

## In Luxembourg, immigrants' integration is everyone's business... So what?

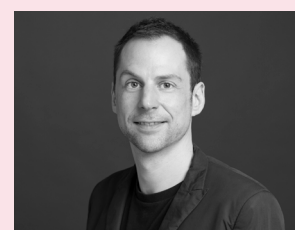
- Frédéric Docquier and Bertrand Verheyden, on “Integration policy evaluation in Luxembourg”, LISER, Luxembourg

Immigrants and refugees are among the most vulnerable categories of the population. Their economic, social, political and even cultural integration has become a major topic of public debate. It is thus not surprising that governments have designed and implemented policies to facilitate immigrants' reception and integration, to promote social cohesion and to ensure equal opportunities. Encouraged by the EU, European countries have frequently revised their legislative framework, giving a more *assimilationist* orientation to their integration policy. Most reforms emphasize the fundamental norms and values of the host society that all citizens must share rather than the right to be different. In practice, countries have followed this philosophy in heterogeneous ways. Whilst Luxembourg has not remained on the sidelines of these developments, the country has given its policies a mild *assimilationist* flavor and has implemented it in a highly decentralized way. Since 2008, the country has offered immigrants a *Contrat d'Accueil et d'Intégration* (CAI) accompanied by two *Plans d'Action Nationaux* (PAN) giving rise to numerous actions carried out by local authorities, associations and exchange platforms through the so-called *Plan Communal d'Intégration* (PCI). Contrary to neighboring countries, these instruments are based on voluntary participation<sup>1</sup>.

Despite growing attention to integration issues, however, immigrants still tend to have worse economic and social outcomes than the native-born and have generally not caught up. Indicators collected by the OECD show that, in most European countries, relative poverty among third-country nationals is more prevalent today than a decade ago (OECD, 2018). Many immigrants report facing ethno-racial discrimination, and immigrants possessing higher education degrees often struggle to exploit the full potential of their skills on the labor market. This is also the case in Luxembourg, where the gap between natives and third-country nationals is even larger than in the rest of Europe with regard to income, poverty and housing quality. This raises the question of the effectiveness of integration policies. In the new era of *evidenced-based policy-making*, research in social science, by the means of program evaluation, is desirable to assess the impact of integration programs and to identify what can be improved and reorganized. In Luxembourg, the implementation of a system of monitoring and evaluation is one of the goals of the PAN 2018. Not much has been achieved so far. This policy brief motivates the need to go further, emphasizes the challenges of the task, and proposes a few concrete solutions to overcome them.



**Frédéric Docquier** is Research Program Leader on Crossing Borders at LISER. His research interests are in economics of migration, quantitative development theory, and economic growth.



**Bertrand Verheyden** is senior researcher at LISER. His research interests are in the public economics of migration, education and health.

Contact:  
frederic.docquier@liser.lu  
bertrand.verheyden@liser.lu

<sup>1</sup> An exception is the *Parcours d'Intégration Accompagné* (PIA), which is mandatory for asylum seekers.

## Relative Integration Indicators: Luxembourg vs EU28

With one of the world's highest income per capita, Luxembourg is an interesting case study for analyzing migrant integration. Its dynamic labor market fueled by a strong financial sector and international start-ups generates demand for highly specialized workers but also for many low-skilled service jobs. Fast job creation, often filled with cross-border commuters and immigrants, has created a fluid, dynamic environment with an increasingly diverse workforce. Compared to the average citizen of the EU, the average immigrant in Luxembourg is richer (€31,280 compared with an average of €17,875 for EU citizens, including non-migrants), has a higher probability to be employed (71.4% compared with an EU average of 69.0%), a lower probability to live in overcrowded homes (11.7% compared with an EU average of 13.0%) but a higher probability to be at risk of poverty (21.0% compared with 15.1 for EU citizens). Still the risk of poverty for immigrants to Luxembourg is significantly lower than that for immigrants to other EU destination countries (26.5%).

