



Labour market policy

Qualitative report

Luxembourg 2001



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A - Introduction

A - Introduction

The first publication of the **Qualitative Reports** of the **Labour Market Policy (LMP) database** is issued in 16 volumes, one for each country participating in the LMP data collection¹. The reports present qualitative information extracted from the database to describe, in total, 550 labour market policy measures included in the Eurostat database for the year 2001. The reports constitute a fundamental component of the Eurostat Labour Market Policy (LMP) database allowing the user to understand what lies behind the figures on expenditure and participants collected in the database. The qualitative reports give a succinct description of each of the labour market policy measures and should be considered as complementary information to the publication *Labour Market Policy - Expenditure and Participants - Data 2001*².

The reports all have the same structure: Part A presents the Introduction, Part B includes the Inventory of measures - i.e. the list of all measures grouped by category, and Part C presents the main details of each measure in three sections: Identification, Description, and Supplementary information. The *Description* contains seven sub-sections: Aim, Beneficiaries, Action/Instrument, Financing/Support, Eligibility, Legal basis, and Recent changes. The *Supplementary Information* contains nine sub-sections covering the target groups, the conditions for participation and other characteristics of the measure. Together, these items summarise the qualitative information collected through the LMP questionnaire³.

The measure descriptions in the LMP database are up-dated every year with the contribution of the LMP delegates in each country and should be published by Eurostat every 2 years. They are also available as a chapter of the Basic Information Reports (BIRs) produced by the European Employment Observatory⁴.

¹ The reports are issued primarily in English but French and German versions are also available on request. Eurostat makes every effort to ensure that measure descriptions entered in one language are updated in the other two languages but the alignment of translations cannot be guaranteed. Bearing this in mind, the preferred language for each country report is considered to be English for all countries except Belgium, France and Luxembourg (French); Germany and Austria (German).

² European Social Statistics - *Labour market Policy - Expenditure and Participants - Data 2001*. Eurostat Theme 3 - Population and Social conditions - 2003 Edition.

³ *Labour Market Policy Database - Methodology* - April 2000. Eurostat Working Papers.

⁴ The BIRs are produced on behalf of the European Employment Strategy Unit (General Directorate of Employment and Social Affairs) and can be accessed via <http://www.eu-employment-observatory.net/en/publications/bir>.

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C - Qualitative information by measure

Identification:

Country: Luxembourg **Year:** 2001 **Category** 2 - Training
Measure n°/name: 26 **Training course for vocational reinsertion**
Type of action: 2 Training

Description:
Aim:

To promote the vocational reintegration of adult jobseekers through alternance training.

Beneficiaries:

Jobseekers aged over 30

Action/Instrument:

Reintegration traineeships last a maximum of 12 months and include alternating periods of hands-on and formal training. There is no contractual relationship between the jobseeker and the company.

Persons receiving unemployment benefits continue to receive full benefits during the traineeship (around 1/3 of participants), whilst jobseekers not on benefits receive a trainee allowance equal to the minimum wage for unqualified workers. The company can also pay a performance-related premium. Since the company does not pay the trainee directly (except for any performance-related premium), the company has to pay the Employment Fund an amount equivalent to 50% of the minimum wage for unqualified workers. This is reduced to 35% in case of trainees of a sex under-represented in a particular sector and/or for designated professions.

Financing/support:

Finance: Employment Fund

Support: Public employment service (ADEM)

Eligibility:

Jobseekers aged over 30 and registered with ADEM for at least 3 months.

Legal basis:

Law of 12 February 1999

Recent changes:

New measure in operation since 1 April 1999.

Supplementary information:

Target groups:	Unemployed, Registered jobseekers	Detailed target groups:	None
Unemployment registration:	<i>Condition for participation:</i> Yes <i>Registration continued:</i> Yes	Other cash benefits:	Unemployment benefit
Type of expenditure:	Transfers to individuals (Periodic cash payments)	Planned duration:	<i>Typical:</i> Not available <i>Maximum:</i> 1 Months
Responsible institution(s):	Public employment services	Area of Application:	National
Implementation:	<i>Year started:</i> 1999 <i>Year ended:</i> Ongoing		

Identification:

Country: Luxembourg **Year:** 2001 **Category** 2 - Training
Measure n°/name: 11 **Training for entering or re-entering the labour market**
Type of action: 2.1 Institutional training

Description:
Aim:

To promote integration into working life by means of vocational training courses organised through the national education system

Beneficiaries:

Jobseekers

Action/Instrument:

In the interest of integrating into working life jobseekers registered with ADEM (l'Administration de l'Emploi), the law allows the Minister of national education, subject to the agreement of the Minister of Labour, to organise courses, traineeships or other measures of guidance and preparation for working life, further vocational training, retraining or improvement of skills. The recruitment (for training) is handled by ADEM, which also deals with the placement of the candidates.

Unemployed persons participating in these training courses may be allowed to keep, or be granted, full unemployment benefits. Participants who do not benefit from an unemployment benefit receive a training allowance. The expenditure is supported by the employment fund (Fonds pour l'emploi).

The number of training courses varies according to unemployed and employers' demand - and the expenditure covers only the costs of raw materials, training allowances and payments for instructors or part-time lecturers, and not the apprenticeship subsidies (c.f. L-18).

Financing/support:

Finance: Employment fund.

Support: Public employment service (ADEM) and the Vocational training service, which is under the authority of the Minister for national education, vocational training and sports.

