



Luxembourg Report

Klaus Schneider, Wolfgang Lorig,
Nils C. Bandelow (Coordinator)

Sustainable Governance
Indicators 2017

Executive Summary

Luxembourg is a founding member of the United Nations (1945), the European Coal and Steel Community (1950) and the European Economic Community (1957). It is also one of the Europe Union's three capitals, along with Brussels and Strasbourg. It hosts several EU institutions, including the Secretariat of the European Parliament, the European Court of Justice, EUROSTAT, the European Investment Bank and the European Stability Mechanism, as well as several European Commission services. Approximately 11,000 EU officials work in Luxembourg, while key EU ministerial meetings are regularly hosted in the Grand Duchy.

The demographic development of Luxembourg differs from most other EU member states due to persistently high migration rates. Since 2012, Luxembourg has had an exceptionally high annual population growth rate by EU standards, currently 2.29% (2016). Another key driver of dynamic population development is the average age of 39.2, which is low by EU standards though higher than in Ireland and Cyprus. Overall, the general population is increasing, aging and becoming more heterogeneous.

The economy is strengthening, domestic demand is increasing and the workforce is expanding. In the second quarter of 2016, GDP grew by an impressive 4.4%. In 2015, the real GDP growth rate was 4.8%, higher than the average euro zone growth rate. This is an increase of 0.8% compared to 2012 (4%). In 2015, a 2% increase in general VAT rates was implemented to compensate for a decline in e-commerce tax revenues. Since 2012, the return of economic growth has been accompanied by a sustained expansion of the workforce at a rate of approximately 2.5% per year.

Luxembourg has experienced strong economic growth and fiscal stability. This has provided the means for public authorities to develop an outstanding welfare system over the last two decades, even while other neighboring countries have reduced public welfare provision in recent years. Luxembourg's welfare system includes generous insurance cover, benefit schemes and public services. For example, health care provision has recently been expanded and levels of replacement revenues exceed Scandinavian standards. Luxembourg's traditional corporatist philosophy has become increasingly universal and Luxembourg has not had to enact severe austerity

policies. Though minor changes to the pension system and general employment rules will have to be adopted.

Luxembourg has generous, but cost-intensive social and health care systems, which exceed the level of cover provided in Scandinavian countries. The welfare state has gradually expanded. However, despite strong economic growth and low public debt, maintaining fiscal sustainability is increasingly important. Luxembourg is particularly vulnerable to geopolitical instabilities due to the economy's small size and openness to global markets. A fiscal consolidation program was launched in 2013, which introduced some austerity measures and a reform of the pension scheme. Though the government also increased public investment in the economy to stimulate domestic markets, attract additional private investment and drive innovation.

The LuxLeaks tax scandal, a dominant topic during the period under review, gained widespread international news coverage. The scandal focused on how multinational corporations had negotiated low tax rates, often less than 2% compared to an international average of 29.22%, in return for relocating to Luxembourg.

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Key Challenges

Luxembourg's economic outlook is stable. Securities issued by the government have received an upper-medium A3 rating from Moody's indicating a low credit risk and superior ability to repay short-term debt obligations. Luxembourg is geographically at the heart of Europe, while Luxembourg City is one of three EU capitals and a key international financial center. The country's public administration is highly efficient.

Economic diversification is the key challenge confronting Luxembourg, which will need to be addressed by exploiting innovative niche markets, promoting the digitization of the financial sector and adopting a new approach to promote Luxembourg as an international economic hub. With respect to the financial sector, the government should focus on developing ICT synergies and exploring new financial technology products, especially products related to emerging virtual currency markets and blockchain technologies. However, the LuxLeaks and Panama Papers scandals demonstrated the vulnerabilities of focusing excessively on the financial sector.

Luxembourg's welfare system is one of the most substantial and comprehensive systems in the Europe Union. While neighboring countries in recent years have reduced welfare provision, Luxembourg has expanded its system over the past 30 years. However, both the OECD and European Commission have warned that Luxembourg will need to reduce its generous welfare provision if it is to remain sustainable, particularly its support for early retirement, work incapacity benefits and the health care sector.

In 2015, Luxembourg invested 1.3% of GDP in R&D, less than the EU average and less than the government's target of more than 2.3% of GDP. The Luxembourg Cluster Initiative is led by the national research agency,

Luxinnovation. The initiative has identified seven economic sectors that will be key for sustainable economic development. These sectors include health care and biotechnology, ICT, materials technology, space technology, logistics, maritime activities and emerging alternative investment funds (e.g. private-equity funds). There is broad consensus that public investment on R&D must increase significantly and economic competitiveness improved to drive further economic growth. Major public investments are expected in the coming years, particularly in the areas of infrastructure, environment and housing. An increase of 18% in public investment spending is planned for 2016.

Forecasts indicate that Luxembourg's population will increase to 1.1 million by 2060. Strong population growth will stabilize the social security system, especially the public pension system, but will also increase inter-generational and -cultural tensions.

Population growth is driven by a modest increase in the birth rate, a falling death rate and increasing life expectancy. Luxembourg also experiences high rates of migration. By the end of 2015, more than 576,000 people were living in the Grand Duchy.

Population growth is a particular challenge for the booming centers of Nordstadt, Luxembourg City and Esch/Beval. These centers will have to solve issues related to traffic congestion and densification of living space, while ensuring a high standard of living for residents. The densification of living space is increasing pressure on a limited stock of rental properties and high real-estate prices.

Employers' association and non-governmental organizations have lobbied for the right of resident migrants to vote in national elections. Including non-nationals in the democratic process would improve parliament's representative mix and strengthen non-nationals' identification with the Grand Duchy. However, in a June 2015 referendum, 78.02% of voters voted against giving resident migrants full voting rights. This has put at least a temporary end to the project. Though the government has announced a legislative initiative to facilitate easier access to Luxembourgish nationality. Yet, enabling non-nationals the opportunity to obtain nationality or dual citizenship is not the only policy tool for fostering inclusiveness.

The country's most pressing environmental-policy challenges include improving water quality, avoiding water pollution through pesticide and fertilizer use, and constructing wastewater treatment plants. Eutrophication is a serious problem and many water sources are at risk.

The education system is a persistent challenge. Its official trilingual nature

poses difficulties to nationals and foreigners. Moreover, the country's PISA scores are lower than the OECD average. Over the past 15 years, several school reforms have sought to facilitate the integration of migrant children within this trilingual system by reducing the weighting on language competency in determining student grades. Reforming the education system will be a key determinant in promoting long-term economic competitiveness. The government is currently working on 85 school reform projects.

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Policy Performance

I. Economic Policies

Economy

Economic Policy
Score: 7

Luxembourg is a small and open economy. For some time, it has ranked highly on international competitiveness indices. Similar to last year, Luxembourg was ranked 20 out of 140 countries in the International Institute for Management Development's index (World Economic Forum, 2016). Luxembourg also ranked highly for macroeconomic environment (7th position), goods market efficiency (4th position) and technological readiness (2nd position). On the other hand, Luxembourg underperformed in health and primary education (43rd position) and higher education and training (47th position), which are important drivers of economic competitiveness and job creation.

However, Luxembourg implemented the U.S. Foreign Account Tax Compliance Act (2010) in July 2015. This law will require financial institutions in Luxembourg to provide U.S. authorities with information on the accounts held by U.S. taxpayers. Furthermore, changes to EU legislation regulating VAT rates across the European Union will reduce VAT revenue for Luxembourg from e-commerce. In 2015, Luxembourg lost about €650 million in VAT revenue from e-commerce companies. Although this change will start to be effective from 2015, following negotiations with the European Commission, the policy will only be fully implemented by 2018. These changes will have a negative impact on future government budgets. In response, the government has increased general VAT rates and new business clusters have been created to generate new revenue sources.

The country's generous welfare model has to be reformed to adapt to a reality of reduced public resources. Luxembourg's long-term fiscal sustainability is moderately secure. In its evaluation of Luxembourg's Stability Program 2020, the European Commission highlighted concerns over the country's overly

optimistic economic-growth outlook and its inability to address age-related expenditures.

The financial sector remains an important driver of economic growth and sustainable development. Unfortunately, the proportion of cross-border workers to resident workers continues to increase. To expand the national labor force, Luxembourg is planning to change its immigration and naturalization policy in 2017.

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Labor Markets

Labor Market
Policy
Score: 8

The financial crisis affected Luxembourg later than it did other European countries. In August 2016, 416,986 people were employed in Luxembourg. The labor market is particularly volatile, especially with regard to the number of foreign workers. Workers from within the so-called Greater Region of Belgium, France, Germany and Luxembourg are particularly significant. Compared to the same period in 2015, about 12,000 new permanent employees were paying compulsory social-security contributions in August 2016. Thus, thanks to its continuous growth, Luxembourg has seen a steady increase in jobs.

In first semester of 2016, only 27.3% of the workforce were Luxembourg nationals compared to 27.8% in the previous year, while 45.1% were so-called cross-border commuters (frontaliers). This situation that guarantees high flexibility and short-term fluctuations in the labor market. Within the cross-border labor market, commuters from within the Greater Region are crucial.

The ongoing restructuring of the employment agency has had a positive impact. Due a steady growth in the resident population, which has been driven by a high inflow of economic migrants, and combined with corresponding national job growth, the unemployment rate decreased to 6.4% in August 2016. In the same month, about 17,000 people (4.6% less than last year) were reported to be seeking employment. Of unemployed people, 47.7% had been out of work for longer than 12 months and 40.8% were deemed to hold low levels of education. About 3,000 foreign unemployed cross-border workers, benefiting from their state of residence in Luxembourg, are recorded separately.

The employment rate among workers aged 55 or older is 38.4%, compared to 42.5% in 2015. This is far below the EU average of 53.3 % and the government's own target. This situation is exacerbated by numerous incentives for older workers to leave the labor market early. About 5,000 people took part in reintegration and training programs in August 2016, 6% less than in the previous year. However, such measures are only initial steps, as unemployment cannot be reduced substantially in the absence of long-term opportunities. Training must lead to permanent jobs. While 90% of the government's budget for activation policies is directed toward employment incentives, only 10% is used for training and education. Because of this, the government has indicated that it intends to strengthen training measures for the unemployed.

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Taxes

Tax Policy
Score: 6

During the last years, Luxembourg has struggled with the new EU and OECD tax regulations that have made it difficult for Luxembourg to maintain its largely secret and advantageous tax deals for companies. However, after a series of delaying tactics, the country accepted the new international transparency rules, seeking to avoid greater damage to Luxembourg’s role as a financial center, and to the state budget as a whole.

In 2016, most global players in the country had negotiated positions that exempted them from corporate income taxes (2016: 21%), municipal business taxes (6.75%), a special contribution (7%), and net wealth taxes (0.5%). More than 50,000 companies had negotiated tax deals with the government that allowed them to channel profits through Luxembourg and reduce their overall

tax obligations, though only 340 were named in the leaked PwC “Luxleaks” documents. Oddly, Fiat Finance Europe’s landmark conviction is in some degree beneficial to Luxembourg, as the penalty payment (between €20 million and €30 million) goes to the state treasury. The effects of these proceedings and ongoing audits under the new rules will have a major impact on state revenues over the long term. The European Union and OECD are working toward harmonizing the tax systems of EU member states. After being listed as a tax haven in 2013, the Global Forum removed Luxembourg from its blacklist in October 2015.

In 2015, the European Commission introduced new e-commerce rules for the European Union, which undermined Luxembourg’s business-friendly e-commerce VAT regime. This led to a decline in VAT revenue of approximately €650 million in 2015. To improve public finances, Luxembourg has implemented new tax rates. Several tax rates were increased, including an increase in general VAT from 15% to 17%. Nevertheless, Luxembourg continues to have the lowest VAT rate in Europe. The impact of the higher VAT rate and low interest rates will lead to slight increase in the inflation rate.

Important milestones include a major tax reform, first announced in 2014 and passed in December 2016, which focused on harmonizing individual and corporate tax systems. The government has also implemented a restructuring program to attract more foreign investment. In 2015, the process of declaring VAT was simplified by the introduction of an electronic information system. In September 2014, Luxembourg introduced a Freeport (VAT free zone) at Luxembourg airport, and reduced tax rates by 8% on imports and intra-EU acquisitions of antiques, art and collectibles. In 2016, Bitstamp opened the first EU compliant bitcoin exchange in Luxembourg and is planning to offer legal services in electronic payments.

Luxembourg’s financial center has become the most important locus of the so-called renminbi trade. Luxembourg’s global fund management industry is the second most important location for investment funds worldwide after the United States. In June 2016, the Luxembourg investment fund industry was home to €3,461 trillion in net assets, with 3,887 funds (and 14,208 fund units). Following a massive slump in the previous year, Luxembourg’s investment funds deposits increased by 2.7% in the first semester of 2016. Furthermore, Luxembourg is a European leader for responsible investment fund management. Overall, the number of employees in the financial sector rose from 44,038 in 2014 to 45,097 in June 2016.

A PwC 2015 business report ranked Luxembourg favorably. The total tax rate, after deductions and exemptions, is currently 20.2% down from 20.7% in 2014.

This is the second lowest total tax rate among European and European Free Trade Association countries, behind Croatia. Luxembourg's taxation system is very attractive for businesses with only 20% of companies paying business taxes. In 2012, property taxes accounted for 1.3 % of GDP and represented 3.3 % of tax revenue. At 0.1% of GDP, Luxembourg's recurrent property taxes is the third lowest by GDP share among EU member countries after Malta and Croatia. However, in terms of administration, Luxembourg and Cyprus lag behind other OECD countries.

Luxembourg has the highest capital-tax-to-GDP ratio among EU member states. This shows the size and systemic importance of the financial sector in Luxembourg. To maintain the competitiveness of the financial sector, the government has decided not to introduce the Tobin tax on financial transactions.

However, Luxembourg will implement an overall tax reform in 2017. Following international standards on tax competition, Luxembourg will reduce corporation tax by 2% to 19% in 2017 with a further reduction to 18% planned for 2018. Meanwhile, higher personal tax allowances and income tax reductions will benefit middle class taxpayers.

