

INEQUALITIES IN LUXEMBOURG

RICH COUNTRY, WITH AN ALARMING INCREASE OF PEOPLE LIVING IN POVERTY AND NEED

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Income and Wealth

Although Luxembourg has the highest disposable income per capita in the EU, poverty has risen steadily since 2000, and at a faster rate than in any other EU member state. Without social transfers 47% of the population would fall below the poverty line but, even with income inequality at 0.30 after transfers (2016 Gini ranking), slightly below the EU average,¹ 21.5% of people in Luxembourg are living at risk of poverty or social exclusion,² with children and adolescents especially at risk (23.6%), as well as single-parent families. 18.7% of working people in Luxembourg are considered as working poor.³ This proportion is one of the highest in EU. The working poor, mainly people aged 18-24, are increasing faster than in any other EU Member state. This generation risks being the first generation in Luxembourg's history to be worse off than the previous one.

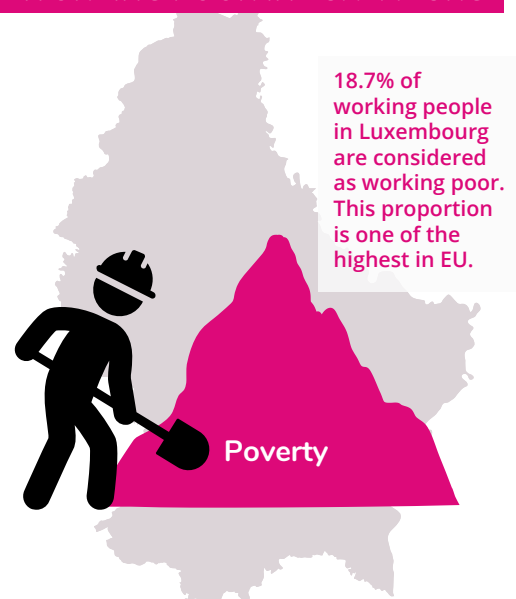
The cost of housing is a major factor in inequality. On average, housing accounts for 36% of household budgets, a figure which rises to 42% for low-income households. The insufficient provision of social housing, currently only 5,000 units, makes Luxembourg the worst performer in the European Union and creates huge difficulties for the 40,000 households who are already below the risk-of-poverty threshold and unable to compete in the housing market.⁴

Gender

In terms of gender and employment Luxembourg, with a gender pay gap of 5.4%, performs well. The record in politics is not as good: there are only 15 female deputies in the 60 seat national parliament and five women out of 17 cabinet ministers.

Single mothers provide an example of inequality at the other end of the spectrum: nearly half of all single parent families in Luxembourg live below the poverty line, above the EU average of 33%. Eight out of ten single parents are women. High rates of taxation of single parents, together with the high housing costs, push them near or below the poverty line. Being a single parent is one the main poverty risks in Luxembourg, along with being unemployed and/or having a low level of education. 35.5% of women work in part time jobs (compared to 6.1% of men). Women also spend on average four hours a day doing unremunerated domestic work and childcare, twice as much as men.⁵

WORKING POOR IN LUXEMBOURG



Trafficking in human beings

Luxembourg is a destination and transit country for men, women and children subjected to trafficking for sexual exploitation and forced labour. Groups vulnerable to trafficking include migrant workers in domestic work, catering, construction, and beggars as well as unaccompanied foreign children and people working in Luxembourg's legal and illegal commercial sex industry. There is a lack of accurate and reliable data on the dimensions of trafficking but between 2013 and 2017, 65 trafficking victims were identified - 42 women, 14 men and 9 children. The appointment of the Advisory Committee on Human Rights (CCDH) as an independent national rapporteur for human trafficking is a positive development, together with the establishment of an inter-ministerial committee for coordinating anti-trafficking activities. This includes a national action plan.⁶

Policy coherence for development

Luxembourg, with ODA of USD 470 million (0.98% of GNI) is one of five industrialised economies to achieve the 0.7% UN target. More than half is spent in Least Developed Countries. Luxembourg, however, besides being a generous aid donor, is also a financial centre which has attracted criticism because of its generous tax treatment of corporations and high net worth individuals from around the world. It has been described as a pass-through economy with special purpose investment entities that are mainly set up for tax reasons. Luxembourg in this way plays a part in diverting billions of dollars in tax income from developing countries which could be invested in social protection and public services like health care, education and infrastructure – essential services to reduce inequalities. Those most affected by this

situation are marginalized and low-income populations in developing countries who would benefit most from social protection programmes and public services, especially women and children, and people who are heavily dependent on the land and natural resources – such as indigenous people.⁷

Recommendations

- Improve existing measures to combat poverty, including state support for childcare, a dependency insurance system focusing on older and vulnerable persons, social housing and social groceries.
- Government should work towards a better primary distribution of benefits (tax justice).
- Luxembourg authorities should put human trafficking and all forms of exploitation higher on its political agenda, drawing on the analysis and recommendations made by the national rapporteur and international bodies.
- Ratify and implement the ILO Protocol on Forced Labour.
- The Government's ongoing reassessment of its policies on sustainable development should look at issues of policy coherence for development. The Government should complete this reassessment and implement its conclusions.
- Luxembourg should be vigorous in holding Luxembourg-based companies to account for human rights violations, and be effective in protecting human rights defenders.
- Luxembourg should commit to the BEPS (base erosion and profit shifting) process and review its fiduciary practices based on equality and global impact.

To read the full national report and the comprehensive Europe-wide report with all references, please visit: www.sdgwatcheurope.org/SDG10



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FRAEN AN GENDER

FACES OF INEQUALITY

Global Call to Action Against Poverty



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¹ <https://data.oecd.org/inequality/income-inequality.htm>

² This indicator corresponds to the sum of persons who are: at risk of poverty after social transfers, severely materially deprived or living in households with very low work intensity. Persons are counted only once even if they are affected by more than one of these phenomena.

- Persons are considered to be at risk of poverty after social transfers, if they have an equivalised disposable income below the risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income.
- Severely materially deprived persons have living conditions severely constrained by a lack of resources, they experience at least 4 out of 9 following deprivations items: cannot afford i) to pay rent or utility bills, ii) keep home adequately warm, iii) face unexpected expenses, iv) eat meat, fish or a protein equivalent every second day, v) a week holiday away from home, vi) a car, vii) a washing machine, viii) a colour TV, or ix) a telephone.
- People living in households with very low work intensity are those aged 0-59 living in households where the adults (aged 18-59) work 20% or less of their total work potential during the past year.

³ The indicator measures the share of persons who are employed and have an equivalised disposable income below the risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income (after social transfers). For the purpose of this indicator, an individual is considered as being employed if he/she was employed for more than half of the reference year. The indicator is based on the EU-SILC (statistics on income, social inclusion and living conditions).

⁴ References: Income and Wealth

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⁵ References: Gender

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⁷ References : International

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