Eligibility:

Jobseekers

Legal basis:

Law of 1976

Recent changes:
Supplementary information:

Target groups:	Unemployed		Detailed target groups:	None
Unemployment registration:	<i>Condition for participation:</i>	n.a.	Other cash benefits:	None
	<i>Registration continued:</i>	No		
Type of expenditure:	Transfers to service providers		Planned duration:	<i>Typical:</i> 2 Months <i>Maximum:</i> 2 Years
Responsible institution(s):	Public employment services		Area of Application:	National
Implementation:	<i>Year started:</i>	1976		
	<i>Year ended:</i>	Ongoing		

Identification:

Country: Luxembourg **Year:** 2001 **Category** 2 - Training
Measure n°/name: 12 **Vocational retraining (workers)**
Type of action: 2.1 Institutional training

Description:
Aim:

To maintain jobs through vocational training

Beneficiaries:

Employees at risk of losing their job due to restructuring

Action/Instrument:

The law gives the government's Ministerial Council the power to organise vocational training or retraining courses for employees at risk of losing their job. Via the Employment fund, the state can take in charge totally or partially the expenditure related to the preparation, the operation and management of the courses and the losses of remuneration suffered by the employees because of their participation in these courses.

These courses are organised within companies or in approved training organisations.

Financing/support:

Finance: Employment fund

Responsible organisation: Minister for national education, vocational training and sports.

Eligibility:
Legal basis:

Law of 24 December 1977 authorising the government to take measures to stimulate economic growth and to maintain full employment.

Recent changes:

None

Supplementary information:

Target groups:	Employed at risk		Detailed target groups:	None
Unemployment registration:	<i>Condition for participation:</i>	n.a.	Other cash benefits:	None
	<i>Registration continued:</i>	No		
Type of expenditure:	Transfers to service providers		Planned duration:	<i>Typical:</i> Not available <i>Maximum:</i> Not available
Responsible institution(s):			Area of Application:	National
Implementation:	<i>Year started:</i>	1976		
	<i>Year ended:</i>	Ongoing		

Identification:

Country: Luxembourg **Year:** 2001 **Category** 2 - Training
Measure n°/name: 24 **Temporary auxiliary contract**
Type of action: 2.2 Workplace training

Description:
Aim:

To promote the integration of young jobseekers through in-company traineeships

Beneficiaries:

Jobseekers aged 30 or under

Action/Instrument:

Temporary auxiliary contracts (CAT) offer young people a practical initiation of work, which eases the transition between training and working life. Employers who take on a trainee in this way are obliged to pay a trainee allowance equal to the statutory minimum wage for non-qualified workers. The placement contracts can be concluded for a minimum of 3 months and a maximum of 12 months and are equally applicable to public and private sector employers.

The Employment Fund takes care of the employers social insurance contributions and reimburses the employer 50% of the trainee allowance paid.

This measure can take place in a company, an administration, a ministry or an association. A complementary allowance can be granted to the young person if his/her unemployment benefit is higher than the allowance paid under the CAT.

Financing/support:

Finance: Employment Fund

Support: Public employment service (ADEM)

Eligibility:

ADEM can suggest placement in a temporary auxiliary contract for any jobseeker registered with them and aged 30 or under

Legal basis:

Law of 12 February 1999

Recent changes:

From the 1st April 1999, this measure replaced two others - the "Contrat de stage-initiation" (L-15) and "Division d'auxiliaires temporaires" (L-16)

Supplementary information:

Target groups:	Unemployed, Registered jobseekers	Detailed target groups:	Youth
Unemployment registration:	<i>Condition for participation:</i> Yes <i>Registration continued:</i> Yes	Other cash benefits:	None
Type of expenditure:	Transfers to employers (Periodic cash payments, Reduced social contributions)	Planned duration:	<i>Typical:</i> 12 Weeks <i>Maximum:</i> 52 Weeks
Responsible institution(s):	Public employment services	Area of Application:	National
Implementation:	<i>Year started:</i> 1999 <i>Year ended:</i> Ongoing		

Identification:

Country: Luxembourg **Year:** 2001 **Category** 2 - Training
Measure n°/name: 25 **Training course of insertion in enterprise**
Type of action: 2.2 Workplace training

Description:
Aim:

To promote the vocational integration of young jobseekers through alternance training.

Beneficiaries:

Jobseekers aged 30 or under

Action/Instrument:

The system of in-company traineeships includes alternating periods of hands-on and formal training.

Participants receive an allowance equivalent to 80% of the minimum wage for unqualified workers. The Employment Fund covers 50% of this allowance, with the rest being the responsibility of the employer. The company can supplement the allowance with a performance-related premium based on attendance and ability.

Trainees are subject to the legal provisions, regulations and agreements applicable to workers in their profession, as well as any internal regulations of the company. They are insured against accidents by ADEM.

The traineeships last up to 12 months.

A complementary allowance can be granted to the young person if his/her unemployment benefit is higher than the allowance paid under this measure.

Financing/support:

Finance: Employment Fund

Support: Public employment service (ADEM)

Eligibility:

This option can be suggested by ADEM for any jobseeker registered with them for at least a month and aged 30 or under.

Legal basis:

Law of 12 February 1999

Recent changes:

From the 1st April 1999, this measure replaced the "Stage de préparation en entreprise" (L-17)

Supplementary information:

Target groups:	Unemployed, Registered jobseekers	Detailed target groups:	Youth
Unemployment registration:	<i>Condition for participation:</i> Yes <i>Registration continued:</i> Yes	Other cash benefits:	None
Type of expenditure:	Transfers to individuals (Periodic cash payments)	Planned duration:	<i>Typical:</i> Not available <i>Maximum:</i> 1 Years
Responsible institution(s):	Public employment services	Area of Application:	National
Implementation:	<i>Year started:</i> 1999 <i>Year ended:</i> Ongoing		

Identification:

Country: Luxembourg **Year:** 2001 **Category** 2 - Training
Measure n°/name: 18 **Aids/subsidies for apprenticeships**
Type of action: 2.4 Special support for apprenticeship

Description:
Aim:

To promote apprenticeship, especially in sectors with shortage of skilled labour.