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Budgets

Budgetary Policy
Score: 9

From a position of relatively low public debt, consolidated public debt decreased from 23.3% of GDP in 2013 to 21.4% of GDP in 2015. After four years of fiscal consolidation and high economic growth, the 2017 government budget will include a €1 billion deficit, which will increase public debt. Supported by strong population growth and an investment boom, Luxembourg has the strongest economic growth rate along with Malta and Ireland among EU member states. Eurostat data suggests that Luxembourg’s fiscal situation will continue to stabilize. The cost of structural investments increased from €1.955 million in 2015 to €2.229 million in 2016, an increase of 14%.

Despite the loss of e-commerce tax revenue in 2015, Luxembourg’s government revenues increased significantly in 2015. In 2015, the banking sector accounted for 20% of government revenue. Furthermore, accounting for indirect taxes, such as income tax paid by banking sector employees, the overall contribution of financial institutions to government revenue is about 25%. This highlights the importance of financial services to public spending. In 2015, Luxembourg achieved a structural surplus. According to recent calculations, the general account reported a deficit of €176 million, against €341 million provided in the draft budget.

Recent legislation requiring financial institutions based in Luxembourg to provide information to U.S. authorities, which will take effect from 2017, will likely have a dampening effect on the country’s financial sector. Nevertheless, individual tax rates and low indirect labor costs will continue to make Luxembourg an attractive base for international companies.

In 2017, public investments are expected to increase by €100 million to €2.3 billion. The government continues to increase investment in housing, education and research, which are key drivers of modernization and infrastructure development.

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Research and Innovation

R&I Policy
Score: 7

In its Europe 2020 strategy, Luxembourg set a goal of raising public expenditure on research and innovation to between 2.3% and 2.6% of GDP, with 0.7 to 0.9 percentage points of this earmarked for public use (0.73% in 2015) and 1.6 to 1.7 percentage points earmarked for private research. The overall European goal is 3% of GDP.

Luxembourg has a high proportion of high-skilled workers, with 59.5% of jobs demanding a high level of education or training. More than 40% of the working age population has achieved a tertiary level of education, and/or is employed in the science and technology sector. This should create synergies between public research and industry. However, in the Global Innovation Index 2016, Luxembourg dropped 3 places and is now ranked 12 out of 128 countries.

The new Belval campus, designed for 7,000 students, 3,000 researchers and 6,000 inhabitants, is one of the largest urban conversion projects in Europe. In 2016, more than 1,600 employees and 3,000 students were teaching, learning and working in this modern location. In its 2016 evaluation, the OECD recommends better impact control and further investments in the Belval campus.

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Stabilizing Global
Financial Markets
Score: 6

Global Financial System

Since the opening and creation of the single European market in the 1970s, Luxembourg has been the most important actor in the European debt capital market, playing a major role in stimulating the international financial architecture.

Luxembourg performed relatively well in the global financial crisis. After saving Dexia and Fortis, two domestically important banks, tax revenues have begun to rise again in recent years. But as a small country, Luxembourg's economy remains strongly influenced by the general economic climate and international trends.

Luxembourg is a major financial center, with the banking and financial services industry, directly and indirectly contributing an estimated 30% or more to GDP. Consequently, the country was exposed to the effects of the economic crisis within the European Union. Luxembourg's treatment of offshore accounts and capital deposited by non-resident customers came under international scrutiny during that period.

In the Index of Economic Freedom 2016, Luxembourg dropped three places and is ranked 19 out of 178 countries. In the World Bank's Doing Business 2016 report, Luxembourg ranked 61 out of 190 countries, behind Greece (60) and far behind Belgium (43), France (27) and Germany (15). Reflected in these rankings is the perception that Luxembourg has difficulties in encouraging start-ups and creating new professions. After dropping two places in 2015, Luxembourg climbed two places in the 2016 Global Financial Centers Index and ranked 12 out of 87 global financial centers, Europe's third most important financial center after London and Zurich.

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II. Social Policies

Education

Education Policy
Score: 5

The country’s education policy must deal with the challenges of a multilingual society and a high proportion of migrant students. The education system is particularly marked by its insistence on early selection: after six years of primary school, students face a crucial junction and must choose one of two academic tracks, general or technical. There is a marked division between Luxembourg nationals and migrant students, as migrants generally (especially the Portuguese minority) struggle with languages and often end up in the technical level (*secondaire technique*), which affects their progress toward a university education. Recent studies have shown that migrants are four times less likely to transfer to the higher-level university-oriented school track (*enseignement secondaire*) than Luxembourgish nationals. To avoid this, often more affluent migrants will send their children to a reputable international school. This leads to yet another division between high-income and low-income migrants. A reform of secondary education is being drafted for 2017.

Students in Luxembourg are very mobile and often study abroad, acquiring new knowledge and language skills. Overall, 68% of tertiary-level students study abroad, while 57% of all students in Luxembourg are foreign (an increase from 54% in 2013). Luxembourg has the OECD’s highest level of education expenditure per student (435 per student in 2016), and the smallest average class size (15 primary school students per class and 19 secondary school students per class).

An increase in student numbers of more than 10% over the last five years will require more schools and more qualified teachers, especially teachers with expertise of working with pupils with special needs.

Key government reforms currently being developed include the creation of the Luxembourg Center for Educational Testing to link existing teacher training institutes, an increase in school autonomy combined with institutional

development plans, the establishment of two institutes to support students with learning disabilities and behavior problems, the establishment of a center for political education, strengthening connections between kindergartens and primary schools, improving inter- and post-school student transitions, increasing teacher and school flexibility, increasing annual training hours for teachers to 16 hours in 2017, promoting native language instruction, and opening a (free of charge) International School in Differdange in 2016.

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Social Inclusion

Social Inclusion
Policy
Score: 9

Luxembourg's strong economic performance over the last three decades has provided successive governments with the means to build an outstanding welfare system, which includes generous insurance plans, benefit programs and public service provision. Most recently, the health care sector has been significantly expanded. Replacement revenue levels exceed Scandinavian standards. Since the 1970s, the welfare system has been consistently expanded, even when neighboring countries cut public welfare expenditure.

Over the decade, rental prices have risen by 43%. The government recognizes the challenge that this presents to households and is supporting the construction of about 11,000 new housing units. This should ease the pressure of inward migration and population growth, which grew by 2% in 2015. The government has allocated about €600 million between 2010 and 2025 for this housing program. Despite the scarcity of social housing, only 29% of the new housing units are intended for rental and 81% for sale to low-income groups. However, this will exclude the working poor and welfare beneficiaries with low credit ratings.

A delayed new housing allowance was finally introduced in 2016. The housing allowance will benefit around 19,000 low-income households, providing a monthly subsidy of €124 for a single household and a €174 for a family with two children. The allowance acknowledges the importance of social housing, especially in providing affordable rental properties for low-income people.

Nevertheless, the quantity of social housing is still below the European average. Some municipalities have decided to impose a special tax on unoccupied houses to create disincentives for leaving spaces empty and encouraging existing residential property to be rented or sold. In addition to local programs, public social housing companies (Fonds du Logement and SNHBM) are intensifying

their activities. The National Housing Fund was recently exposed to criticism following an audit and is currently being reformed with an eye to establishing effective quality control measures.

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Health

Health Policy
Score: 8

Luxembourg’s well equipped hospitals offer a wide range of services, including high-end, expensive treatments and waiting lists are rare, except for some services that are highly demanded. Luxembourg also has the highest share of patient transfers to other countries for treatments within the European Union. Due to the country’s small size and the absence of a university hospital, it is not possible to provide all medical treatments. Necessary medical transfers to neighboring countries have the side effect of being beneficial for the finances of the state health insurance program, as those services are in general less expensive abroad.

Drawbacks of the Luxembourg system include the aforementioned lack of a university hospital and the individual nature of doctor’s contracts and treatment

responsibilities. Most resident general practitioners and medical specialists sign contracts with individual hospitals and are only responsible for a certain number of patients (Belegbetten), which prevents any sort of group or collective treatment options. Therefore, some hospitals have re-organized to keep doctors' offices in-house without changing their status as independent physicians (Belegarzt).

However, at a cost of \$5,160 per person per year, Luxembourg's health care system is the 7th most expensive system within the OECD group. The high cost of the health care system is due to high wages, a high ratio of technical medical equipment to residents and low out-of-pocket costs for patients. Furthermore, authorities have repeatedly tried to limit the range of medical treatments offered by general hospitals in favor of providing treatment through specialized health care centers.

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Families

Family Policy
Score: 8

Luxembourg's corporatist welfare regime has gradually evolved over the years to a more universal system with a high degree of anonymity of patients. One indicator is the shift from a predominant transfer system to transfer and service system, with specific provisions for children and the elderly.

Luxembourg has positively responded to its changing demographics by adapting family policy measures. In this context, the government has pushed for policies to offer a wide range of child rearing allowances and child care services, such as child benefits, maternity leave, parental leave, birth and post-birth allowances.

Furthermore, indirect help is also offered, such as subsidized mortgage interest rates, depending on the number of children at home. In general, Luxembourg offers the highest level of child benefits within the European Union. Today, it is one of the four leading EU member states in terms of family benefits. It has made sustainable improvements in terms of family-friendly workplace arrangements, while gender-based job segmentation and the gender pay gap have decreased.

When compared internationally, Luxembourg's tax policy is family-friendly. Women's labor-market participation has considerably increased since the launch

of the European Employment Strategy. At the same time, the government has invested heavily in child care facilities, with the aim of making it easier for women to work.

Yet, despite a strong increase in recent years, women's workforce participation rate remains comparatively low at 65% compared to an EU average of 64.3%, with Luxembourg ranked 17 out of 28 EU member states.

Luxembourg's public child care institutions include the "Maisons Relais" or general daycare centers; the "éducation précoce," a third preschool year and "foyers de jour" or after-school centers. Since August 2016, there will be one fixed allowance per child, regardless of the family composition. Child bonuses and child allowances will be paid in one sum, €65 per child. The government also plans to cut education and maternity allowances as part of this new coherent family policy. The Chamber of Labor has criticized this new policy, noting that a family with two children would lose 19% of its annual benefits through the 2016 reform. To compensate for this decline in financial support, the government intends to offer free child care facilities for one to three-year-olds, early language support and intercultural education for migrants.

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Pensions

Pension Policy
Score: 7

Luxembourg's pension plans offer one of the highest replacement rates within the OECD and provide a high living standard for the elderly. The poverty in old age rate is lower than that for families and even more so if single parent families are considered. However, pensioners must contribute financially to the health care insurance system and are fully taxed.

Luxembourg has not enacted a rigorous austerity policy, but has slightly changed its pension regime and general employment rules. The OECD and the European Commission have urged Luxembourg to reform its pension system to ensure its long-term sustainability.

The financial sustainability of the pension system is premised on continued population growth. However, Luxembourg's current population growth is driven by immigration and its strong economic performance. Whether the economy will remain strong and the number of contributors continue to increase over the next decades is uncertain.

Citation:

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Integration

Integration Policy
Score: 8

Since the Second World War, Luxembourg's migrant population has grown

continuously. Today, around 85% of migrants are citizens of the European Union and 91% of migrants are of European descent. Most other highly qualified migrants have come from Japan, the United States and Canada. Luxembourg has one of the highest economically performing migrant populations, with a high proportion of economic migrants coming from other among OECD countries and a very small proportion of economically weak third-country nationals. More than 50% of the total resident population in Luxembourg has a migrant background.

All foreigners, EU citizens and third-country citizens can vote and run for office in local elections, provided they fulfill certain residency requirements and are registered on the electoral list. Conditions for the inscription have been eased over the years. However, the fact that the meetings of local councils are held in Luxembourgish (with written reports in German, French or English), constitutes an impediment for resident foreign citizens. Non-nationals' interest in political participation at the local level remains low. During the period under review, voting rights for resident foreigners in parliamentary elections was a cross-party issue, which ultimately was put to public vote in the June 2015 consultative referendum. However, an absolute majority of 78.02% voted against granting full foreigner voting rights, putting a preliminary end to this ambitious project. The next referendum is not expected before 2017. In light of this experience, the government wants to implement a new Naturalization Act in 2017 to facilitate foreigners' civil participation in public life.

Citation:

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Safe Living

Safe Living
Conditions
Score: 8

Luxembourg ranked 19 out of 221 cities worldwide in both the 2015 and 2016 Mercer Quality of Living Survey, while the capital was also judged to be the safest destination for international assignments. A further 100 police officers will be recruited in 2017 to enhance public security and regain trust. In addition, 51 police stations will be merged into a number of larger, more efficient units as part of an ongoing police reform program.

Citation:

Rapport d'activité 2015 de la police grand ducale. Le gouvernement du Grand-Duché de Luxembourg, 2016. www.police.public.lu/fr/publications/statistiques-2015/rapport-activite-2015.pdf. Accessed 21 Feb. 2017.

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Global Inequalities

Global Social
Policy
Score: 9

The Ministry of Foreign and European Affairs manages almost 74% of the total ODA budget, while the remaining 19.35% is managed by 91 accredited NGOs.

Since 2000, the country's development agency, Luxembourg Development Cooperation (Lux-Development), has exceeded the U.N. industrialized nation contribution target of 0.7% of GDP for development projects. The country has focused its sustainable development aid policy on poverty eradication and

energy saving programs as well as on programs to reduce carbon emissions.

CERCLE, an NGO umbrella organization, has stated that budgetary rigor will also apply to NGO development aid policies in the upcoming years, reducing national co-financing costs along with NGO administrative costs.

Luxembourg's development assistance targets local initiatives providing education and training in the fields of health care, water treatment, sewage, local economic development and infrastructure projects. About 15% of the cooperation budget is aimed to provide humanitarian support, including emergency assistance and reconstruction aid, following EU and OECD guidelines.

Luxembourg is an important actor in the microfinance sector, hosting firms that offer a full range of microfinance products, and supports more than 50% of the global funds in this area.

Citation:

Annual Report 2015. Luxembourg Development Cooperation Agency, 2016. luxdev.lu/files/documents/RAPANN_2015_UK_vF_2.pdf. Accessed 21 Feb. 2017.

