlighted the crucial importance of the medical workforce (doctors, nurses and physicians). But according to Lair (2019), more than 60% of doctors are likely to retire before 2034. The considerable strain experienced by health professionals during the crisis could further exacerbate this problem (as many may retire or choose another career path), with possible knock-on effects on rest homes and long-term care. More generally, the health system is still very resilient to poverty, as Luxembourg is the third best country in the EU as regards the share of unemployed or retired people reporting unmet needs for medical care¹¹⁹, but this accomplishment could be at risk.

One final gap relates to the situation of self-employed people. The financial situation of many of them was cushioned by the emergency aid, but their situation will probably remain extremely fragile in the wake of the crisis and even over the medium term. Thus, the need to “normalise” to the largest extent their social safety net. Self-employed people are in principle covered for all risks, but this is not always the case (e.g. during the first four months of illness or incapacity to work). They could receive compensation from the Employers' Mutuality Fund during this waiting period, but only to the extent that they previously became voluntary members of the fund.

3.4 Debates and recommendations

The COVID-19 situation has fostered a large debate in Luxembourg, although it is to a certain extent an extension of pre-existing, looming debates. It is therefore difficult to provide a fully exhaustive account of this discussion. One of the most comprehensive attempts to address specifically the impact of COVID-19 and to propose associated measures was a publication by the social service organisation Caritas, in October 2020¹²⁰. It presents a wide range of concrete proposals as regards tax issues, the labour market, homeless people, migrants, housing and climate issues, as fully comprehensive reforms are required in order to tackle successfully a multi-layered and extremely deep crisis that exacerbates pre-existing problems and creates new challenges.

On the employee side, the CSL (“*Chambre des Salariés*”) insists on the need to fine-tune the tax system, in order to improve the situation of low earners and single-parent families. In addition, and given the important role played by essential cross-border workers during the crisis, the CSL underlined the need to rethink social policy beyond the Luxembourg borders¹²¹. On the employer side, the Chamber of Commerce (*Chambre de Commerce*) insists on the need to make the health system more resilient to future shocks, to plan for long-term medical needs, to improve the European co-ordination of national healthcare systems and to provide complete medicine studies in Luxembourg in order to palliate any future shortage of health professionals.

¹¹⁷ Eurostat, https://ec.europa.eu/eurostat/documents/portlet_file_entry/2995521/2-14012021-AP-EN.pdf/b8d14d4c-2636-0a01-a56e-7d2030a95503, downloaded on 14 January 2021.

¹¹⁸ Nor will this be the case with various governmental initiatives in the housing field, which may slightly improve the poor supply of social housing, but which will not bring about structural changes; see Urbé (2020c).

¹¹⁹ European Commission (2020), page 106.

¹²⁰ See https://www.caritas.lu/sites/default/files/revendications_caritas_luxembourg_version_definitive-20201008.pdf, downloaded on 30 January 2021.

¹²¹ See Luxemburger Wort (2021).

The Chamber of Commerce also insists on more public investment in housing development, in co-operation with Luxembourg municipalities and the private sector¹²².

In the public sector, the president of the National Solidarity Fund (*Fonds national de solidarité*), in charge of the payment of Revis and the high-cost-of-living allowance, has highlighted the risk of a possible run on the fund at the beginning of 2021, when many unemployment allowances granted during the crisis or several partial unemployment schemes will come to an end¹²³.

Many recommendations could be derived based on this debate and the analysis above. They are still preliminary and of a partial nature at this stage. An essential area is the limitation of poverty for people (particularly inactive people) below the poverty threshold, by reforming Revis and making its implementation more automatic. This would still be a far cry from a universal allowance, but the latter would be potentially extremely costly especially in Luxembourg and of course not targeted at people in need¹²⁴.

This should be combined with: a new, large-scale initiative aimed at curbing real estate prices, with for instance efforts directed at social housing (by public companies or via collaborations between private promoters and the Luxembourg authorities); higher taxes on unoccupied houses or land; a reform of property taxes; and a lower VAT rate (3%, the reduced rate) on social housing. The evolution of rents should also be monitored and the rent subsidy adapted accordingly.

Finally, existing gaps (financial, access to healthcare, psychological aid, access to housing and care structures) in the social protection system and social inclusion policies should be addressed as regards the self-employed, homeless people, non-EU immigrants and young people – all of them particularly hit by the COVID-19 crisis. Humanitarian measures adopted during the COVID-19 crisis could in many cases be made permanent. The tax system should also better target groups in need, such as single-parent households, which are particularly exposed to poverty in Luxembourg – irrespective of the COVID-19 crisis.

¹²² Chambre de Commerce du Grand-Duché de Luxembourg (2020).

¹²³ Luxemburger Wort (2020).

¹²⁴ IDEA (2015).

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ANNEX**Table A1: Expected cost of social protection and inclusion measures**

Reference period March to December 2020

Measure in response to the crisis (see Section 2)	Non-refundable costs (€ million)	Comments
Related to unemployment benefits	19	
Extension of the period of entitlement	19	
Job protection (support for employers, employees and self-employed people)	562	
Flexibility of partial unemployment	562	Additional cost compared with 2019
Suspension of the 26-week protection against dismissal in case of incapacity to work	NA	
Extended deadlines for the declaration and payment of taxes, social contributions and VAT	0	€100 million for social contributions, €300 million for indirect taxes including VAT, and €1.25 billion for direct taxes; but these are refundable costs (delayed payment of taxes)
Related to sickness benefits and sick pay	5	
Freezing of the limit of 78 weeks of incapacity to work	5	
Related to health insurance	136	
Additions to the nomenclature of acts to be reimbursed by the CNS	86	Doctors and dentists (Ministry of Social Security)
Free testing and vaccination against COVID-19	50	Does not include vaccination costs (estimate April 2020) and of materials for LST scheme
Related to minimum-income schemes and other forms of social assistance	41	
Doubling of the high-cost-of-living allowance	41	Additional cost
Related to housing support	0	Probably close to 0
Rent subsidy increase	Not available	Probably low cost (the total in 2019 was €8.5 million, and the measure is just a partial adjustment of this)

Suspension of evictions in residential leases	NA	
Freeze on rent increases	NA	
Extension and early start of the WAK	Not available	Probably a low cost
Leave for parents (reason of COVID-19)	262	
Leave for family reasons	262	
Other important measures in the context of the pandemic	0.4	
Leave for family support	0.4	

Note: NA: not applicable, as there are no direct costs for the Luxembourg state.

Sources: Luxembourg state draft 2021 budget, 21th update of the Luxembourg Stability Programme, Ministry of Social Security, Ministry of Finance.

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