Beneficiaries:

Young apprentices

Action/Instrument:

Every employer taking on an apprentice on the basis of a contract or an apprenticeship agreement is eligible for aid from the Employment Fund equivalent to 8% of the training allowance paid to the apprentice (12% for craft trades). A further 15% of the trainee allowance may be paid in the case of apprenticeships concluded in trades or professions where there is a recognised shortage of labour or positions for apprentices. In addition to the subsidy, the Employment Fund reimburses employers the social security contributions payable in respect of the trainee allowance.

Every apprentice is entitled to an annual training allowance paid by the Employment Fund (in addition to the regular allowance paid by the employer). For apprentices in trades and professions with labour shortages a supplementary allowance is payable. A list of the trades recognised as having a shortage of labour or apprentice positions is established and published each year by the Minister for Work and Employment after consultation with the national Employment Commission.

Financing/support:

Finance: Employment Fund

Support: Public employment service (ADEM) and trade organisations

Eligibility:
Legal basis:

Regulation of the Grand-Duke of 29 August 1988

Recent changes:

The rate of the supplement has risen from 12% to 15% of the apprenticeship allowance for employers who hire an apprentice to learn a trade or profession which has a structural lack of labour or a lack of apprenticeship positions. This has been in effect

Supplementary information:

Target groups:	None		Detailed target groups:	Youth
Unemployment registration:	<i>Condition for participation:</i>	No	Other cash benefits:	None
	<i>Registration continued:</i>	No		
Type of expenditure:	Transfers to individuals (Lump-sum payments), Transfers to employers (Periodic cash payments, Reduced social contributions)		Planned duration:	<i>Typical:</i> Not available <i>Maximum:</i> 3 Years
Responsible institution(s):	Public employment services		Area of Application:	National
Implementation:	<i>Year started:</i>	1988		
	<i>Year ended:</i>	Ongoing		

Identification:

Country: Luxembourg **Year:** 2001 **Category** 4 - Employment incentives
Measure n°/name: 3 **Aid to re-enter the labour market**
Type of action: 4 Employment incentives

Description:
Aim:

To encourage jobseekers to take up a job with a lower wage than their previous position.

Beneficiaries:

Employees who are transferred to another company for economic reasons, and persons registered as unemployed with ADEM.

Action/Instrument:

Under certain conditions, the Employment Fund grants assistance to the re-employment of people who agree to be regraded in a job with a lower wage than before. The aid is provided for a maximum of 48 months from the time of regrading. Taking into account the new wage, the aid ensures a remuneration of 90% of the previous wage. In calculating the level of assistance payable, the previous remuneration is limited to 350% of the relevant minimum wage.

Financing/support:

Finance: Employment Fund

Support: Public employment service (ADEM)

Eligibility:

The aid is available primarily to employees leaving a company with economic problems for structural reasons, though subject to certain conditions. It can also be applied for persons registered as unemployed with ADEM.

Legal basis:

Regulation of the Grand-Duke of 17 June 1994, amended on 31 July 1995.

Recent changes:

None

Supplementary information:

Target groups:	Unemployed, Employed at risk	Detailed target groups:	None
Unemployment registration:	<i>Condition for participation:</i> n.a. <i>Registration continued:</i> No	Other cash benefits:	None
Type of expenditure:	Transfers to individuals (Periodic cash payments)	Planned duration:	<i>Typical:</i> Not available <i>Maximum:</i> 4 Years
Responsible institution(s):	Public employment services	Area of Application:	National
Implementation:	<i>Year started:</i> 1994 <i>Year ended:</i> Ongoing		

Identification:

Country: Luxembourg **Year:** 2001 **Category** 4 - Employment incentives
Measure n°/name: 6 **Aid for employing long-term and older unemployed**
Type of action: 4.1 Recruitment incentives

Description:
Aim:

Encourage employers to take on particular groups of unemployed

Beneficiaries:

Long-term and older (>50) unemployed

Action/Instrument:

Employers taking on an eligible person benefit from a reimbursement of social contributions for between 2 and 7 years (in relation to age and duration of unemployment).

The contract of employment on which the recruitment is based must either be open-ended, or for a fixed term of not less than 24 months, and relate to working hours of not less than 20 per week. In the case of a fixed-term contract, the period of reimbursement of social contributions is limited to 18 months.

Financing/support:

Finance: Employment Fund

Support: Public employment service (ADEM)

Eligibility:

* Unemployed persons aged over 50 (receiving benefits or not)

Must be registered as a jobseeker for at least 1 month. Reimbursement of social contributions for up to 7 years.

* Unemployed persons aged over 40 (receiving benefits or not)

Must be registered as a jobseeker for at least 12 months. Reimbursement of social contributions for up to 3 years.

* Unemployed persons aged at least 30 (receiving benefits or not)

Must be registered as a jobseeker for at least 12 months. Reimbursement of social contributions for up to 2 years.

* Les chômeurs âgés de 30 ans au moins (indemnisés ou non indemnisés)

Legal basis:

Regulation of the Grand-Duke of 23 July 1993

Recent changes:

None

Supplementary information:

Target groups:	Unemployed (LTU), Registered jobseekers	Detailed target groups:	Older
Unemployment registration:	<i>Condition for participation:</i> Yes <i>Registration continued:</i> No	Other cash benefits:	None
Type of expenditure:	Transfers to employers (Reduced social contributions)	Planned duration:	<i>Typical:</i> 2 Years <i>Maximum:</i> 7 Years
Responsible institution(s):	Public employment services	Area of Application:	National
Implementation:	<i>Year started:</i> 1993 <i>Year ended:</i> Ongoing		

Identification:

Country: Luxembourg **Year:** 2001 **Category** 4 - Employment incentives
Measure n°/name: 7 **Mobility allowance**
Type of action: 4.1 Recruitment incentives

Description:
Aim:

To facilitate mobility in order to find work

Beneficiaries:

Jobseekers, unemployed persons receiving benefits and young people seeking their first job.