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III. Environmental Policies

Environment

Environmental
Policy
Score: 7

During the period under review, Luxembourg has made efforts to protect water resources and curb emissions through a series of governmental measures. However, efforts such as reducing carbon emissions, caused partly by the phenomenon of “fuel tourism” by cross-border commuters, as well as the progressive improvement of the water quality of rivers and lakes, need to be continued. A new joint-venture drinking-water plant with a daily capacity of 110,000 cm³ is to be built.

Under the Kyoto Protocol, Luxembourg pledged to reduce carbon emissions by 28% by 2012. However, government commitment to this target has been weak due to significant tax revenues derived from fuel tourism. Indeed, fuel tourism has increased carbon emissions and negated Luxembourg’s emissions policies. Other prominent key determinants of higher carbon emissions include dynamic economic growth and new car leasing by cross-border workers. Luxembourg has Europe’s highest energy consumption per capita, the highest vehicle density (660 vehicles per 1,000 people in 2014) and the highest renewal rate of passenger cars (12.5%). Despite the debate concerning environmental liability, Luxembourg was the only EU member state to reduce its biofuel ratio in 2012. Between 2015 and 2020, as part of the Kyoto Protocol, Luxembourg has agreed to contribute €5 million annually to the Green Climate Fund.

Luxembourg also has the lowest share of energy consumption from renewable sources of any EU member state (2.1%), while only 36% of wastewater is treated in modern triple-phase sewage treatment plants. In 2011, European Court of Justice ruled against the government for a second time for “failing in its obligation to treat and dispose of urban waste water.” As a result, Luxembourg has been paying a fine of €2,800 per day since 2013. The government has thus prioritized expenditure for the construction of wastewater treatment plants. The 2016 budget allocates €10 million for significant investments in new sewage treatment installations.

Almost 60% of the country’s deep wells have pesticide residues with many concentrated in the south of the country. Although Luxembourg committed to the OECD and EU Pesticide Risk Reduction Project, implementation has been slow. For example, the community framework for the sustainable use of plant protection products (2009/128/EG) directive only became national law in December 2014.

There are problems with wastewater treatment and drinking water supplies during particularly dry summers. The monitoring of water systems is insufficient. To improve drinking water quality, the environmental administration designated 80 drinking water protection areas and 42 communes have banned pesticides since 2016.

As of 2011, Luxembourg had the highest degree of landscape fragmentation in Europe, which has undermined the country's biodiversity with many animal and plant species classified as being in danger of extinction. In 2012, about 34% of the 1,323 native flowering plants, around 54% of mammals and 24% of breeding birds, were considered at risk.

The country's environmental policy thus faces some major challenges. Programs implemented during the period are looking to address: issues surrounding the country's high recovery and recycling rate; new assessments of environmental sustainability questions; the achievement of sustainable protected forests reserves; monitoring nature conservation programs; the enlargement of energy counselling; a decrease in average per capita water consumption; the reduction of tax-privileged mileage allowances; and the implementation of an indicator based biodiversity monitoring framework.

Citation:

Green Climate Fund: <http://www.greenclimate.fund/contributions/pledge-tracker/#states>

Plant	Protection	National	Action	Plan:
http://ec.europa.eu/food/plant/docs/pesticides_sup_nap_luxembourg_en.pdf				

Mesures pour assurer la qualité de l'eau potable: <http://www.gouvernement.lu/4444990/12-qualite-eau?context=3393616>

Global Environmental Protection

Global
Environmental
Policy
Score: 7

Luxembourg was one of the first countries to complete an ecological footprint report, published in 2010 by the High Council for Sustainable Development (Conseil Supérieur pour un Développement Durable). Measuring sustainability, the ecological footprint report indicated that Luxembourg requires twice the amount of agricultural land and water to compensate for the resources consumed through the country's high economic growth, high volume of road traffic and fuel sales to non-residents.

Fuel price alignment is however not considered to be a solution and will only transfer carbon emissions to neighboring countries. Instead, the government has to provide adequate public transportation for cross-border commuters who currently drive to work. The capital's first tram is expected to start operating in 2017, to provide a more sustainable and eco-friendly public transport system.

For several years, the development of an international public transportation system has been discussed as a means of reducing carbon emissions, while also providing a sustainable mobility policy for the Greater Region.

Luxembourg needs to expand its renewable energy production. Biofuel production does not provide a long-term solution, as this simply relocates an environmental problem to other countries, especially emerging ones.

Citation:

Der Ökologische Fußabdruck Luxemburgs. Conseil supérieur pour un développement durable, www.myfootprint.lu/files/download.php?file=CSDD_Brochure_DE.pdf. Accessed 21 Feb. 2017.

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Quality of Democracy

Electoral Processes

Candidacy
Procedures
Score: 10

The electoral law presents no restrictions on the registration of political parties. There are no restrictions regarding candidates, except the provision that those deprived of their civic and political rights by a judicial decision are prevented from running. Candidate lists, complete or partial, are proposed for each of the four electoral districts by political parties, associations of candidates or individuals. The lists are supported either by 100 voters who are registered in the district, by an elected member of parliament from the district, or by three members of the municipal councils. The electoral lists can consist of single individuals who are not affiliated with a political party. Typically, single issues are the motivation in these cases. The total number of candidates on a list cannot exceed the number of seats to be allocated in the district.

Citation:

“Chambre des députés.” Le portal de l’actualité gouvernementale, 10 Sept. 2014, www.gouvernement.lu/1719091/chambre-deputes. Accessed 21 Feb. 2017.

“Elections.” Le guide administratif de l’Etat luxembourgeois, www.guichet.public.lu/citoyens/fr/citoyennete/elections/index.html. Accessed 21 Feb. 2017.

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Media Access
Score: 8

All newspapers have close ties to political parties, reflecting the ownership of the publications. They tend to be biased or rather partisan, especially during election campaigns. While Luxembourgish Wort was always close to the Christian Social People’s Party, Tageblatt is affiliated with the Luxembourg Socialist Workers’ Party and the Journal has a close link to the Democratic Party. To counter a dwindling readership, newspapers have adopted a more

balanced line over recent years, reducing their political bias to the benefit of smaller parties and organizations at the same time. Since there are no significant public broadcasters, the main private broadcaster Radio Télé Luxembourg guarantees balanced reporting according to its concession contract with the state of Luxembourg. During election campaigns, parliament provides the political party lists with airtime and the opportunity to broadcast television ads. Furthermore, the government organizes roundtables with candidates from all lists. The financing of election campaigns, especially the distribution of promotional leaflets by mail, is regulated by law.

The media market is becoming more pluralistic. Reports and comments in print media are less partisan than previously and more media distances itself from party influence. The government expects to revise press subsidies in the near future, with the aim of redistributing financial aid to support online media as a supplement to classic print media.

Citation:

Des médias. Service information et presse du gouvernement luxembourgeois, 2013. www.luxembourg.public.lu/fr/publications/e/ap-medias/AP-Medias-2013-FR.pdf. Accessed 21 Feb. 2017.

“Jetzt doch Aufstockung der Pressehilfe?” Luxemburger Wort, 17 Sept. 2015, www.wort.lu/de/politik/medien-jetzt-doch-aufstockung-der-pressehilfe-55fa88ed0c88b46a8ce6030d. Accessed 21 Feb. 2017.

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Stoldt, Jürgen. “Pressehilfe im Zeitalter der Medienkonvergenz.” Forum.lu, Oct. 2015, www.forum.lu/wp-content/uploads/2015/12/8192_355_STOLDT_Jürgen.pdf. Accessed 21 Feb. 2017.

Voting and
Registrations
Rights
Score: 8

Voting is compulsory in Luxembourg for those listed on the electoral register. To vote, one is required to be a national of Luxembourg, be at least 18 years old on the day of election and have full civil and political rights. Citizens living temporarily abroad may vote by post and citizens over the age of 75 are exempted from casting their vote. There are no perceptible forms of discrimination within the voting process. The Luxembourgish government sought to encourage political participation among young people by lowering the voting age to 16 years, but this proposal was rejected (by a substantial majority of 80.87%) in the consultative referendum of June 2015.

Experts have constantly criticized the representative makeup of parliament as insufficient, since it does not include migrants and cross-border commuters who constitute 80% of the labor force in the private sector and who are the main driving force of the national economy. Around 47% of the resident population may not vote in national elections as they are not Luxembourg nationals.

Though 90% are EU citizens, and may vote in European elections and municipal elections. All foreigners, EU citizens as well as citizens from third countries, have the right to participate in local elections, provided they fulfill certain residency requirements and are registered on the electoral list. Conditions for inscription have been eased over the years. However, non-nationals' interest in political participation at the local level remains low.

Citation:

“Kein Weg führt nach Rom.” Luxemburger Wort, 14 Apr. 2015, www.wort.lu/de/politik/politische-teilhabe-von-auslaendern-kein-weg-fuehrt-nach-rom-552ce01c0c88b46a8ce575b1. Accessed 21 Feb. 2017.

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“Participation des étrangers aux élections communales d'octobre 2011.” Le portail des statistiques du Luxembourg, 7 May 2013, www.statistiques.public.lu/fr/actualites/conditions-sociales/politique/2013/05/20130130/. Accessed 21 Feb. 2017.

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“Système électoral.” Le portal de l'actualité gouvernementale, 10 Sept. 2014, www.gouvernement.lu/1719337/systeme-electoral. Accessed 21 Feb. 2017.

Party Financing
Score: 8

Party financing is regulated by a law passed on 21 December 2007. The implementation of the law was positively evaluated by the Group of States against Corruption (GRECO) which was established by the Council of Europe. While the law introduced rules on transparency and monitoring, as well as penalties for breaking the law, a GRECO report mentioned that “(...) some gaps still remain, in so far as insufficient account was taken of the financing of election campaigns and of candidates for election.” The impact of the improvements on the law, made during the period to improve transparency, monitoring of the Court of Auditors and sanctions, still need to be determined.

The GRECO Evaluation Team (GET) has complained about the lack of a uniform assessment method to evaluate various services and benefits in kind, such as positive coverage by partisan media during the election campaign. The GET demands a system of “effective, proportionate and dissuasive penalties” for those who break the law. Despite the new law, GET has pointed out that political parties still have no specific legal status. The major finding of the evaluation was the lack of public control over political party accounts, since parties often have had difficulties setting up an accounting system. Most of the issues raised in the GRECO report have been since corrected through more legislation. However, political parties must ultimately pay more attention to

such concerns. Due to the complexity of the legislative changes, the implementation of additional measures has been delayed. The fourth GET evaluation again called for the rapid integration into national law of 13 anti-corruption recommendation.

Citation:

EU Anti-Corruption Report. European Commission, 2014. ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/organized-crime-and-human-trafficking/corruption/anti-corruption-report/docs/2014_acr_luxembourg_chapter_en.pdf. Accessed 21 Feb. 2017.

Evaluation Report on Luxembourg on the “Transparency of Political Party Funding”. Group d’états contre la corruption, 2008. rm.coe.int/CoERMPublicCommonSearchServices/DisplayDCTMContent?documentId=09000016806c76d3. Accessed 21 Feb. 2017.

“Mémorial A n° 261 de 2011.” Journal officiel du Grand-Duché de Luxembourg, 21 Dec. 2011, legilux.public.lu/eli/etat/leg/memorial/2011/261. Accessed 21 Feb. 2017.

Popular Decision-Making
Score: 6

Since 1919, the constitution allowed referendums (Article 51, Paragraph 7). A modification of the constitutional article introduced the possibility to use a referendum for revising the constitution (Article 114). Direct democracy in the form of referendums is possible, but is not a prominent characteristic of the Luxembourg political system. A 2005 law outlined the steps needed for a referendum to be held at national level. The procedure can be initiated either by a parliamentary act or by popular initiative. In this case, 25,000 citizens of Luxembourg demanded a referendum. Since Luxembourg is a small country, this threshold is significant and may explain why only five referendums have taken place since 1919. All referendums resulted from parliamentary or governmental initiatives, including the one in 2005 that sought approval for the EU constitutional treaty.

The first consultative referendum took place on 7 June 2015. In this referendum, all three reform proposals were rejected by very large majorities. The result clearly showed popular discontentment with the government. The reasons are diverse and can be summarized as follows: Although the government had dedicated itself to facilitating more active citizen participation, as it took power in December 2013, the referendum did not secure a high voter turnout. Despite previous announcements of the referendum’s contents, the issue dealing with the separation of church and state was withdrawn. In general, there was insufficient information and public discussion about the referendum’s contents, and government communication was poor. Ultimately, the government did not exert itself broadly enough to win the support of the voters.

The Local Government Act of 1988 (Article 35) addresses the issue of referendums at the municipal level. One-fifth of registered electors need to ask for a referendum; however, local referendums are not binding. The practice is

used mostly as a consultative tool which could explain why it is not utilized more frequently. Over the past few years, however, it was used several times to ask citizens of municipalities whether they wanted to merge with another municipality or not.

Each member of parliament (MP) represents an average of just 10,000 citizens; which means citizens have relatively easy access to legislators. The country's territorial breakdown produces small units (there are 105 communes/municipalities), which all claim to be in direct contact with citizens. On the other hand, Luxembourg is flooded with citizen initiatives, an informal way to impose views on the political establishment, especially regarding environmental issues.

Citizen participation increased due to a new process of online petitions. Online petitions with at least 4,500 signatures must be forwarded to the parliament's petitions commission, as well as to a parliamentary commission for further debates. In the parliamentary year 2015 to 2016, 160 petitions were submitted of which 13 petitions obtained the required number of signatures.

Citation:

"Mémorial A n° 163 de 2013." Journal officiel du Grand-Duché de Luxembourg, 9 Sept. 2013, legilux.public.lu/eli/etat/leg/memorial/2013/163#page=2. Accessed 21 Feb. 2017.

"Mémorial A n° 167 de 2013." Journal officiel du Grand-Duché de Luxembourg, 12 Sept. 2013, legilux.public.lu/eli/etat/leg/memorial/2013/167. Accessed 21 Feb. 2017.