These seemingly successful outcomes are called into questions when differentiating intra-EU immigrants and third-country nationals, and when comparing them with Luxembourgish natives. Using Eurostat data for 2018, the graph below distinguishes between immigrants by origin and displays each group's median income, employment rate, share of employees with permanent contract, probability to be out of poverty, and housing quality as percentage of the median natives' outcomes. Hence, an index below 100% means that immigrants are worse off than natives. The black lines show the indices obtained for Luxembourg while gray lines show the mean indices obtained for the EU28

as a whole. The left panel reveals that intra-EU immigrants to Luxembourg are relatively less paid than intra-EU immigrants to other EU28 countries, but face higher employment rates.

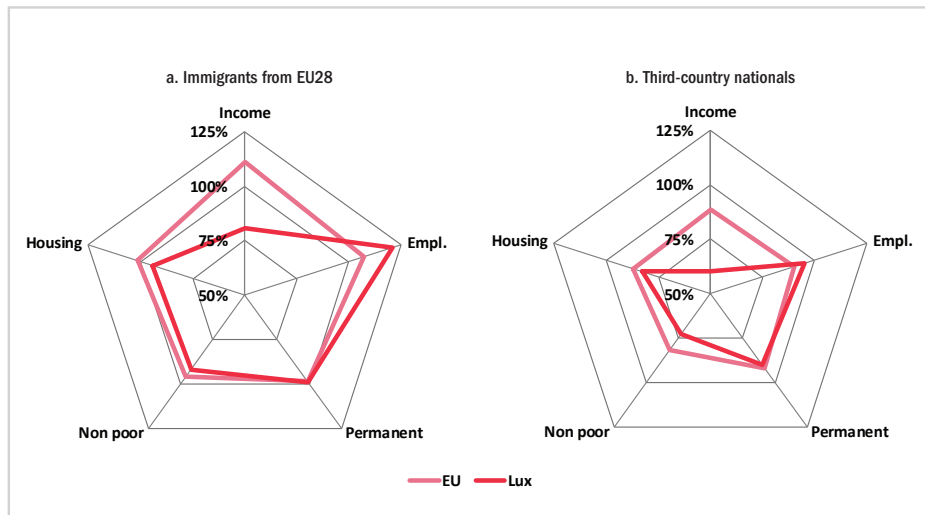
## Luxembourg is not a haven for third-country nationals!

Such comparisons are obviously biased by the fact that the characteristics of immigrant populations (among others, age, sex, education, duration of stay, language proficiency, purpose of stay, level of education, etc.) vary widely between countries/groups. For example, it is inappropriate to compare a country/group where immigrants are younger and more educated than natives with a country/group where immigrants are older and less educated. Anecdotal evidence confirms, however, that the integration of third-country national is a source of concern in Luxembourg. This is illustrated by the observed gaps with respect to natives in terms of poverty rates, housing quality and median income, which are wider in Luxembourg than in the rest of Europe. Similar (unreported) findings are obtained for health and public employment indicators. This rather worrisome picture is reinforced when analyzing the country's legislative framework and integration policies measured through the *Migrant Integration Policy Index* (MIPEX). This index reveals that Luxembourg was below the EU average in terms of access to health and employment, wage and anti-discrimination policies... but compared to other EU countries, Luxembourg has shown the greatest improvement in its integration policy and anti-discrimination measures for the last few years.

**Graph 1:  
Integration indicators for  
EU28 immigrants and  
third country nationals  
As percent of the native  
population and for the year 2018**

Note : Income = median income,  
Employment = employment rate;  
Permanent = one minus the share of  
employees with temporary contract;  
Non poor = one minus the share of  
people at risk of poverty; Housing =  
one minus the share of people living  
in overcrowded housing.