Action/Instrument:

There are three types of mobility assistance:
 - a fixed monthly allowance for travelling expenses
 - a fixed monthly allowance for double residence
 - a one-off fixed payment for relocation costs

Financing/support:

Finance: Employment Fund
 Support: Public employment service (ADEM)

Eligibility:

Jobseekers, unemployed persons on benefit or young people looking for their first job and resident in the Grand-Duchy of Luxembourg / or registered for at least 3 months with ADEM / or who have been placed in a sustainable job in Luxembourg which is more than 15km from their normal place of residence.

Legal basis:

Regulation of the Grand-Duke of 17 June 1994

Recent changes:

None

Supplementary information:

Target groups:	Unemployed, Registered jobseekers	Detailed target groups:	None
Unemployment registration:	<i>Condition for participation:</i> Yes <i>Registration continued:</i> No	Other cash benefits:	None
Type of expenditure:	Transfers to individuals (Periodic cash payments, Lump-sum payments)	Planned duration:	<i>Typical:</i> 18 Months <i>Maximum:</i> 18 Months
Responsible institution(s):	Public employment services	Area of Application:	National
Implementation:	<i>Year started:</i> 1994 <i>Year ended:</i> Ongoing		

Identification:

Country: Luxembourg **Year:** 2001 **Category** 4 - Employment incentives
Measure n°/name: 9 **Income tax reduction for employing unemployed people**
Type of action: 4.1 Recruitment incentives

Description:
Aim:

To encourage employers to take on young people through tax incentives

Beneficiaries:

People out of work and registered with ADEM for 3 months

Action/Instrument:

The amount of tax relief can reach 10% of the gross monthly amount deductible as operating expenses. This relief can be obtained by employers who offer a salaried position to people who are out of work, have been registered for 3 months with ADEM and were placed by them. The jobs must be subject either to an open-ended contract or a fixed-term contract of at least 24 months and with working time of at least 16 hours per week. The tax relief for each unemployed person taken on is granted for a maximum of 36 months from the date of recruitment. Subject to these conditions, the tax relief is only available for recruitments completed between 1 July 1996 and 31 December 2002.

Financing/support:

Finance: Tax authority (Administration des contributions)
 Support: Public employment service (ADEM)

Eligibility:

Persons registered unemployed for 3 months and placed by ADEM

Legal basis:

Law of 1st July 1996

Recent changes:

None

Supplementary information:

Target groups:	Unemployed		Detailed target groups:	None
Unemployment registration:	<i>Condition for participation:</i> Yes <i>Registration continued:</i> No		Other cash benefits:	None
Type of expenditure:	Transfers to employers (Reduced taxes)		Planned duration:	<i>Typical:</i> 36 Months <i>Maximum:</i> 36 Months
Responsible institution(s):	Public employment services		Area of Application:	National
Implementation:	<i>Year started:</i> 1996 <i>Year ended:</i> 2002			

Identification:

Country: Luxembourg **Year:** 2001 **Category** 5 - Integration of the disabled
Measure n°/name: 21 **Measures of professional (re)integration of disabled workers**
Type of action: 5.1 Regular employment

Description:
Aim:

To facilitate the integration of disabled workers by encouraging employers to take them on.

Beneficiaries:

Disabled workers

Action/Instrument:

The Disabled Workers Service (STH - Service des travailleurs handicapés) can grant a recruitment subsidy in the form of a contribution to the wage costs of disabled workers who are registered jobseekers or who are at risk of losing their job. Under the terms of the legal provisions, the director of ADEM (l'Administration de l'Emploi) is able to grant subsidies varying from 40 to 60% of the gross wage, an allowance to cover an initiation or hand-over period, or a reimbursement of social contributions.

Financing/support:

Finance: Public employment service (ADEM), Ministry of Labour and Employment

Support: Public employment service (ADEM)

Eligibility:

Registered disabled workers

Legal basis:

Law on disabled workers, amended 12 November 1991

Recent changes:

None

Supplementary information:

Target groups:	Unemployed, Employed at risk, Registered jobseekers	Detailed target groups:	Disabled
Unemployment registration:	<i>Condition for participation:</i> No <i>Registration continued:</i> No	Other cash benefits:	Other benefit
Type of expenditure:	Transfers to employers (Periodic cash payments, Reduced social contributions)	Planned duration:	<i>Typical:</i> 36 Months <i>Maximum:</i> Not available
Responsible institution(s):	Public employment services	Area of Application:	National
Implementation:	<i>Year started:</i> 1992 <i>Year ended:</i> Ongoing		

Identification:

Country: Luxembourg **Year:** 2001 **Category** 5 - Integration of the disabled
Measure n°/name: 22 **Adaptation of the workplace for disabled workers**
Type of action: 5.1 Regular employment

Description:
Aim:

To facilitate the integration of disabled workers through adaptation of the workplace

Beneficiaries:

Disabled workers

Action/Instrument:

The Disabled Workers Service (STH - Service des travailleurs handicapés) can support the adaptation of work stations or the purchase of specialised equipment for disabled workers employed in companies.