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Thill, Marc. "Zehn Dinge, die bei diesem Referendum falsch gemacht wurden." Luxemburger Wort, 8 June 2015, www.wort.lu/de/politik/analyse-zehn-dinge-die-bei-diesem-referendum-falsch-gemacht-wurden-5574ba980c88b46a8ce5ad75. Accessed 21 Feb. 2017.

Access to Information

Media Freedom
Score: 8

The country's media audience is small; the pluralistic media landscape is maintained mostly through generous direct and indirect press subsidies, of which the two big newspapers in Luxembourg mainly profit. One could argue that subsidies are an indirect way of influencing the media coverage, however, the government respects the independence of the media. The rules for granting subsidies are transparent and not subject of political debate. Moreover, following the reformation of the Electronic Media Act in 2013, the new government decided to allocate a greater part of its press subsidies to online media.

Following Luxembourg's condemnation by the European Court of Justice in an affair related to the Contacto journal's investigative journalism in 2009, the

country has returned to fourth place in the Press Freedom Index of 2012 by Reporters Without Borders. However, the tax avoidance scandal which brought Luxembourg into the international news, was felt even within the realm of media freedom. As result of the government's decision to charge journalist Edouard Perrin with complicity in the leaks, which originated from confidential PwC documents, Luxembourg fell to 15 out of 180 countries in the World Press Freedom Index of 2016.

Citation:

Beffort, Bérengère. "“Der Whistleblower ist (...) kein politischer Aktivist.”" Le portal de l'actualité gouvernementale, 6 July 2015, www.gouvernement.lu/5026791/06-braz-wort. Accessed 21 Feb. 2017.

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“Luxemburg und die Pressefreiheit.” Luxemburger Wort, 24 Apr. 2015, www.wort.lu/de/politik/reaktionen-auf-journalistenanklage-luxemburg-und-die-pressefreiheit-553a13610c88b46a8ce57f96. Accessed 21 Feb. 2017.

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“Mémorial A n° 69 de 2010.” Journal officiel du Grand-Duché de Luxembourg, 30 Apr. 2010, legilux.public.lu/eli/etat/leg/memorial/2010/69. Accessed 7 Mar. 2017.

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Media Pluralism
Score: 7

All of Luxembourg's six daily newspapers have links of some sort to political parties. One of the six dailies, *La Voix*, a French language supplement of the leading paper, *Luxemburger Wort*, was shut down in fall 2012. There is a marked imbalance of strength and influence among newspapers, which generally reflects the strength of their political sponsors. The *Luxemburger Wort* is owned by the Catholic Church and therefore has ties to the Christian Social People's Party. In 2015, it had a circulation of 70,410 copies, an overwhelming number, considering Luxembourg's population of 565,000. This figure is also larger than the combined circulation of its competitors.

The media landscape was shaken up after the creation of two free daily newspapers. The market share of the *Luxemburger Wort* fell to 35.4%, while that of *L'Essentiel*, the most successful of the free papers, recorded a share of 26,7% in 2015. *L'Essentiel* and *Tageblatt* (Luxembourg's second-largest newspaper, with a market share of about 9.9%) are both published by Editpress, which has ties to the Luxembourg Socialist Workers' Party and the socialist trade union OGB-L. The conservative media group Saint-Paul, publisher of the *Luxemburger Wort*, is losing ground because of increased competition and societal changes. Not only did it shut down *La Voix*, it also abandoned the free newspaper market by closing down its own paper, *Point24* in December 2012.

These developments, in addition to a restructuring at the Luxembourgischer Wort, are signs of change in the Luxembourg's media market.

Radio Télé Luxembourg has no competitors in the television market and it remains well ahead in radio, despite the liberalization launched in the early 1990s, which also led to the creation of radio 100.7. Its radio audience share (37.3% in 2015) is almost twice as high as that of second ranking Elodoradio with just 22%. The Chamber TV parliamentary channel transmits live parliamentary sessions, as well as weekly background information and news program on Mondays. It is owned by the Chamber of Deputies and only broadcasts on those specific occasions.

Citation:

Des médias. Service information et presse du gouvernement luxembourgeois, 2013. www.luxembourg.public.lu/fr/publications/e/ap-medias/AP-Medias-2013-FR.pdf. Accessed 21 Feb. 2017.

“Luxembourg.” Eurotopics, www.eurotopics.net/fr/142186/medias?search=&country=146415&language=0&art=0&circulation=0&typ=2#results. Accessed 21 Feb. 2017.

“Médias.” Eurotopics, www.eurotopics.net/fr/home/medienlandschaft/luxmdn/. Accessed 21 Feb. 2017.

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Étude TNS Ilres Plurimedia Luxembourg 2016. TNS ILRES, 2016. paperjam.lu/sites/default/files/etudeplurimedia_2016.pdf. Accessed 21 Feb. 2017.

Access to
Government.
Information
Score: 6

Luxembourg has no freedom of information act nor any equivalent legal regulation. Such law has been demanded by journalist associations and many NGOs, as well as by Regulation No. 1049/2001 of the European Commission. The government cultivates a certain culture of secrecy; a directive issued in 1987 requires civil servants to get authorization of their respective minister before releasing any information. Numerous advisory bodies, which include representatives from interest groups, usually serve as a channel to spread government messages in advance of official notifications to parliament or professional chambers. It is up to the government to decide what becomes public and when. The previous government promised to draft a law that was inspired by information practices in neighboring countries, as well as by recommendations of the Council of Europe. However, the draft law presented by the new government in 2014, did not meet information access advocates' expectations.

The most effective way to get information from the government remains the so-called parliamentary query (question parlementaire). The government is required

to provide an answer within a month, or even within a week in case of urgency. This instrument is widely used by members of parliament and during the 2012 – 2013 parliamentary session, 549 questions were filed. Interested parties, lobbies and associations often enlist MPs and make use of the parliamentary query process to discover the government’s intentions on issues of relevance to them. MPs’ questions and government answers are published in the regular account of parliament’s activities (Compte rendu des séances publiques), in press releases and on the website of the Chamber of Deputies.

Citation:

Association luxembourgeoise des journalistes, www.journalist.lu. Accessed 21 Feb. 2017.

Chambre des Députés du Grand-Duché de Luxembourg, www.chd.lu/wps/portal/public/Accueil/Actualite. Accessed 21 Feb. 2017.

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“Mémorial A n° 69 de 2010.” Journal officiel du Grand-Duché de Luxembourg, 30 Apr. 2010, legilux.public.lu/eli/etat/leg/memorial/2010/69#page=2. Accessed 21 Feb. 2017.

“Presse écrite.” Le portail officiel du Grand-Duché de Luxembourg, www.luxembourg.public.lu/fr/le-grand-duche-se-presente/medias/presse-ecrite/. Accessed 21 Feb. 2017.

Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001 regarding public access to European Parliament, Council and Commission documents. Official Journal of the European Communities, 2001. www.europarl.europa.eu/register/pdf/r1049_en.pdf. Accessed 21 Feb. 2017.

Civil Rights and Political Liberties

Civil Rights
Score: 8

Civil rights are officially protected in Luxembourg and all state institutions respect these rights with some exceptions. Four institutions are in charge of protecting civil rights: the Constitutional Court, an advisory board on human rights, the National Commission on Data Protection and a parliamentary ombudsman. However, the judiciary system’s slow processing of cases has led to concerns over due process and equitable treatment. The European Court of Human Rights in Strasbourg has reprimanded the country on several occasions because of delays in the court system. The mediation law grants a maximum of four months for processing, with the aim of speeding up administration procedures. The influence and the number of complaints to the Ombudsman Office continues to grow. A total of 743 complaints were made in 2015, an increase from 689 complaints in 2014. The rate of favorable rulings or settlements is high with 84.21% in 2015, compared to 85.52% in 2014. These high figures show both, the efficiency and the necessity of this institution. Due to overcrowding in prisons, a new remand prison will be opened in 2022. Furthermore, three EU directives concerning the right to have an interpreter and legal representation for detainees and prisoners, as well as the right to inspect relevant files, are expected to be implemented.

Citation:

Accès citoyens aux documents détenus par l'administration. Chambre des Métiers, 2013. www.google.de/url?sa=t&rcct=j&q=&esrc=s&source=web&cd=1&cad=rja&uact=8&ved=0ahUKEwiP8LSI0cTSAhVCCiwKHcibD2AQFggcMAA&url=http%3A%2F%2Fwww.cdm.lu%2Fdownload%2F3430%2Faccès-des-citoyens-aux-documents-détenus-par-l-administration.pdf&usg=AFQjCNHJbT_bsJFviOMHI5mc28E0R6U69Q&sig2=f1aFfS2CNIpKwoSV-vvICA. Accessed 21 Feb. 2017.

“Mémorial A n° 128 de 2003.” Journal officiel du Grand-Duché de Luxembourg, 3 Sept. 2003. legilux.public.lu/eli/etat/leg/memorial/2003/128#page=2. Accessed 7 Mar. 2017.

Projet de loi relative à l'accès des citoyens aux documents détenus par l'administration. Le gouvernement du Grand-Duché de Luxembourg Ministère d'État, 2013. www.csl.lu/component/rubberdoc/doc/1671/raw. Accessed 21 Feb. 2017.

Rapport d'activité 2015. Médiateur du Grand-Duché de Luxembourg, 2016. www.ombudsman.lu/userfiles/files/Rapports%20annuels/RA%202015.pdf. Accessed 21 Feb. 2017.

“Reformen im Luxemburger Rechtswesen.” Tageblatt, 26 Sept. 2014. www.tageblatt.lu/nachrichten/story/26766397. Accessed 21 Feb. 2017.

Political Liberties
Score: 9

No infringements of citizen's right to speak, assemble, organize, worship or petition occurred during the period. Some court cases have dealt with xenophobic and racist speech, especially online.

Anticlerical forces have demanded the separation of church and state, and criticized state subsidies for churches, particularly the Catholic Church, which is the dominant faith in Luxembourg. Protestant and Jewish organizations already benefit from public funding. In response to this, the 2009 government program promised the creation of so-called houses of secularism, following the Belgian model. Since 2016 and following a period of receiving very low subsidies, the Islamic Religious Community, Anglican Community and the Orthodox Church have received significant public funding. Initially, the government coalition intended to include a question in the June 2015 referendum, relating to the funding of the churches and the introduction of a church tax system in Luxembourg. In January 2015, however, the government agreed to the demands of the various religious communities and removed the issue from the referendum.

Citation:

“Budget für Muslime soll um das 180-fache steigen.” L'essentiel, 25 Oct. 2015. www.lessentiel.lu/de/news/story/15641224. Accessed 21 Feb. 2017.

“Religion is private, says Luxembourg PM.” Luxemburger Wort, 12 Sept. 2014. www.wort.lu/en/politics/church-and-state-religion-is-private-says-luxembourg-pm-54128b3eb9b3988708063816. Accessed 21 Feb. 2017.

“«Die Kirche muss sich in Zukunft selbst finanzieren.»” L'essentiel, 11 Sept. 2014. www.lessentiel.lu/de/news/story/19528954. Accessed 21 Feb. 2017.

Non-discrimination
Score: 8

Fundamental human and civil rights are anchored in Luxembourg's constitution. Anti-discrimination efforts are overseen both by public authorities and NGOs.

The 2015 Migrant Integration Policy Index gave Luxembourg a low score of 57 points for its anti-discrimination policies (2014: 49). Two EU anti-discrimination directives (2000/43 and 2000/78) were adapted after years of debate in the form of an act passed on 28 November 2006, establishing a Center of Equal Treatment (Centre pour l'égalité de traitement, CET), which opened in October 2008. The act includes EU definitions of discrimination. Other bodies such as the Ombuds Council for the Right of the Child (Ombuds-comité fir d'Rechter vum Kand, law of 22 July 2002) have existed since January 2003; the Ombudsman Office was established by law on 22 August 2003 and began operations in May 2004.

Migration is a much debated issue. Considering that most migration is essentially European (90%) and of Christian faith, migration issues have caused fewer conflicts and ethnic concerns than in neighboring countries. After the adoption of the U.N. Convention on the Rights of Persons with Disabilities and in addition to a 2011 action plan, incidents of discrimination on the grounds of physical or mental disabilities have increased. This highlights the need to intensify inclusion policies.

Citation:

"Luxembourg." Migrant Integration Policy Index 2015, www.mipex.eu/luxembourg. Accessed 21 Feb. 2017.

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"Mémorial A n° 70 de 2008." Journal officiel du Grand-Duché de Luxembourg, 26 May 2008, legilux.public.lu/eli/etat/leg/memorial/2008/70#page=2. Accessed 21 Feb. 2017.

Rapport d'activités 2014. Centre pour l'égalité de traitement, 2014. cet.lu/wp-content/uploads/2015/03/CET-rapport-annuel-2014.pdf. Accessed 21 Feb. 2017.

For further information:

Centre pour l'égalité de traitement, cet.lu/en/. Accessed 21 Feb. 2017.

Conseil National des Femmes du Luxembourg, www.cnfl.lu/site/. Accessed 21 Feb. 2017.

Convention internationale sur l'élimination de toutes les formes de discrimination raciale. Office luxembourgeois de l'accueil et de l'intégration, 1965. www.olai.public.lu/fr/legislation/discrimination/C-1965-12-21/C-1965-12-21.pdf. Accessed 21 Feb. 2017.

Médiateur du Grand-Duché de Luxembourg, www.ombudsman.lu. Accessed 21 Feb. 2017.

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"Mémorial A n° 209 de 2008." Journal officiel du Grand-Duché de Luxembourg, 24 Dec. 2008, legilux.public.lu/eli/etat/leg/memorial/2008/209#page=2. Accessed 21 Feb. 2017.

Portant création d'une Agence des droits fondamentaux de l'Union européenne. Journal officiel de l'Union européenne, 2007. www.olai.public.lu/fr/legislation/discrimination/R-168-2007-fr/R-168-2007-fr.pdf. Accessed 21 Feb. 2017.

Rule of Law

Legal Certainty
Score: 6

While Luxembourg is a constitutional state, citizens are sometimes confronted with judicial vagueness or even a lack of legal guidance in administrative issues. Luxembourg's administrative culture is based on pragmatism and common sense. This means that some matters are decided on an ad hoc basis, rather than with reference to official or established rules. Most people seem to accept this, trusting that the prevalent legal flexibility leads to regulations or compromises that favor their own interests. Thus, the interpretation of laws can vary.