Source: Eurostat for the year 2018



## CAI, PCI, PIA and the like... A Complex System to Monitor and to Evaluate!

Immigrants' integration in Luxembourg is everyone's business. As stated in the law of December 2008: "integration is a task that the state, municipalities and civil society accomplish together." Following this general principle, many actors at different spatial scales are involved in the fields of reception and integration. The *Comité interministériel à l'intégration* coordinates the integration policy, develops and implements the PAN. The Department of Integration of MIFA (Ministère de la Famille, de l'Intégration et à la Grande Région) has in charge the management, monitoring and evaluation of the policy. The CNE (*Conseil National des Etrangers*) and CCCI (*Commissions Consultatives Communales d'Intégration*) act as advisory bodies. CEFIS conducts research on integration and organizes training sessions. ASTI is involved in several areas on the ground, including education, language courses, culture, protection of rights, fight against discrimination, engagement with refugees and undocumented migrants. CLAE is an associative platform which works for the recognition and

promotion of cultures resulting from immigration. Finally, other associations and platforms as well as civil society play an active role.

The complexity of Luxembourg's integration policy framework also lies in the multiplicity of actions. Besides a large number of local measures initiated by approved associations (e.g., ASTI, CEFIS, CLAE), NGO's and civil society, the main integration programs can be classified into four groups:

(i) First, the **CAI** national program involves linguistic courses (in at least one of the three official languages), civic courses, and an orientation day helping immigrants familiarize with local institutions. Participation in the program is voluntary and therefore influenced by a large set of observable and non-observable determinants such as individual's motivation, cognitive ability, links with the diaspora, etc.

Programs are voluntary  
and highly decentralized

(ii) Second, the **PCI** is an instrument aiming to help municipalities take actions in the fields of access to the job market, reception and access to local services and social assistance, education and school life, language training for adults, housing and land use planning, socio-political participation, cultural, sports and leisure activities, etc. Decentralization at the municipal level aims to take advantage of the proximity of local authorities to their residents, to better identify local needs, to make it more visible and accessible. ASTI has centralized information on good practices at the municipality level. A formal evaluation of local actions is still desirable.

(iii) Third, the **PIA** is compulsory for asylum seekers aged 18 to 65. Launched in 2017, this program currently provides support for the learning of national languages. Additional measures meant to offer systematic educational support for all newly arrived school age refugees are under consideration.

(iv) Last but not least, the **naturalization procedure** is open to foreign adult residents who have been residing for at least five years. The applicant must demonstrate a good knowledge of the Luxembourgish language and must have taken part in the “Living together in Luxembourg” courses, covering fundamental rights of citizens, state and municipal institutions, and the history of the country and of European integration.

One of the **priorities of the PAN 2018** is to set up a **system of monitoring and evaluation** of its integration policy. Do language training courses lead to an improvement in migrants’ socio-economic integration? Does civic education promote political participation? Does intercultural exchange promote social cohesion? Do these effects materialize in the short or long term? Two years after the PAN

2018, conditions to achieve this kind of evaluation are not met. As far as the CAI is concerned, data on participation are collected, but there is no “post-training” follow-up of participants. As for the PCI, information about actions are neither centralized nor comparable, nor digitized. At the very least, a proper evaluation of the integration programs requires (i) gathering information on the policy’s sought outcomes and sociodemographic and individual characteristics of both beneficiaries and non-beneficiaries, (ii) obtaining access to national (e.g., IGSS, ADEM) and municipality-level administrative data, and (iii) organizing a professional centralization and merging of these multiple sources in the respect of data privacy. This is a difficult task that calls for strong political will and commitment, which is all the more necessary in a country whose nearly half of the population is foreign-born, and whose integration plan is complex and multi-objective.

## **Encouragement Design... and Lottery-Based Naturalization Experiment**

Access to data is not the only challenge in policy evaluation. Evaluating a program requires going beyond a simple statistical correlation analysis and identifying the causal effect of the program on outcomes of interest. This challenge is all the more important when, as is the case in Luxembourg, participation in programs is voluntary. Consider, for example, that migrants attending language or civic courses are the most motivated or those with the highest cognitive abilities, two individual characteristics which are generally unobserved in the data. It is then likely that these highly motivated and skilled participants are also those who integrate and perform best, irrespective of their participation in the program. Despite the fact that participation and ex-post performance

are positively correlated, we cannot conclude that the program has been effective. In other words, positive selection in participation implies that a pure correlation analysis overestimates the impact of the program.