Financing/support:

Finance: Public employment service (ADEM), Ministry of Labour and Employment

Support: Public employment service (ADEM)

Eligibility:

Registered disabled workers

Legal basis:

Law on disabled workers, amended 12 November 1991

Recent changes:

None

Supplementary information:

Target groups:	Unemployed, Employed at risk, Registered jobseekers	Detailed target groups:	Disabled
Unemployment registration:	<i>Condition for participation:</i> No <i>Registration continued:</i> No	Other cash benefits:	Other benefit
Type of expenditure:	Transfers to individuals (Reimbursements), Transfers to employers (Reimbursements)	Planned duration:	<i>Typical:</i> Not available <i>Maximum:</i> Not available
Responsible institution(s):	Public employment services	Area of Application:	National
Implementation:	<i>Year started:</i> 1992 <i>Year ended:</i> Ongoing		

Identification:

Country: Luxembourg **Year:** 2001 **Category** 5 - Integration of the disabled
Measure n°/name: 23 **Reimbursement of supplementary leave for disabled workers**
Type of action: 5.1 Regular employment

Description:
Aim:

To compensate employers for six extra days holiday granted to disabled workers

Beneficiaries:

Disabled workers

Action/Instrument:

At the request of the employer, the Disabled Workers Service (STH - Service des travailleurs handicapés) takes responsibility for the daily allowances due in respect of 6 supplementary days of holiday granted to disabled workers.

Financing/support:

Finance: Public employment service (ADEM), Ministry of Labour and Employment

Support: Public employment service (ADEM)

Eligibility:

Registered disabled workers

Legal basis:

Law on disabled workers, amended 12 November 1991

Recent changes:

None

Supplementary information:

Target groups:	Employed at risk	Detailed target groups:	Disabled
Unemployment registration:	<i>Condition for participation:</i> No <i>Registration continued:</i> No	Other cash benefits:	Other benefit
Type of expenditure:	Transfers to employers (Reimbursements)	Planned duration:	<i>Typical:</i> Not available <i>Maximum:</i> Not available
Responsible institution(s):	Public employment services	Area of Application:	National
Implementation:	<i>Year started:</i> 1992 <i>Year ended:</i> Ongoing		

Identification:

Country: Luxembourg **Year:** 2001 **Category** 5 - Integration of the disabled
Measure n°/name: 20 **Vocational training and retraining measures for disabled workers**
Type of action: 5.3 Other rehabilitation and training

Description:
Aim:

To facilitate the integration of disabled workers through training

Beneficiaries:

Disabled workers

Action/Instrument:

The Disabled Workers Service (Service des travailleurs handicapés) of ADEM (l'Administration de l'Emploi) can take full or partial responsibility for the costs of training or retraining of disabled workers in order to promote their (re)integration into working life.

These costs include, in particular, allowances during retraining and initiation or hand-over into work, as well as other related costs such as registration costs, travel allowances, meal costs, and small didactic equipment.

For participants offered training by the director of ADEM but who do not receive either a disability allowance, accident insurance, or the guaranteed minimum income, the STH can pay a monthly allowance up to the level of full unemployment benefit. For candidates with conditions that demand that they take up a trade suitably adapted to their handicap, the STH can offer opportunities to participate in preparatory traineeships or in courses in specialised vocational training centres.

Financing/support:

Finance: Ministry for Labour and Employment
 Support: Public employment service (ADEM)

Eligibility:

Registered disabled workers

Legal basis:

Law on disabled workers, amended 12 November 1991

Recent changes:

None

Supplementary information:

Target groups:	Unemployed, Employed at risk, Registered jobseekers	Detailed target groups:	Disabled
Unemployment registration:	<i>Condition for participation:</i> n.a. <i>Registration continued:</i> Yes	Other cash benefits:	Other benefit
Type of expenditure:	Transfers to individuals (Periodic cash payments), Transfers to service providers	Planned duration:	<i>Typical:</i> 12 Months <i>Maximum:</i> 24 Months
Responsible institution(s):	Public employment services	Area of Application:	National
Implementation:	<i>Year started:</i> 1992 <i>Year ended:</i> Ongoing		

Identification:

Country: Luxembourg **Year:** 2001 **Category** 6 - Direct job creation
Measure n°/name: 13 **Subsidies for the creation of jobs of socio-economic value**
Type of action: 6.1 Permanent

Description:
Aim:

To encourage the creation of jobs of socio-economic value.

Beneficiaries:

Workers threatened with unemployment, job seekers registered with the ADEM.

Action/Instrument:

Aid from the employment fund is granted for the creation of jobs intended for the unemployed.

Its goal is to foster the launching, operation and development of projects to create permanent employment and services and activities which are not covered by public services or by private enterprise. Thus any economic, social or cultural project may be considered when it is not-for-profit.

Aid from the employment fund can be granted to institutions, bodies or groups of individuals for the creation of jobs that meet the following conditions:

- the jobs must be reserved for individuals threatened with unemployment or to job seekers who are under 26 and are registered with the employment office (ADEM) ;
- the jobs must be open-ended and permanent;
- the beneficiary must guarantee funding for the job created as from one year after the aid was granted;
- the beneficiary must demonstrate that he or she is in compliance with the legal, regulatory, administrative and conventional rules which govern the protection of employees in the practice of their profession.

Aid is granted for a maximum of one year and, in principle, is not renewable unless an exception is made in special, duly justified, cases. A maximum of €3676.23 (LUF 350 000) is available per full-time job created.

Financing/support:

Finance: Employment Fund

Support: Public employment service (ADEM)

Eligibility:

Workers threatened with unemployment or job seekers who are under 26 and are registered with the employment office (ADEM).

Legal basis:

Grand-Ducal Regulation of 17 June 1994.