The government is working on completely reforming the constitution. In 2009, the Christian Social People's Party had stated in its election program that they would submit the constitutional reform "to the people by a referendum." The referendum on the constitutional reform, which was initially planned for 2012, but will now likely be delayed until 2019.

Courts are overloaded, understaffed and slow, taking far too long to settle cases brought before them. The government has begun to address this problem by hiring more judges. Since the creation of independent administrative courts and the constitutional court nearly 20 years ago, the number of pending cases has considerably increased. The European Court of Human Rights in Strasbourg frequently criticizes Luxembourg for its lengthy legal procedures.

Citation:

Cames, Michel. "Pragmatisch, flexibel, schnell - Wirtschaftspolitische Besonderheiten von Kleinstaaten am Beispiel Luxemburg." Forum.lu, Sept. 2013, www.forum.lu/pdf/artikel/7692_332_Camest.pdf. Accessed 21 Feb. 2017.

"Die historische Entwicklung des Großherzogtums - ein Essay." Das politische System Luxemburgs: Eine Einführung, edited by Wolfgang H. Lorig and Mario Hirsch, VS Verlag für Sozialwissenschaften, 2008, pp. 13 – 30.

"Referendum." Forum.lu, www.forum.lu/constitution/index.php/reformprojekt/referendum/. Accessed 21 Feb. 2017.

"Verfassungsreferendum wohl erst Anfang 2019." Luxemburger Wort, 10 Oct. 2016, www.wort.lu/de/politik/alex-bodry-reagiert-auf-csv-vorstoss-verfassungsreferendum-wohl-erst-anfang-2019-57fb493b5061e01abe83a141. Accessed 21 Feb. 2017.

Judicial Review
Score: 9

The existence of administrative jurisdictions and the Constitutional Court, guarantee an independent review of executive and administrative acts. The Administrative Court and the Administrative Court of Appeals are legal bodies with heavy case loads; annual reports cite more than 1,000 judgments by the

Administrative Court between 2014 and 2015, as well as 288 judgments by the Administrative Court of Appeals. These judgments and appeals indicate that judicial review is actively pursued in Luxembourg.

Citation:

“Gerichtsorganisation der Mitgliedstaaten - Luxemburg.” Portail e-Justice européen, 4 Feb. 2015, e-justice.europa.eu/content_judicial_systems_in_member_states-16-lu-de.do. Accessed 21 Feb. 2017.

Rapport d’activité des juridictions administratives. La Justice Grand-Duché de Luxembourg, 2015. www.justice.public.lu/fr/publications/rapport-activites-administratives/rapports-juridictions-adm-2015.pdf. Accessed 21 Feb. 2017.

Appointment of
Justices
Score: 9

The Constitutional Court of Luxembourg is composed of nine members, all professional judges. They are appointed by the Grand Duke on recommendation of members of the Superior Court of Justice and the Administrative Court of Appeals, who gather in a joint meeting, convened by the President of the Superior Court of Justice. These two jurisdictions are appointed by the Grand Duke on the recommendation of the Court itself, so their recruitment is co-opted. This principle is enshrined in Article 90 of the constitution and has never been questioned. It gives a great degree of independence to the Constitutional Court, as well as to the Superior Court of Justice and the Administrative Court of Appeals. The government plans (due to the Law Project of 2013) to delegate the task of nominating and promoting judges to a standing body, the higher judicial council (Conseil supérieur de la magistrature, CSM), based on the French model. This decision is not likely to change the process of the present ad hoc system, since the composition of the CSM is likely to reflect existing practices which have ensured a high degree of independence and transparency in the selection process.

Loi du 27 juillet 1997 portant organisation de la Cour Constitutionnelle

Loi du 7 novembre 1996 portant organisation des juridictions de l’ordre administratif

Loi du 1er juillet 2005 arrêtant un programme pluriannuel de recrutement dans le cadre de l’organisation judiciaire

Organisation judiciaire, Textes coordonnés Avril 2009

Constitution. Ministère d’État - Service central de législation, 2016. data.legilux.public.lu/file/eli-etat-leg-recueil-constitution-20161020-fr-pdf.pdf. Accessed 21 Feb. 2017.

“Cour Constitutionnelle.” La justice Grand-Duché de Luxembourg, www.justice.public.lu/fr/organisation-justice/cour-constitutionnelle/index.html. Accessed 21 Feb. 2017.

“Cours et tribunaux.” Le portail de l’actualité gouvernementale, 10 Sept. 2014, www.gouvernement.lu/1719266/cours-tribunaux. Accessed 21 Feb. 2017.

“Die aktuelle Verfassung.” Forum.lu, www.forum.lu/constitution/index.php/dokumente/die-aktuelle-verfassung/. Accessed 21 Feb. 2017.

Corruption
Prevention
Score: 8

After a parliamentary inquiry into a large building project in Wickrange in 2012, in which the prime minister and other government ministers were suspected of improperly favoring a company, the government proposed a code of conduct in

April 2013. The code, which references existing codes such as a European Commission code, defines the types of gifts or favors a minister may or may not receive. It also outlines a range of professional activities a minister may undertake after their ministerial term. The overall objective is to avoid conflicts of interests. In addition, an ethics committee will offer opinions concerning the interpretation of specific situations. The revised text was signed by each minister and came into force in December 2014. Transparency International Luxembourg supports the code of conduct, giving credibility to the ministers. But steps need to be taken to ensure sanctions will be imposed on the parties concerned and adjustments are still needed.

The fourth European evaluation of the Group of States against Corruption (GRECO) called for the rapid implementation of the group's anti-corruption guidelines, in order to prevent corruption within the public authorities. Only one of the group's 14 recommendations has been implemented into national law so far and other directives have not been transposed or have been only partially implemented yet.

Citation:

"2014 Corruption Perceptions Index." Transparency International, www.transparency.org/cpi2014/results. Accessed 21 Feb. 2017.

"Corruption Perceptions Index 2012." Transparency International, www.transparency.org/cpi2012. Accessed 21 Feb. 2017.

"Eurobarometer - Corruption." European Commission, ec.europa.eu/public_opinion/archives/ebs/ebs_397_fact_lu_en.pdf. Accessed 21 Feb. 2017.

"Félix Braz présente le nouveau Code de déontologie pour les ministres." Le portail de l'actualité gouvernementale, 22 July 2014, www.gouvernement.lu/3870893/22-braz-code. Accessed 21 Feb. 2017.

"Luxembourg moves up two spots in Corruption Perceptions Index." Luxembourg for Finance, 3 Dec. 2014, www.luxembourgforfinance.com/en/news/luxembourg-moves-two-spots-corruption-perceptions-index. Accessed 21 Feb. 2017.

Projet de règlement grand-ducal fixant les règles déontologiques des membres du Gouvernement et leurs devoirs et droits dans l'exercice de la fonction. Le Ministère de la Justice du Grand-Duché de Luxembourg, 2014. www.gouvernement.lu/3871867/Dossier-de-presse-Code-de-deontologie-22-7-14doc.pdf. Accessed 21 Feb. 2017.

Transparency International Luxembourg, www.transparency.lu. Accessed 21 Feb. 2017.

Transparency of lobbying in Member States. European Parliamentary Research Service, 2016. www.europarl.europa.eu/EPRS/Transparency_of_lobbying_in_Member_States.pdf. Accessed 21 Feb. 2017.

Governance

I. Executive Capacity

Strategic Capacity

Strategic Planning
Score: 4

Luxembourg's small size and thus the small size of its administration, does not allow for sufficient strategic planning capacity. A few public bodies offer simulations, such as the National Institute of Statistics and Economic Studies Luxembourg (STATEC) and the General Inspectorate of Social Security (Inspection Générale de la Sécurité Sociale, IGSS). The State Economic and Social Council (Conseil économique et social) and the merged public research institute LISER offer more qualitative analyses. The research department of the central bank (Banque Centrale du Luxembourg) and the general inspectorate of the financial sector (Commission de surveillance du secteur financier, CSSF), focus on economics and finance planning. While these institutions are state-financed, they are nevertheless not sufficiently equipped to offer long-term planning activities. State Economic and Social Council reports are partly written by civil servants of the relevant ministry departments. Strategic planning is mostly done, if not commissioned, by institutions abroad, which offer the advantage of independence and guidance via international standards. Once a report is submitted, negotiations begin between the minister and promoters; the final compromise is a draft of the project, designed abroad.

"Autres acteurs." Le portail des statistiques du Luxembourg, www.statistiques.public.lu/fr/acteurs/autres/index.html. Accessed 21 Feb. 2017.

Banque centrale du Luxembourg, www.bcl.lu/fr/index.html. Accessed 21 Feb. 2017.

Commission de Surveillance du Secteur Financier, www.cssf.lu/en/. Accessed 21 Feb. 2017.

Conseil économique et social, www.ces.public.lu/fr.html. Accessed 21 Feb. 2017.

Luxembourg Institute of Socio-Economic Research, www.liser.lu. Accessed 21 Feb. 2017.

Scholarly Advice
Score: 7

Luxembourg's main research institutions were founded only recently. For instance, the national university was founded in 2003. Three additional national

research centers (CRP-Gabriel Lippmann, CRP-Henri Tudor, CRP-Santé) were founded in 1999, which were later combined into two research centers: the Luxembourg Institute of Science and Technology and Luxembourg Institute of Socio-Economic Research. The House of Innovation also provides space for about 500 scientists and researchers from CRP-Henri Tudor, Luxinnovation and the Dr. Widong Center in Esch-Beval.

For major policy reform projects, the government mostly consults highly reputed institutions abroad. Receiving scholarly advice from institutions abroad favors independent analysis. Considering the country's small size, links between government and national research facilities are strong.

Citation:

“Annuaire de la compétitivité 2015: un peu mieux, mais est-ce durable?” Union des Entreprises Luxembourgeoises, www.uel.lu/410-annuaire-de-la-competitivite-2015. Accessed 21 Feb. 2017.

Genevois, Anne-Sophie. “Pratiques des entreprises du secteur privé en matière de prospection de candidats à l’embauche.” *Population et Emploi*, vol. 42, 20 Aug. 2009, www.statistiques.public.lu/catalogue-publications/population-emploi-CEPS/2009/PDF-Population-et-Emploi-42-2009.pdf. Accessed 21 Feb. 2017.

Grubb, David. *Audit du service public de l’emploi au Luxembourg*. OECD, 2007. www.oecd.org/fr/els/39424034.pdf. Accessed 21 Feb. 2017.

Rössler, Wulf. *Gemeindepsychiatrie: Grundlagen Und Leitlinien: Planungsstudie Luxemburg*. Verlag Integrative Psychiatrie, 1993.

Rössler, Wulf. *Psychiatrie Luxemburg: Stand der Umsetzung der Empfehlungen der Planungsstudie 2005*. Ministère-Direction de la Santé, 2009. www.sante.public.lu/fr/publications/r/rapport-rossler-psychiatrie-lux-de-2009/rapport-rossler-psychiatrie-lux-de-2009.pdf. Accessed 21 Feb. 2017.

Interministerial Coordination

GO Expertise
Score: 6

The Prime Minister’s Office (PMO) employs around 40 civil servants, mostly trained in law, economics and political sciences. As a result, the PMO does not have sufficient resources to assess all the activities of government ministries. Due to the limited capacities of all ministries, including the PMO, there is no management body or special committee designated to manage interministerial coordination. After the inauguration of the new government in December 2013, interministerial coordination presented some difficulties.

Senior civil servants in the ministries prepare a “pré-conseil” or pre-briefing for the weekly meeting of ministers (conseil de gouvernement). All draft bills have to be adopted at both stages, before being introduced to parliament, as well as revised within these two interministerial meetings. The Inspectorate General of Finance (Inspection générale des finances, IGF) evaluates draft bills and participates in numerous committees.

Citation:

“Budgeting in Luxembourg: Analysis and recommendations.” OECD Journal on Budgeting, Supplement 1, vol. 2012, 2013, www.keepeek.com/Digital-Asset-Management/oecd/governance/oecd-journal-on-budgeting-volume-2012-supplement-1_budget-v12-sup1-en#.WL7foKw2to5#page81. Accessed 21 Feb. 2017.

“Conseil de gouvernement.” Le portal de l’actualité gouvernementale, www.gouvernement.lu/1719191/conseil-gouv. Accessed 21 Feb. 2017.

“Gouvernement.” Le portal de l’actualité gouvernementale, www.gouvernement.lu/1719075/gouvernement. Accessed 21 Feb. 2017.

“Inspection générale de la sécurité sociale.” Ministère de la Sécurité Sociale, www.mss.public.lu/acteurs/igss/index.html. Accessed 21 Feb. 2017.

Inspection générale des finances, www.igf.etat.lu. Accessed 21 Feb. 2017.

GO Gatekeeping
Score: 8

The long period of leadership of former Prime Minister Jean-Claude Juncker (in office 1995 – 2013) gave him the authority to reject policy proposals or inspire new policy projects. In general, the prime minister can withdraw a project or a draft bill without formal procedures. However, the prime minister is considered the first among equals (*primus inter pares*) and should avoid interfering where possible, particularly in issues that are the responsibility of ministers from other coalition parties. Consultative bodies, interministerial meetings and the Inspection General of Finance (Inspection générale des finances, IGF), which is affiliated with the budget ministry, function as arbiters in policymaking.

Citation:

“Mémorial A n° 173 de 2009.” Journal officiel du Grand-Duché de Luxembourg, 29 July 2009, legilux.public.lu/eli/etat/leg/memorial/2009/173#page=2. Accessed 7 Mar. 2017.

Line Ministries
Score: 8

The Prime Minister’s Office is not legally allowed to be involved in the preparation of bills or proposals by line ministries. Sensitive political proposals are often contained in the coalition program. There are no institutionalized mechanisms of coordination between line ministries and there is no unit dealing with policy assessment and evaluation. Informally, however, no sensitive proposal is presented to the Council of Ministers without being approved beforehand by the prime minister. An informal body of ministerial civil servants meets ahead of the Council of Ministers, to prepare the agenda and make adjustments if needed. Even though the prime minister has not held the influential finance portfolio since 2009, his central role in the governance process has not been weakened.