Rigorous program evaluation can only be achieved through an experimental design. *Randomized Control Trials* (RCTs) are the gold standard among policy evaluation methods. Used for a long time in medicine, they have been recently implemented in social sciences. RCTs consist in selecting a representative sample of the population and then in randomly dividing this sample into two subgroups, one of which is exposed to the “treatment” (the program), while the other is not. Ex-post, the sought outcomes are then compared between the two subgroups. Since the two subgroups should (by construction) be representative and selected independently of their characteristics, the evaluation is immune to other factors that may affect the outcome<sup>2</sup>. The major obstacle to RCTs is that they raise serious ethical issues and practical difficulties. When it comes to evaluate integration programs, RCTs require that some migrants should be excluded from them while others migrants would be forced to follow them. There are alternative solutions, however, that are worth exploring.

## Evaluating the CAI using a randomized encouragement treatment

In particular, an adaptation of RCTs, called the **encouragement design**, can potentially be applied to evaluate a non-compulsory program such as the CAI. Existing studies show that for such a program to be effective, it needs to be offered to migrants as early as possible after arrival. The population of interest could consist in new cohorts of immigrants. The treatment in the encouragement design is to stimulate, or encourage, a randomly selected subset of eligible people to participate in the CAI. Concretely, a fraction of the newcomers would receive a treatment in the form of additional information about the modalities and benefits of the CAI, while the remaining fraction would not. Apart from being encouraged or not, both groups should be similar in their observed (education, age, origin, etc.) and unobserved characteristics (motivation, cognitive skills, etc.). Various intensities in the treatment can be considered, based on the way in which the treatment is provided, either by post/email (soft treatment), or by a representative of the program (strong treatment), or by a “successful” migrant from the same origin country/region who benefited from the program (role-model treatment).

From an evaluation perspective, what is the rationale of the encouragement design? Consider two migrants A and B who are virtually identical on all aspects, but migrant A has been encouraged, whereas migrant B has not. Without treatment and due to random selection, A and B should have the same likelihood to participate. However, the encouragement treatment “exogenously” (i.e., in a way that is independent of her characteristics) increases A’s likelihood of participating in the CAI. In other words, the

<sup>2</sup> The inclusion of additional determinants to the analysis is still desirable, but only to improve the accuracy of the estimated impact and to identify potentially heterogeneous responses to the treatment.



encouragement design permits an evaluation of the impact of the CAI by addressing issues such as the positive self-selection in participation mentioned earlier. The encouragement design has other elegant features: it is flexible (no migrant is forced in, nor excluded from the program), it improves policies' visibility through the treatment (a goal in itself), and it allows assessing the added benefits of involving successful and charismatic role models in the implementation of the integration policy.

## Evaluating the naturalization policy using a unique lottery-based experiment

A more ambitious application of RCTs relates to the naturalization policy. Recent research shows that facilitating access to citizenship leads migrants to invest more in the host country's language, improves immigrants' employment rates, working time and job stability (Gathmann and Keller, 2018).

Overall, citizenship boosts migrants' sense of belonging to the host country and adherence to its norms and values. Without questioning the current track to citizenship, an interesting randomized treatment consists in a **lottery-based national experiment** taking the form of a parallel and one-shot naturalization track. Among the candidates to this parallel track, a randomly selected sample of immigrants could be granted the Luxembourgish citizenship subject to lighter eligibility conditions. Following these migrants over time, the ex-post comparison of performance of successful and unsuccessful naturalization candidates would capture the causal impact of citizenship on integration. Such a lottery-based experiment comes at low risk (new citizens integrate better) and does not harm unsuccessful applicants. In a country where almost half of the population has a foreign background and cannot participate in national elections, Luxembourg is a fantastic laboratory for conducting such an experiment and reaping its potential benefits. This is all the more relevant as the country now possesses the know-how through its significant investments in research institutions.

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