Recent changes:

None

Supplementary information:

Target groups:	Unemployed, Employed at risk, Registered jobseekers	Detailed target groups:	None
Unemployment registration:	<i>Condition for participation:</i> Yes <i>Registration continued:</i> No	Other cash benefits:	None
Type of expenditure:	Transfers to employers (Lump-sum payments)	Planned duration:	<i>Typical:</i> Not available <i>Maximum:</i> 1 Years
Responsible institution(s):	Public employment services	Area of Application:	National
Implementation:	<i>Year started:</i> 1995 <i>Year ended:</i> Ongoing		

Identification:

Country: Luxembourg **Year:** 2001 **Category** 6 - Direct job creation
Measure n°/name: 2 **Extraordinary works of general interest**
Type of action: 6.2 Temporary

Description:
Aim:

To maintain employment in sectors experiencing economic difficulties by occupying the manpower in public works.

Beneficiaries:

Employees in sectors experiencing economic difficulties

Action/Instrument:

The government determines those sectors where economic difficulties are such that it is necessary to make recourse to exceptional public works in order to ensure productive employment of the available labour force. The head of a company proposing to make use of this type of work must consult with staff, a joint committee of employers and employees and, if necessary, the trade unions. The Minister of Labour is responsible for the decision to admit the company to the work.

Working relationships between the employer and staff are maintained. The costs are borne by the Employment Fund. However, the local authorities and other public bodies involved in the proposal which the Government aims to complete through this exceptional public works, reimburse the realted costs to the state. The Ministerial Council can reduce by up to a quarter the amount to be reimbursed.

Financing/support:

Finance: Employment Fund

Responsible institution: Central government

Eligibility:

Sectors experiencing severe economic difficulties, as designated by the Ministerial Council on recommendation from the Economic Committee.

Legal basis:

Law amended on 26 July 1975

Recent changes:

None

Supplementary information:

Target groups:	Employed at risk	Detailed target groups:	None
Unemployment registration:	<i>Condition for participation:</i> No <i>Registration continued:</i> No	Other cash benefits:	None
Type of expenditure:	Transfers to employers (Reimbursements)	Planned duration:	<i>Typical:</i> Not available <i>Maximum:</i> Not available
Responsible institution(s):	Central government	Area of Application:	National
Implementation:	<i>Year started:</i> 1977 <i>Year ended:</i> Ongoing		

Identification:

Country: Luxembourg **Year:** 2001 **Category** 6 - Direct job creation
Measure n°/name: 10 **Socially useful works**
Type of action: 6.2 Temporary

Description:
Aim:

To promote the integration of unemployed persons by providing work in socially useful activities

Beneficiaries:

Persons on unemployment benefit or those eligible to unemployment benefits.

Action/Instrument:

Unemployed persons participating in work for public benefit may be allowed to keep, or be granted, full unemployment benefits. Indeed, the law recognises a supplementary monthly allowance of 148.74 € for unemployed persons on benefit assigned to a task designated as being of public benefit.

By law, the supplementary allowance is not considered as a secondary income to be taken into account when calculating the level of unemployment benefit payable. The supplementary allowance is subject to the social contributions and taxes associated with regular wages, except that the employers social contributions are covered by the Employment Fund.

The Employment Fund pays the supplementary allowance as well as related expenses, in particular insurance, social security, transport, materials, equipment, safety and all other costs related to the activation.

Financing/support:

Finance: Employment fund.

Support: Public employment service (ADEM)

Eligibility:

Jobseekers registered with ADEM

Legal basis:

Law amended on 30 June 1976

Recent changes:

None

Supplementary information:

Target groups:	Unemployed		Detailed target groups:	None
Unemployment registration:	<i>Condition for participation:</i>	Yes	Other cash benefits:	Unemployment benefit
	<i>Registration continued:</i>	Yes		
Type of expenditure:	Transfers to individuals (Periodic cash payments)		Planned duration:	<i>Typical:</i> 18 Months <i>Maximum:</i> 18 Months
Responsible institution(s):	Public employment services		Area of Application:	National
Implementation:	<i>Year started:</i>	1976		
	<i>Year ended:</i>	Ongoing		

Identification:

Country: Luxembourg **Year:** 2001 **Category** 7 - Start-up incentives
Measure n°/name: 14 **Subsidies for the creation of businesses by the unemployed**
Type of action: 7 Start-up incentives

Description:
Aim:

To support unemployed persons starting a company.

Beneficiaries:

Jobseekers starting or taking over a company over which they have effective control, or taking up a non-salaried trade.

Action/Instrument:

Beneficiaries receive assistance granted through capitalisation of the unemployment benefit they would have received during the six months following the start or resumption of activity.

Financing/support:

Finance: Employment Fund
 Support: Public employment service (ADEM)

Eligibility:

The assistance is available to

- all jobseekers on benefits for 6 months;
- jobseekers aged 40 or over and receiving benefits for 3 months;
- jobseekers not on benefit but registered with ADEM for 8 months and having been employed in the country for at least 6 years; and who are start or take over a company over which they have effective control or who take up a non-salaried trade in certain sectors/occupations.

Legal basis:

Regulation of the Grand-Duke of 17 July 1994

Recent changes:

None

Supplementary information:

Target groups:	Unemployed, Registered jobseekers	Detailed target groups:	None
Unemployment registration:	<i>Condition for participation:</i> Yes <i>Registration continued:</i> No	Other cash benefits:	None
Type of expenditure:	Transfers to individuals (Lump-sum payments)	Planned duration:	<i>Typical:</i> Not available <i>Maximum:</i> Not available
Responsible institution(s):	Public employment services	Area of Application:	National
Implementation:	<i>Year started:</i> 1994 <i>Year ended:</i> Ongoing		

Identification:

Country: Luxembourg **Year:** 2001 **Category** 8 - Out-of-work income maintenance and support
Measure n°/name: 5 **Unemployment compensation**
Type of action: 8.1 Full unemployment benefits

Description:
Aim:

To partially compensate for loss of wages due to unemployment

Beneficiaries:

Unemployed persons registered with ADEM who are seeking and available for work

Action/Instrument:

In case of the termination of an employment relationship, a worker previously employed for at least 16 hours per week is eligible to receive full unemployment benefits so long as he/she fulfils certain legal criteria.