Citation:

“Arrêté grand-ducal du 28 janvier 2015 portant constitution des Ministères.” Journal officiel du Grand-Duché de Luxembourg, 30 Jan. 2015, legilux.public.lu/eli/etat/leg/agd/2015/01/28/n1/jo. Accessed 21 Feb. 2017.

“Gouvernement.” Le portal de l’actualité gouvernementale, www.gouvernement.lu/1719075/gouvernement. Accessed 7 Mar. 2017.

Le gouvernement du Grand-Duché de Luxembourg. Le Service information et presse du gouvernement

luxembourgeois, 2013. www.gouvernement.lu/3723809/SIP_Gouvernement_2016_EN. Accessed 21 Feb. 2017.

Cabinet
Committees
Score: 8

There are no cabinet committees, in the strict sense. The Council of Ministers (Luxembourg's cabinet) has to rely entirely on the work of line ministries or interministerial groups, if more than one department is concerned. Generally, the Council of Ministers is well prepared, as only bills that have been accepted informally are presented. Moreover, bills must be scrutinized by experts at the Ministry of Finance and the inspector general of finance (Inspection générale des finances), which is comprised of senior civil servants and chaired by the secretary general of the Council of Ministers. This informal body insures that coherence prevails. The Prime Minister's Office has assumed some horizontal competences on issues that concern more than one ministry, notably in the field of administrative simplification, ethical and deontological questions.

Citation:

"Gouvernement." Le portal de l'actualité gouvernementale, www.gouvernement.lu/1719075/gouvernement. Accessed 21 Feb. 2017.

Inspection générale des finances, www.igf.etat.lu. Accessed 21 Feb. 2017.

"Système politique." Le portal de l'actualité gouvernementale, www.gouvernement.lu/482644/systeme-politique. Accessed 21 Feb. 2017.

Ministerial
Bureaucracy
Score: 9

Senior ministry officials and interministerial meetings are important in the preparation of draft bills and for cabinet meetings. There is both formal and informal coordination in the conception of new policy, in policy modification or in the conception of a pre-draft bill. As part of the process, interministerial ad hoc groups are formed. Normally, a pre-draft bill is already the result of consultation with social partners and civil society groups. Once the pre-draft bill is published, official consultation rounds start again.

Citation:

"Système politique." Le portail officiel du Grand-Duché de Luxembourg, www.luxembourg.public.lu/fr/le-grand-duche-se-presente/systeme-politique/index.html. Accessed 21 Feb. 2017.

Thomas, Bernard, and Laurent Schmit. "Die Unentbehrlichen: Wie viel Macht haben hohe Beamte?" Forum.lu, Sept. 2013, www.forum.lu/pdf/artikel/7693_332_ThomasSchmit.pdf. Accessed 21 Feb. 2017.

Informal
Coordination
Score: 9

There are many opportunities for informal coordination, given Luxembourg's small size, its close-knit society and government administration. Those in public administration responsible for early policy research and formulation, are well familiar with representatives of social organizations and members of civil society research institutions. There are many opportunities for informal contact between public servants and experts from research institutions, businesses and civil society. Senior civil servants simultaneously responsible for various projects, have an enormous workload and represent the government within different bodies, boards and committees.

Evidence-based Instruments

RIA Application
Score: 4

At the end of the 1990s, Luxembourg launched its first draft for regulatory impact assessments (RIAs), to simplify administrative procedures at both, the national and European levels. Since 2004, the government has systematized the potential impact of legislative proposals by aligning legislative and administrative processes under the responsibility of a competent authority, the Plateforme interministérielle de réforme et de simplification administrative. Furthermore, the so-called Omnibus Bill is currently being deliberated in parliament and should be voted on in early 2017.

Since 2009, all draft bills have been required to undergo a regulatory impact assessment. Within eight weeks before adoption of a draft bill, the government has to carry out consultations with stakeholders, considering their expertise and responding to requests. Based on adequate analyses, a draft bill is adapted, completed and submitted to parliament. The impact assessment is necessarily attached to legislation or regulation submitted to the Council of Ministers. Prior to submission, the secretariat of the Council forwards a copy to the interministerial platform, which prepares a formal statement to the Council.

The standard impact evaluation form (a checklist form, or “fiche d’évaluation d’impact”) was revised in 2010 to include gender mainstreaming principles. It enabled a close cooperation with the Ministry for Equal Opportunities. Although regulatory impact assessment programs have been instituted for some years, there is still room for improvement, especially in making such evidence-based instruments more widespread. Further improvements should be implemented through an ex ante verification process on a national and European level.

Citation:

Building an Institutional Framework for Regulatory Impact Analysis (RIA): Guidance for Policy Makers. OECD, 2008. www.oecd.org/regreform/regulatory-policy/40984990.pdf. Accessed 21 Feb. 2017.

“Gestion de la qualité sur base du modèle d’auto-évaluation CAF.” Portal de la Fonction publique, www.fonction-publique.public.lu/fr/modernisation-etat/qualite-publique/gestion-qualite-base-caf/. Accessed 21 Feb. 2017.

L’amélioration des organisations publiques par l’auto-évaluation. Centre européen de ressources CAF, 2013. www.fonction-publique.public.lu/fr/publications/brochures/caf/brochure-CAF.pdf. Accessed 21 Feb. 2017.

“Modernisation de l’Etat.” Portal de la Fonction publique, www.fonction-publique.public.lu/fr/modernisation-etat/index.html. Accessed 21 Feb. 2017.

OECD Regulatory Policy Outlook 2015: Luxembourg. OECD, 2015. www.oecd.org/gov/regulatory-policy/Luxembourg-web.pdf. Accessed 21 Feb. 2017.

Quality of RIA
Process
Score: 2

An open and consultative regulatory impact assessment (RIA) process does not exist. The procedure requires an interministerial exchange between governmental departments and coordination groups, including a consultation of experts. Impact assessment data originates from internal ministry documents,

which may be consulted by the state Council of Ministers and parliamentary members.

Unlike parliamentary procedures, there is no public access to RIA documents and evaluations are not intended for publication. As in most OECD countries, there is no risk management in the formal process of developing harmonized standards. RIAs are not evaluated by an independent body.

Since the general introduction of RIAs in 2009, there has not been enough transparency or civil society participation in the process. Efforts should be made to increase the involvement of stakeholders.

Citation:

Building an Institutional Framework for Regulatory Impact Analysis (RIA): Guidance for Policy Makers. OECD, 2008. www.oecd.org/regreform/regulatory-policy/40984990.pdf. Accessed 21 Feb. 2017.

“Modernisation de l’État.” Portal de la Fonction publique, www.fonction-publique.public.lu/fr/modernisation-etat/index.html. Accessed 21 Feb. 2017.

OECD Regulatory Policy Outlook 2015. OECD, 2015. www.oecd-ilibrary.org/governance/oecd-regulatory-policy-outlook-2015_9789264238770-en. Accessed 21 Feb. 2017.

“Plateforme interministérielle.” Portal de la Fonction publique, www.fonction-publique.public.lu/fr/support/recherche/index.php?q=plateforme+interministerielle. Accessed 21 Feb. 2017.

Promoting inclusive growth through better regulation. The role of regulatory impact assessment. OECD, 2015. www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=GOV/RPC%282015%294&docLanguage=En. Accessed 21 Feb. 2017.

Sustainability
Check
Score: 3

A systematic sustainability assessment process does not exist in Luxembourg. The government plans to introduce effective sustainability checks and the systematic monitoring of relevant administrative and legislative acts. In general, the impact of policies and policy side effects at all levels (economic, social and environmental), need to be evaluated with reference to principles of sustainable development and sustainable decision-making. It is essential to agree on Regulatory impact assessment (RIA) procedures to “benefit from improved coherence and coordination between ministries, civil society and stakeholders.” Sustainability checks at all levels should be made transparent by establishing harmonized legislation with binding RIA standards.

Citation:

Ein nachhaltiges Luxemburg für mehr Lebensqualität. Le gouvernement du Grand-Duché de Luxembourg, 2010. www.environnement.public.lu/developpement_durable/dossiers/pnnd_2010/PNDD.pdf. Accessed 21 Feb. 2017.

“Mémorial A n° 102 de 2004.” Journal officiel du Grand-Duché de Luxembourg, 2 July 2004, legilux.public.lu/eli/etat/leg/memorial/2004/102#page=2#page=2. Accessed 21 Feb. 2017.

Rapport d’activité 2014. Ministère du Développement durable et des Infrastructures, 2015. www.gouvernement.lu/5330895/2014-rapport-activite-travaux-publics.pdf. Accessed 7 Mar. 2017.

Societal Consultation

Negotiating Public
Support
Score: 8

Luxembourg is a consensus-oriented society with a well-known model of neo-corporatism (the Luxembourg Model), which became institutionalized in the aftermath of the steel crisis in the 1970s. When introducing a draft bill to parliament, the government normally launches a broad consultation process. Unions and employers' organizations are consulted in any case; every draft bill is submitted to the respective organization of employees (Chambre des Salariés) and to employers' organizations (Chambre de Commerce and Chambre des Métiers). Depending on the purpose of the draft bill or the new policy, civil society is included in the process. Nevertheless, the tripartite system is considered to have failed in 2010, when the three partners were unable to reach an agreement on critical issues. However, the new government relaunched the social dialogue with employers and employees and the process has functioned reasonably well since then.

Citation:

Clément, Franz. *Consociativisme et dialogue social: Les relations professionnelles au Grand-Duché de Luxembourg*. Éditions universitaires européennes, 2012.

Hilgert, Romain. "Ruf nach Leadership." *Land.lu*, 18 Jan. 2013, www.land.lu/2013/01/18/ruf-nach-leadership/. Accessed 21 Feb. 2017.

"Mémorial A n° 144 de 2015." *Journal officiel du Grand-Duché de Luxembourg*, 27 July 2015, legilux.public.lu/eli/etat/leg/memorial/2015/144. Accessed 21 Feb. 2017.

"Sind Konkordanz-, Konsens- und Drei-Partnermodelle "Schönwetter-Veranstaltungen"? Das Beispiel Luxembourg." *Konkordanzdemokratie: Ein Demokratietyp der Vergangenheit?*, edited by Stefan Köppl and Uwe Kranenpohl, Nomos, 2012, pp. 117 – 132.

"Système politique." *Le portail officiel du Grand-Duché de Luxembourg*, www.luxembourg.public.lu/fr/le-grand-duche-se-presente/systeme-politique/index.html. Accessed 21 Feb. 2017.

"Xavier Bettel au sujet des défis du nouveau gouvernement." *Le portail officiel du Grand-Duché de Luxembourg*, 18 Dec. 2013, www.gouvernement.lu/3370722/16-bettel-tageblatt. Accessed 21 Feb. 2017.

Policy Communication

Coherent
Communication
Score: 8

After Council of Ministers meetings on Fridays, the prime minister holds a public press conference, to communicate the body's work effectively and coherently. This weekly press briefing had been the government's main method of communicating. Whereas public press briefings under former Prime Minister Juncker were rare toward the end of his administration, at least at the beginning, public relations have been given more importance under the new coalition.

Aside from the prime minister, no government member has a press officer. Reporting directly to the prime minister, the state Press and Information Service

(SIP) works to coordinate a coherent and wide-ranging government communication policy. Government members are encouraged not to voice disagreement in public, so as to make the impression of unanimous decision-making.

Citation:

“Attributions.” Le portal de l’actualité gouvernementale, www.gouvernement.lu/4021433/attributions. Accessed 21 Feb. 2017.

“Die acht größten Kommunikationspannen der Regierung.” Luxemburger Wort, 27 Apr. 2015, www.wort.lu/de/politik/nach-dem-ausrutscher-von-schneider-die-acht-groessten-kommunikationspannen-der-regierung-553d34f80c88b46a8ce581f0. Accessed 21 Feb. 2017.

For further information:

“Service information et presse (SIP).” Le portal de l’actualité gouvernementale, www.gouvernement.lu/sip. Accessed 21 Feb. 2017.

Implementation

Government
Efficiency
Score: 7

In general, the government can implement its policy objectives, usually outlined in electoral promises or coalition government programs. This might take longer than planned, given that a policy based on maximum consensus is often cumbersome. But projects are sometimes not only slowed down but delayed indefinitely, especially when powerful lobbies are involved. This is particularly the case for major infrastructural or zoning projects, such as the tramway system for the city of Luxembourg, which was under discussion for 25 years before agreement was reached in 2013. A law proposal, that was already very far advanced, was postponed before the 1999 election. Since then, different aspects have been discussed, studies have been carried out and constructions on the first elements of the tram project have started.

Citation:

“Parliament votes for the tram.” Luxemburger Wort, 5 June 2014, www.wort.lu/en/politics/central-train-station-to-luxexpo-parliament-votes-for-the-tram-5390279cb9b398870803124a. Accessed 21 Feb. 2017.

“Un tram à Luxembourg en 2017.” Luxemburger Wort, www.wort.lu/fr/luxembourg/un-tram-a-luxembourg-en-2017-4feadec6e4b026f9aa61740e. Accessed 21 Feb. 2017.

Ministerial
Compliance
Score: 7

The Luxembourg electoral system combines proportional representation of candidate lists and a type of majority system that allows a voter to pick individual candidates by giving them preferential votes on more than one list.

Consequently, the voters, and not the party, decide on the composition of parliament and even of the government, since those candidates with the best results usually become ministers. This system encourages politicians to pursue personal initiatives, but as they generally address small lobbies, such projects do not typically conflict with the government’s agenda.

“Go-it-alone” actions are not uncommon because ministers and candidates want

to raise their profile to benefit precisely from these personal votes that ultimately make the difference. Especially in pre-electoral periods, this kind of deviant behavior is quite frequent. Ministers are usually allowed to pursue their pet topics, provided they manage to convince their colleagues in government and the prime minister.

