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Reintegration of long-term unemployed jobseekers Luxembourg

An employment subsidy program that promotes employment of the long-term unemployed in the public and non-profit sectors

Summary

Luxembourg will sponsor the creation of employment for the long-term unemployed in government, public institutions, non-profit organizations, and more to reintegrate them into the workforce (1)(2).

Rationale

The long-term unemployed are a major portion of job seekers in Luxembourg (46% in September 2022) (3).

Defining Principles

The program is based in a rights-based framework, acknowledging that the long-term unemployed are a particularly vulnerable population.

Dates of Operation

2017 - present

Number of Program Participants

Capped year by year — 150 people in 2017 (4).

Criteria for Participation

Over 30 years old and unemployed for more than 12 months.

Pay and Benefits

Subsidy covers up to 150% of the minimum social wage with a decreasing share of wage subsidized over time. The full wage is subsidized in the first year, eighty percent in the second, and sixty percent in the third year of employment. If the employee is over 50, the full wage is subsidized (5).

Financing

Funding for jobs created by the Employment Agency comes from the Luxembourg Employment Fund; “The Fund's revenue derives from a mixed system of financing based on contributions from... commerce and general taxation,” (6).



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Implementation

Employers, mainly in the public sector may apply for funding to provide work from the Employment Agency. Luxembourg Employment Agency provides a subsidy for open-ended employment creation (7).

Types of Work

Broad spectrum of work in the context of government, municipalities, public institutions, non-profits, and foundations.

Notable Features

A targeted Job Guarantee approach that funds training and employment for older unemployed people. Workers over 50 will have their salary paid for by the government indefinitely if necessary (8).

Challenges

This program operates on a small scale relative to the scope of need.

Program Website

https://adem.public.lu/en/employeurs/demandeur-aides-financieres/embaucher_cld.html



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Citations

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- (2) Luxembourg Employment Agency. Reintegration of long-term unemployed jobseekers. https://adem.public.lu/en/employeurs/demander-aides-financieres/embaucher_cld.html
- (3) RTL Today. Jan 16, 2023. New study shows: Long-term unemployed represent close to half of Luxembourg's job seekers. <https://today.rtl.lu/news/luxembourg/a/2018936.html>
- (4) Castegnaro, Guy and Claverie, Ariane. (October 25, 2017). New system introduced to combat long-term unemployment. <https://www.lexology.com/commentary/employment-immigration/luxembourg/castegnaro/new-system-introduced-to-combat-long-term-unemployment>
- (5) David, Dorothee. (2018). Luxembourg – Employment Law Review 2017. <https://iuslaboris.com/insights/luxembourg-employment-law-review-2017/>
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- (7) Luxembourg Employment Agency. Reintegration of long-term unemployed jobseekers.
- (8) Luxembourg Employment Agency. Reintegration of long-term unemployed jobseekers.



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