Unemployment compensation is paid at a rate of 80% of the previous gross wage, so long as this does not exceed 250% of the minimum wage. This threshold is reduced to 200% after 182 days of unemployment within a 12 month period. Under certain conditions the allowance can be continued for a second period of 6, 9 or 12 months (with a threshold of 150% of the minimum wage).

Financing/support:

Finance: Employment Fund

Support: Public employment service

Eligibility:

Persons out of work, previously employed for at least 16 hours a week and having worked for a certain length of time. The law also defines the compensation systems for young people and self-employed persons who have ceased activity due to economic difficulties or through the intervention of a third party.

Legal basis:

Law amended on 30 June 1976 in relation to 1) establishment of the Employment Fund, 2) regulations on the payment of unemployment compensation

Recent changes:

None

Supplementary information:

Target groups:	Unemployed	Detailed target groups:	None
Unemployment registration:	<i>Condition for participation:</i> Yes <i>Registration continued:</i> Yes	Other cash benefits:	Unemployment benefit
Type of expenditure:	Transfers to individuals (Periodic cash payments)	Planned duration:	<i>Typical:</i> 12 Months <i>Maximum:</i> 24 Months
Responsible institution(s):	Public employment services	Area of Application:	National
Implementation:	<i>Year started:</i> 1976 <i>Year ended:</i> Ongoing		

Identification:

Country: Luxembourg **Year:** 2001 **Category** 8 - Out-of-work income maintenance and support
Measure n°/name: 1 **Partial unemployment benefit**
Type of action: 8.2 Partial unemployment benefits

Description:
Aim:

To maintain employment by compensating for loss of wages in case of short-time working.

Beneficiaries:

Workers subject to short-time working arrangements

Action/Instrument:

The compensatory allowance is paid for each working hour lost involuntarily other than for personal reasons. The working week to be taken into account when fixing the normal hours of work for the month concerned is the regular working week of the company, which cannot in any case exceed 40 hours. The rate of the compensatory allowance is fixed at 80% of the regular gross hourly wage, though it cannot exceed 250% of the minimum wage.

The allowance due in respect of the first 16 hours per month is paid by the employer and the worker according to rates agreed by both parties, though the share of the workers cannot exceed 8 hours (50%). A subvention from the state then covers the total amount of compensatory allowances paid out by the employer in respect of hours lost in excess of the first 16 per month.

The allowance is payable for a maximum of 6 months within a 12 month reference period.

Financing/support:

Finance: Employment Fund

Support: Public employment service

Eligibility:

The compensatory allowance is payable to all workers regularly employed by the company at the time that short-time working arrangements are introduced, excluding the following:

- persons aged over 64;
- persons for whom the formal retirement age is below 65 and who already receive a pension;
- young people covered by an apprenticeship contract.

The government (Ministerial Council) determines, on the advice of the Economic Committee, the sectors in which the economic difficulties are such that reductions in normal working hours are inevitable.

Legal basis:

Law of 26 March 1998, which amended and completed the law of 24 December 1977

Recent changes:

None

Supplementary information:

Target groups:	Employed at risk	Detailed target groups:	None
Unemployment registration:	<i>Condition for participation:</i> No <i>Registration continued:</i> No	Other cash benefits:	None
Type of expenditure:	Transfers to employers (Reimbursements)	Planned duration:	<i>Typical:</i> 1 Months <i>Maximum:</i> 6 Months
Responsible institution(s):	Public employment services	Area of Application:	National
Implementation:	<i>Year started:</i> 1975 <i>Year ended:</i> Ongoing		

Identification:

Country: Luxembourg **Year:** 2001 **Category** 8 - Out-of-work income maintenance and support
Measure n°/name: 4 **Compensation for unemployment due to technical reasons or bad weather in the building sector**
Type of action: 8.2 Partial unemployment benefits

Description:
Aim:

To compensate for hours of work lost involuntarily by employees in the building sector

Beneficiaries:

Employees in the building sector

Action/Instrument:

In case of involuntary unemployment as a direct result of bad weather, workers employed in construction who suffer a loss of wages without any break in the employment relationship are eligible for a compensatory payment.

The wage compensation is payable for each hour of work lost involuntarily other than for personal reasons beyond a basic 8 hours per calendar month. Compensation is payable in respect of single hours and not just for whole days of unemployment. The wage compensation is paid by the employer who is reimbursed by the Employment Fund for the full amount paid out.

The rate of the compensatory allowance is fixed at 80% of the regular gross hourly wage, though it cannot exceed 250% of the minimum wage.

Financing/support:

Finance: employment Fund

Support: Public employment service

Eligibility:

The measure relates only to employees in the building or civil engineering sectors or related trades, who routinely work on building-sites and suffer loss of wages without any break in the employment relationship.