Citation:

“Das Wahlsystem in Luxemburg.” Claude Biver, 11 Oct. 2013, cbiver.eu/?s=das+Wahlsystem. Accessed 21 Feb. 2017.

Fehlen, Fernand. “Für eine Wahlrechtsreform.” Forum.lu, Nov. 2013, www.forum.lu/pdf/artikel/7726_334_Fehlen.pdf. Accessed 21 Feb. 2017.

—. “Wahlsystem und politische Kultur.” Forum.lu, Sept. 2013, www.forum.lu/wp-content/uploads/2015/11/7695_332_Fehlen.pdf. Accessed 21 Feb. 2017.

“Wahlsystem.” Le portail officiel du Grand-Duché de Luxembourg, www.luxembourg.public.lu/de/le-grand-duche-se-presente/systeme-politique/systeme-electoral/. Accessed 21 Feb. 2017.

“Wahlsystem und politische Kultur.” Forum.lu – Für Politik, Gesellschaft Und Kultur in Luxemburg, Sept. 2013, www.forum.lu/wp-content/uploads/2015/11/7695_332_Fehlen.pdf. Accessed 21 Feb. 2017.

Monitoring
Ministries
Score: 6

There is no formal monitoring by the Prime Minister’s Office, as no institutional resources exist to carry this out. The small size of the government administration and ongoing discussions between ministers, foster a high level of transparency without the necessity of explicit monitoring tools. In case of conflicts, the prime minister moderates and acts as conciliator.

Citation:

Schroen, M. “Das politische System Luxemburgs.” *Die Politischen Systeme Westeuropas*, edited by Wolfgang Ismayr, 4th ed., VS Verlag für Sozialwissenschaften, 2008, pp. 483 - 514.

Monitoring
Agencies,
Bureaucracies
Score: 8

Executive agencies and the administration usually lack the autonomy to pursue a course of action independent of guidelines issued by the responsible ministers. Sometimes the strong personality of an agency head leads to conflict. If this happens, the views of the minister or his key collaborators usually prevail. In the domain of social security and public finance, monitoring is more centralized and effective, since the financial implications for the state are much more consequential. The two agencies that wield considerable control are the Social Security Inspectorate General (Inspection Générale de la Sécurité Sociale, IGSS), which is attached to the Ministry of Social Security and the General Inspectorate of Finance (Inspection générale des finances, IGF), which is attached to the Ministry of Finance.

“Finances publiques.” Ministère des Finances, www.mf.public.lu/finances_publicques/. Accessed 21 Feb. 2017.
“Inspection générale de la sécurité sociale.” Ministère de la Sécurité Sociale, www.mss.public.lu/acteurs/igss/. Accessed 21 Feb. 2017.

Inspection générale des finances, www.igf.etat.lu. Accessed 21 Feb. 2017.

Task Funding
Score: 7

Since 2015, the Ministry of the Interior has overseen 105 municipalities in Luxembourg. This supervision is paired with substantial financial transfers from the central government to local entities, which, apart from a substantial share in corporate income tax (CIT) revenues, lack autonomous sources of revenue. Two-thirds of local entities have fewer than 3,000 inhabitants, a size which is believed to be far too small to handle modern political, administrative and technical matters. The government had planned to reduce the number of local municipalities to 71 by the end of 2017. However, the new government has weakened this objective, as it does not correspond to a top-down strategy for municipal mergers. The aim is to have no municipality under 3,000 inhabitants, thus reducing operational costs and improving administrative and technical efficiency. Municipalities frequently complain that funding from the central government is insufficient. The government has used financial transfers to overcome local resistance to municipality mergers. So-called municipal associations (*syndicats intercommunaux*) exist in fields, such as culture and sports, to help improve the quality of local government. In December 2016, parliament voted in favor of a reform of the municipal finance system. The reform aims to provide municipalities financial and planning security.

Citation:

Halsdorf, J.-M. "Die Kommunal- und Verwaltungsreform im Großherzogtum Luxemburg - Grundzüge und Perspektiven." *Kommunalreformen in Deutschland*, edited by Martin Junkernheinrich and Wolfgang H. Lorig, Nomos, 2013, pp. 445 – 462.

"Reform der Gemeindefinanzen: Kersch macht ernst." *Luxemburger Wort*, 5 July 2016, www.wort.lu/de/politik/reform-der-gemeindefinanzen-kersch-macht-ernst-577b61f5ac730ff4e7f6304d. Accessed 21 Feb. 2017.

"Résumé des travaux du 25 avril 2014." *Le portal de l'actualité gouvernementale*, 25 Apr. 2014, www.gouvernement.lu/3673077/25-conseil. Accessed 21 Feb. 2017.

Syndicat des Villes et Communes Luxembourgeoises, www.syvicol.lu. Accessed 21 Feb. 2017.

Constitutional
Discretion
Score: 7

Local government increasingly depends on transfers from the central government. Land use regulation was centralized during the review period. Nevertheless, a serious conflict between local interests and the aims of the government's transport and land use planning body (*Integrierte Verkehrs- und Landesplanung, IVL*) occurred when the construction of a large business center in a rural region near the capital was not authorized. Following a reform of the education system, municipalities lost one of their major prerogatives, which was the autonomous management of primary school (students four to 12 years old) teaching staff. In return, the government has promised to provide more autonomy, through territorial reform, especially in the form of expanded financial autonomy and the provision of support for municipal finances through regional funds.

Citation:

Eser, Th. W./Scholtes, M. (2008), Raumentwicklung, Regionalpolitik und Landesplanung, in: Lorig, W./Hirsch, M. (ed.), Das politische System Luxembourgs, Wiesbaden, pp. 286-309.

Feist, Peter. "Der Tanz Beginnt | D'Lëtzebuenger Land." D'Lëtzebuenger Land, 8 Feb. 2013, www.land.lu/2013/02/08/der-tanz-beginnt%E2%80%A9/. Accessed 21 Mar. 2017.

"Schlecht gerüstet." Forum.lu – Für Politik, Gesellschaft Und Kultur in Luxemburg, June 2013, www.forum.lu/pdf/artikel/7660_330_Eicher.pdf. Accessed 21 Feb. 2017.

National Standards
Score: 9

The Ministry of the Interior supports local administration. As part of territorial reforms, the administration responsible for monitoring municipal finances, will be integrated within the existing national Auditing Court (Cour des Comptes). The government is not entirely free to optimize and improve local government. More than one-third of members of parliament also have a local mandate and in 2013 17 worked as city mayors. This is one reason why conflicts of interests between national and local mandates sometimes arise in parliamentary processes, depending on the issues being discussed. In its 2013 program, the government declared that dual mandates would no longer be allowed. Though no reform has yet been implemented.

Citation:

Cour des comptes du Grand-Duché de Luxembourg, www.cour-des-comptes.lu/. Accessed 21 Feb. 2017.

"Député-maire: deux mandats qui ne seront plus cumulables au Luxembourg." Luxemburger Wort, 9 Dec. 2013, www.wort.lu/fr/luxembourg/depute-maire-deux-mandats-qui-ne-seront-plus-cumulables-au-luxembourg-52a59f5de4b010cbc9a3834b. Accessed 21 Feb. 2017.

"Kein gläserner Abgeordneter." Tageblatt, 9 Jan. 2013, www.tageblatt.lu/nachrichten/story/31314170. Accessed 21 Feb. 2017.

Théry, Patrick. "Werden Doppelmandate abgeschafft?" L'essentiel, 7 Mar. 2016, www.essentiel.lu/de/luxembourg/story/19791348. Accessed 21 Feb. 2017.

Adaptability

Domestic
Adaptability
Score: 7

Luxembourg has made progress in implementing European legislation. In terms of the transposition of EU directives, Luxembourg's performance is moderate, yet it has improved in recent years. Given the size of the country, there is limited scope for improving the government administration's human resources. A single civil servant is typically responsible for a number of tasks that would be assigned to an entire team in other EU member states. For example, European Social Fund (ESF) activities fall under the responsibility of only four civil servants who have other responsibilities in addition to European programs. Despite a lack of personnel, work expected by European and supranational institutions is completed. The government presented its national plan (Luxembourg 2020. Plan national pour une croissance intelligente, durable et inclusive) in April 2013, in which budgetary mechanisms are adapted.

Luxembourg often responds to international requests by launching an ad hoc group. The country has also done well in conforming national law to EU directives, sometimes transposing laws verbatim. However, this does not guarantee that the law will be followed verbatim; differences between de jure and de facto interpretations have emerged.

Citation:

The 16th update of the Stability and Growth Programme of the Grand-Duchy of Luxembourg 2015 - 2019. Ministère des Finances, 2015. www.mf.public.lu/publications/programme/16th_update_stability_growth_programme.pdf. Accessed 21 Feb. 2017.

“Bilan compétitivité 2015: Stabilité dans un environnement à risques.” Le portail de l’actualité gouvernementale, 22 Oct. 2015, www.gouvernement.lu/5363183/22-closer-competitivite. Accessed 21 Feb. 2017.

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“Europe 2020 in Luxembourg.” European Commission, ec.europa.eu/europe2020/europe-2020-in-your-country/luxembourg/national-reform-programme/index_en.htm. Accessed 21 Feb. 2017.

National plan for smart, sustainable and inclusive growth - Luxembourg 2020. Ministère de l’Économie, 2016. www.gouvernement.lu/5978972/2016-pnr-luxembourg-en.pdf. Accessed 21 Feb. 2017.

“Pierre Gramegna présente le Programme de stabilité et de croissance et le Programme national de réforme.” Le portail de l’actualité gouvernementale, 30 Apr. 2015, www.gouvernement.lu/4789506/30-gramegna-stabilite. Accessed 21 Feb. 2017.

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“Secrétariat général.” European Commission, ec.europa.eu/info/departments/secretariat-general_fr. Accessed 21 Feb. 2017.

International
Coordination
Score: 8

Luxembourg is mainly involved in international reform initiatives in cooperation with the European Union. The legal framework for the launch of the European Citizens’ Initiative was passed by the parliament in 2012.

Luxembourg is ranked high within the European Union for the inclusiveness of its welfare benefits, as its programs are both generous and wide-ranging. However, with a Gini index coefficient of 28.5 in 2015, Luxembourg is a middling performer within the EU-28 (which has an average Gini index coefficient of 31). The generous social transfers and the high share of social

transfers in relation to total income, not only reduce poverty risks, but also sustainably strengthen social cohesion.

The country's Gini index score highlights the positive effects of government transfer policies. However, Luxembourg also retains a number of labor-market protection measures and unsustainable pension policies; both provide incentives to leave the labor market early and opt instead for replacement revenues. Attitudes of the insured – mainly residents and nationals – are partly still those of consumers of welfare provisions. The system's main weakness is the “early exit” attitude which is expressed by many residents.

Citation:

Fusco, Alessio, et al. Gini Country Report Luxembourg. Gini Growing Inequalities' Impacts, 2013. www.gini-research.org/system/uploads/456/original/Luxembourg.pdf?1372249144. Accessed 21 Feb. 2017.

“Gini coefficient of equivalised disposable income.” Eurostat, ec.europa.eu/eurostat/tgm/table.do?tab=table&language=en&pcode=tessi190. Accessed 21 Feb. 2017.

“Mémorial A n° 61 de 2012.” Journal officiel du Grand-Duché de Luxembourg, 29 Mar. 2012, legilux.public.lu/eli/etat/leg/memorial/2012/61. Accessed 21 Feb. 2017.

National plan for smart, sustainable and inclusive growth - Luxembourg 2020. Ministère de l'Économie, 2014. ec.europa.eu/europe2020/pdf/csr2014/nrp2014_luxembourg_en.pdf. Accessed 21 Feb. 2017.

“Observatoire de la compétitivité.” Le portail de l'actualité gouvernementale, www.gouvernement.lu/odc. Accessed 21 Feb. 2017.

For further informations:

Mutual Information System on Social Protection, www.missoc.org. Accessed 21 Feb. 2017.

Organizational Reform

Self-monitoring
Score: 5

In the absence of systematic monitoring of institutional arrangements, the government relies mainly on international expertise. EU and OECD data significantly effects the political agenda, and the implementation of social and economic policies. For example, the 2007 OECD country report on research and innovation, led to the creation of a higher research and innovation committee and subsequently to the updated ERAWATCH assessment of research systems and policies in 2013.

An example for best practices is the 2006 Council of Europe report, “Profile of the Luxembourgish educational linguistic policy,” a two-year investigation involving national stakeholders. The report led to the reform of language teaching in 2009. The OECD audit of the country's public employment service (L'Agence pour le développement de l'emploi, ADEM), against the background of a rising jobless rate, resulted in a draft bill adopted in 2012. Self-monitoring seems to be beyond the capacity of government authorities. It has also become

clear that sustainable changes would require the creation of in-house analysis and forward-looking planning capacities. No ministry or administration is currently able to fulfill these requirements.

Citation:

Alexander, Susan, and Milena Slavcheva. "RIO Country Report 2015: Luxembourg." European Commission, 2015, rio.jrc.ec.europa.eu/en/file/9475/download?token=bWx1mCeH. Accessed 21 Feb. 2017.

"Luxembourg RIO Country Report." European Commission, rio.jrc.ec.europa.eu/en/country-analysis/Luxembourg/country-report. Accessed 21 Feb. 2017.

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Institutional
Reform
Score: 7

The previous government's 2009 program outlined a series of administrative reforms. One of the most ambitious, the general opening of the civil service to citizens of the European Union, with the exception of some positions relating to national sovereignty, came into effect on 1 January 2010. The change is expected to gradually improve the quality of government administration. Nevertheless, the number of EU citizens hired remains low at approximately 5%, especially in the higher ranks. This is due to a compulsory language test in the three national languages (Luxembourgish, French and German), which limits the number of applications from non-nationals who aren't fluent in all of these languages. Other reforms are directed to the area of e-government, such as a planned implementation of electronic internal and external document exchange. To date, Luxembourg has neither an overall e-government law, nor specific freedom of information legislation.

Citation:

Loi du 18 décembre 2009

"ePractice." European Commission, 21 Apr. 2016, joinup.ec.europa.eu/community/epractice/description?utm_source=epractice&utm_medium=epractice&utm_campaign=epractice. Accessed 21 Feb. 2017.