Legal basis:

Law of 25 April 1995

Recent changes:

None

Supplementary information:

Target groups:	Employed at risk	Detailed target groups:	None
Unemployment registration:	<i>Condition for participation:</i> No <i>Registration continued:</i> No	Other cash benefits:	None
Type of expenditure:	Transfers to employers (Reimbursements)	Planned duration:	<i>Typical:</i> Not available <i>Maximum:</i> Not available
Responsible institution(s):	Public employment services	Area of Application:	National
Implementation:	<i>Year started:</i> 1995 <i>Year ended:</i> Ongoing		

Identification:

Country: Luxembourg **Year:** 2001 **Category** 8 - Out-of-work income maintenance and support
Measure n°/name: 8 **Debt guarantee in case of employer closing down**
Type of action: 8.5 Bankruptcy compensation

Description:
Aim:

To guarantee the payment of employees in case of bankruptcy of the employer

Beneficiaries:

Employees who have not been paid due to bankruptcy of their employer

Action/Instrument:

In case of bankruptcy of an employer, the Employment Fund guarantees cover wages and all kinds of allowances due to employees at the date of the formal declaration of bankruptcy in relation to the previous 6 months of work and as a result of the break of contract, up to a net amount of 6 times the relevant minimum wage.

Financing/support:

Finance: Employment Fund

Support: Public employment service

Eligibility:

Persons whose contract of employment is broken due to bankruptcy of the employer.

Legal basis:

Law of 24 May 1989 on employment contracts

Recent changes:

None

Supplementary information:

Target groups:	Employed at risk		Detailed target groups:	None
Unemployment registration:	<i>Condition for participation:</i>	No	Other cash benefits:	None
	<i>Registration continued:</i>	No		
Type of expenditure:	Transfers to individuals (Lump-sum payments)		Planned duration:	<i>Typical:</i> 6 Months <i>Maximum:</i> 6 Months
Responsible institution(s):	Public employment services		Area of Application:	National
Implementation:	<i>Year started:</i>	1989		
	<i>Year ended:</i>	Ongoing		

Identification:

Country: Luxembourg **Year:** 2001 **Category** 9 - Early retirement
Measure n°/name: 19 **Early retirement**
Type of action: 9.1.2 Partial

Description:
Aim:

To ease the transition from working life to retirement by encouraging gradual early retirement provided that unemployed individuals are hired as replacements.

Beneficiaries:

Employees aged over 57 (52 in the mining sector)

Action/Instrument:

The early retirement allowance is calculated according to average gross wages in the three months prior to obtaining the allowance. This reference salary includes the variable part of wages (extra pay for working Sundays, nightshifts, bank holidays, etc.) by taking into account the annual average. Moreover, the "13th month" is included by adding 1/12 of it per month.

During the first year, the amount is set at 85% of wages. During the second, it is set at 80%, and during the third, 75%. The aid is limited to 5 times the statutory minimum wage. Social contributions and taxes must be paid.

Entitlement to the early retirement allowance lapses the day that the retiree becomes entitled to an old age or invalidity pension, or if he or she takes on paid employment (where wages are higher than half the statutory minimum wage).

There are four different kinds of early retirement:

- "Solidarity" early retirement: this type of early retirement is intended for workers in the private sector. It requires agreement between the worker and the employer in the form of a special, individual contract. The government's financial contribution is conditional upon a job seeker put forward by the ADEM or a worker at immediate risk of redundancy on economic grounds being hired. The law does not require each position to be replaced, but rather the total number of employees. In this way, the newly-hired worker or apprentice will not necessarily take on the job left by the retiree. The employer must demonstrate that there is a causal relationship between the hiring and the early retirement of the staff member. The allowance will be paid for a maximum of three years. The employment fund refunds this to the tune of 70%.

- Gradual early retirement: this is granted to employees who are willing to change their full-time employment to part-time.

The government refunds the financial contributions paid by the employer provided that they justify that they have actually hired one or more unemployed individuals receiving benefits or job seekers registered at the ADEM for at least 6 months (on a permanent contract or as an apprentice). It is up to the employer to demonstrate that there is a causal relationship between the hiring and the early retirement of the staff member. The amount of the allowance is calculated in proportion to the working time of the early retiree. The employment fund refunds up to 100 % of this.

- "Adjustment" early retirement: this concerns employees of undertakings being restructured or being closed. The allowance may be paid out for more than three years in cases where early retirement begins on 1 January of the year in which the worker turns 57. This scheme can only be applied when an agreement has been concluded with the Minister of Employment. The undertaking may be required to pay part of the contributions (maximum of 50%) resulting from the early retirement allowance if it is in good economic and financial condition.

- Early retirement for shift/night workers: this can be granted to workers who have spent 20 years working shifts or working nights. It will be paid for a maximum of three years. The Minister of Employment is responsible for deciding whether early retirement under this scheme is possible. If the Minister agrees that it is so, the employer will be fully refunded their costs of the early retirement allowance from the employment fund.

Financing/support:

Finance: Employment Fund

Support: Public employment service

Eligibility:

Workers of 57 years of age or older, provided that they are eligible for an early old-age pension at the age of 60. Note that there is an exception to this condition for the "adjustment" early retirement.

Legal basis:

Law of 24 December 1990 on early retirement (Mémorial A (Luxembourg official journal), 1990, P. 1331) as amended by:

- Law of 27 July 1992 reforming sickness insurance;
- Law of 23 July 1993 laying down various employment measures;
- Law of 31 July 1995 on employment and vocational training;
- Law of 12 February 1999 on the implementation of a national action plan for employment.

Recent changes:

None

Supplementary information:

Target groups:	None		Detailed target groups:	Older
Unemployment registration:	<i>Condition for participation:</i>	n.a.	Other cash benefits:	None
	<i>Registration continued:</i>	No		
Type of expenditure:	Transfers to individuals (Periodic cash payments)		Planned duration:	<i>Typical:</i> Not available <i>Maximum:</i> 3 Years
Responsible institution(s):	Public employment services		Area of Application:	National

Implementation: *Year started:* 1995
 Year ended: Ongoing