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"Luxembourg." European Commission, ec.europa.eu/information_society/newsroom/cf/dae/document.cfm?doc_id=6459. Accessed 21 Feb. 2017.

"Programme national de réforme du Grand-Duché de Luxembourg dans le cadre du semestre européen 2015." Le gouvernement du Grand-Duché de Luxembourg, 2015, www.gouvernement.lu/5664568/2015-pnr-luxembourg-fr.pdf. Accessed 21 Feb. 2017.

“Providing an Alternative to Silence: Towards Greater Protection and Support for Whistleblowers in the EU.” Transparency International Luxembourg, 2013, www.transparency.lu/wp-content/uploads/2013/12/Luxembourg-ATS-Providing-an-alternative-to-silence-Country-Report-ENG-v4.11.2013-Clean.pdf. Accessed 21 Feb. 2017.

II. Executive Accountability

Citizens’ Participatory Competence

Policy Knowledge
Score: 8

Citizens are expected to have sufficient knowledge of the three official languages of Luxembourg to facilitate social inclusion. About 47% of residents are foreigners and multilingualism is the “compétence légitime” in Luxembourg. However, knowledge of Luxembourgish has an important role in political participation, as most political debates and information distribution takes place in this specific national language. This may make it more difficult for non-speakers to participate in the political sphere. Foreigners have expressed a distinct wish to participate more substantially in policy development. This interest in Luxembourg’s public life and political commitment depends on political empowerment and active participation in social life. Hence, not only voting rights but also the distribution of multilingual political information is extremely important in promoting active political participation and enabling influence in decision-making.

Citation:

Bilan de la participation électorale aux élections communales d’octobre 2011. Centre d’étude et de formation interculturelles et sociales, 2011. www.statistiques.public.lu/fr/actualites/conditions-sociales/politique/2013/05/20130130/presentationetudeCEFIS.pdf. Accessed 21 Feb. 2017.

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Stoldt, Jürgen. “Mehr Demokratie wagen?” Forum.lu, Nov. 2012, www.forum.lu/wp-content/uploads/2015/11/7507_323_Stoldt.pdf. Accessed 21 Feb. 2017.

Willems, Helmut. Bestimmungsfaktoren und Probleme der politischen Partizipation von Migranten. Université du Luxembourg, 2012. www.landtag.rlp.de/landtag/vorlagen/2-57-16.pdf. Accessed 21 Feb. 2017.

Legislative Actors' Resources

Parliamentary
Resources
Score: 8

Luxembourg's members of parliament (MPs) must balance a heavy workload with dual mandates and other professional activities, including municipal councils and/or professional employment. According to the regulations of the unicameral Chamber of Deputies, members can employ a personal assistant and recuperate some costs within the limits of eligible expenses. In practice, the parliamentary groups instead employ a pool of assistants who work for all the MPs of their group, rather than each MP having his or her own assistant. MPs can consult with external experts as part of the functioning of parliamentary commissions. In addition, they have access to a central state computer system to review databases, surveys, reports, agendas and other important information.

Citation:

Règlement de la Chambre des Députés du 6.12.2012

Reimen, Frank, and Jeannot Krecké. *Die Abgeordneten-kammer: Theorie und Praxis parlamentarischer Kontrolle*. Passerelle, 1999

Obtaining
Documents
Score: 8

In general, information flows freely between the government and coalition parties. In the cases where such flows are seen as incomplete, parliamentary queries (questions parlementaires) are a popular and effective way for members of parliament to obtain information from the government or to gain insight into specific topics. Furthermore, the prerogative to conduct parliamentary inquiries (enquête parlementaire), according to Article 64 (in conjunction with Article 70) of the constitution, gives the parliament oversight power over the government. Since 1980, the parliament has established four committees of inquiry (in 1980, 1989, 2003 and 2012).

There is no deliberate withholding of information within the parliament itself, as the opposition parties of today may be tomorrow's coalition partner. However, a few restrictions exist concerning sensitive issues or classified information. For instance, this has been the case with the scandals over the state's secret service (Service de renseignement de l'Etat luxembourgeois, SREL). The Parliamentary Oversight Commission for the State Secret Service (Commission de Contrôle parlementaire du Service de Renseignement de l'Etat) oversees the functioning of the SREL on behalf of the Chamber of Deputies.

Citation:

Everything you need to know about the Grand Duchy of Luxembourg. Information and Press Service of the Luxembourg Government, 2015. www.luxembourg.public.lu/fr/publications/c/tout-savoir/Tout-savoir-2015-EN.pdf. Accessed 21 Feb. 2017.

Kirps, Josée. "La passion du secret." Forum.lu, Feb. 2014, www.forum.lu/pdf/artikel/7796_337_Kirps.pdf. Accessed 21 Feb. 2017.

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Urbany, Serge. "Nach der Gangsterjagd." Forum.lu, Mar. 2013. www.forum.lu/pdf/artikel/7582_327_Urbany.pdf. Accessed 21 Feb. 2017.

Summoning
Ministers
Score: 9

Interaction between the executive and the parliament is generally straightforward. Every member of parliament (MP) can introduce parliamentary questions (both written and oral) to ministers. Questions are addressed to the parliamentary president. Within one month, the responsible ministers have to respond and deliver more or less detailed information about policy decisions or activities of their departments. Questions and answers are fully published on the Chamber of Deputies' website. On Tuesdays, when the parliament convenes, there may be a lively question and answer session, covering a broad range of relevant issues posted by opposition parties.

In the 2014 to 2015 parliamentary year, 887 questions were submitted, an increase from 611 questions in the previous parliamentary year. In addition to the unrestricted exercise of parliamentary questions, informal exchanges between ministers and MPs are frequent. In the last 30 years, only four investigative parliamentary committees were put in place. In this case, parliament enjoys extensive rights, comparable to those of an investigating judge.

Citation:

Lijphart, Arend. *Patterns of Democracy: Government Forms and Performance in Thirty-six Countries*. Yale University Press, 2012.

Rapport d'activité 2015. Ministère d'État, 2016. www.gouvernement.lu/5870220/2015-rapport-activite-etat.pdf. Accessed 21 Feb. 2017.

Summoning
Experts
Score: 9

Consultation with experts and representatives of interest groups, regularly takes place in the course of various ongoing commission work. Domestic and foreign experts, as well as other lobbyists and concerned groups in civil society, may be invited to participate in commission meetings. Under particular circumstances of public interest, experts are invited to parliament to introduce subjects and to offer professional opinions.

In the case of important policy reform projects, the government usually asks for advice from reputable foreign institutes, being aware of the limited knowledge within the country. For example, a German and a Swiss institute were consulted over psychiatry reforms in health care. Such policy projects are implemented by a specific parliamentary commission and a budget allowance was made available to support outsourced inquiries. Innovation is often driven by foreign expertise and reports, which overcomes domestic resistance.

For instance, in April 2014, OECD experts invited by the parliament's Commission on Higher Education, Research, Media and Communications were asked to provide a new report reviewing innovation policy. This OECD report, published in April 2015, recommends a new strategy involving both diversification and consolidation.

Citation:

"Mémorial A n° 227 de 2014." Journal officiel du Grand-Duché de Luxembourg, 11 Dec. 2014, legilux.public.lu/eli/etat/leg/memorial/2014/227. Accessed 21 Feb. 2017.

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Task Area
Congruence
Score: 8

Parliamentary committees and ministries are well coordinated and parliamentary monitoring is satisfactory. Ministers appear regularly before committees and communication is adequate. Although the number of ministries has grown over the years, reaching 20 ministries and 15 ministers, the number of parliamentarians has still not increased beyond 60 members. Each committee has up to 13 members. As such, their workload has expanded considerably in recent years, which has made running standing committees more challenging. In general, MPs are often members of more than one committee.

Citation:

Better Regulation in Europe: Luxembourg. OECD, 2010. www.oecd.org/gov/regulatory-policy/46592016.pdf. Accessed 21 Feb. 2017.

"Ministres." Le portal de l'actualité gouvernementale, www.gouvernement.lu/3596522/20140328-. Accessed 21 Feb. 2017.

Audit Office
Score: 9

The Chamber of Auditors was upgraded in 1999 to become the Court of Auditors which manages the finances of the state administration. While keeping a low profile, the court effectively controls government spending, including that of ministries, public administration and other state services. It can audit the use of public funds and subsidies granted to public and private entities. The court essentially controls the effectiveness and efficiency of public spending, yet it is not authorized to express its opinion on the political wisdom of public spending. Its scrutiny completes the ongoing work done by internal auditors in each ministry. Furthermore, the court's main interlocutor is parliament and undertakes cases voluntarily or by parliamentary instruction.

Citation:

Annual reports and special reports are available at:

"Rapports." Cour des comptes du Grand-Duché de Luxembourg, www.cour-des-comptes.lu/rapports/index.html. Accessed 21 Feb. 2017.

Ombuds Office
Score: 9

Since the launch of the Ombuds Office in May 2004, residents have sought guidance from this government office. The service is typically used more by

foreigners rather than nationals. In 2015, the ombudsman dealt with 743 requests. Similar to other ombuds offices, the ombudsman can issue recommendations to government and parliament, but cannot take issues to court. In addition, the ombudsman is responsible to the parliament. The first ombudsman of Luxembourg, Marc Fischbach, was a former minister and a former judge at the Human Rights Court of the Council of Europe.

Luxembourg nationals have plenty of recourse when problems with the government administration arise, but the situation is not as simple for foreigners. Even though the country's labor market is the most transnational in the European Union, there are still numerous obstacles for Luxembourg migrants. Thus, the ombudsman has for years dealt with a number of migration issues.

Among the existing institutions that offer ombuds services (the Ombuds Office, the office for children's rights, the office for equality rights (based on EU directives 2000/43 and 2000/78) and the Human Rights Commission), the Ombuds Office is best equipped in terms of budget and staff and is most frequently used. The office has a good track record of finding solutions to problems, has issued a number of recommendations and monitors the implementation of the office's recommendations. One of the reasons for the office's success might be the preference of citizens to use mediation, instead of contention, a typical occurrence in societies with a strong tradition of consensus. Since February 2012, former Member of Parliament and Secretary of State Lydie Err has assumed the role of ombudsman.

Citation:

Médiateur. Journal Officiel du Grand-Duché de Luxembourg, 2003. www.ombudsman.lu/doc/doc_loi_31.pdf. Accessed 21 Feb. 2017.

"Rapports annuels." Ombudsman, www.ombudsman.lu/rapport_annuel. Accessed 21 Feb. 2017.

Media

Media Reporting
Score: 7

Luxembourg's media outlets offer quality reporting on public affairs. All parliamentary debates are conducted in Luxembourgish and in public. Parliamentary meetings are broadcasted on Chamber TV (also available online) and debates of the country's four largest local councils (Luxembourg City and Esch/ Alzette, Differdange, Dudelange) can be followed online. Furthermore, the Ministers' weekly public press briefings are given more importance than under the previous administration.

In daily and weekly papers, articles are written in the three official languages (Luxembourgish, French and German) and sometimes in English as well. Certain newspapers are printed only in French; although an English-language

monthly journal is also published. Moreover, the government is reforming the press subsidy system to include online media in recognition of the shifting media landscape.

Media coverage is often reactive, when issues have already reached the public in the form of draft legislation or through parliamentary debate. Furthermore, media outlets are quite often used as instruments by interest groups or lobbyists seeking to influence government decision-making in its early stages. Such procedures often have a strong influence on government thinking, as political actors need to take into account views and opinions that are published in the media. In addition, since the 2013 general election, social media has become more important due to the increasing number of social media users, and potential for disseminating information easily and rapidly.

Reporting has lost some of its partisan bias. Most media outlets, especially newspapers, have adopted more balanced reporting to preserve or enlarge their audience. The media does play an important role in uncovering information behind government scandals or issues. One example is the extensive media coverage of the so-called Bommeleer affair (a series of bombings of public infrastructure in the 1980s) that was finally brought to court. Allegations of dubious activities of the State Secret Service (SREL) also received extensive media coverage and were subsequently the subject of a special parliamentary inquiry. In these two events, media outlets played an crucial role in bringing light to issues that were not made clear by public prosecutors.

Citation:

“Das Bommeleer-Dossier.” Luxemburger Wort, www.wort.lu/de/lokales/das-bommeleer-dossier-5092c3a9e4b0fe37043e8be8. Accessed 21 Feb. 2017.

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Hilgert, Romain. “Unter dem Tresen des CSV-Staats.” Land.lu, 26 Apr. 2013, www.land.lu/2013/04/26/unter-dem-tresen-des-csv-staats/. Accessed 21 Feb. 2017.

“Länderporträt Luxemburg.” Mediandatenbank, www.mediadb.eu/de/europa/luxemburg.html. Accessed 21 Feb. 2017.

Parties and Interest Associations

Intra-party
Democracy
Score: 8

Inner-party democracy has different levels of intensity within the four major political parties Christian Social People’s (CSV), Democratic Party (DP), Luxembourg Socialist Workers’ Party (LSAP) and Déi Gréng. The CSV has used its current oppositional role to pursue an internal modernization process while remaining faithful to its core principles. The party is engaging in internal structural reforms, while seeking to integrate more individual members and opinions into the process. However, since the end of 2013, a small group of

CSV politicians known as the “Dräikinneksgrupp” has demanded an even stronger reorientation. This group has focused on strengthening internal dialogue and moving toward a grassroots democracy and has called for a new culture of participation. The CSV adopted new internal governance statutes in December 2015.

The social democratic LSAP has expressed a clear determination to deepen its grassroots approach in the future. Internal party democracy for the liberal DP is limited by the power of a board of directors (“Comité directeur”), which makes most of the crucial decisions. Déi Gréng recently avowed a clear commitment to its grassroots movement, a principle it has followed since the party’s foundation. At its convention in 2009, a majority of party members rejected a proposal to create a board of directors.

Citation:

Bumb, Christoph. “Die Rebellen, die keine sein wollen.” *Luxemburger Wort*, 12 Jan. 2015, www.wort.lu/de/politik/die-csv-zwischen-kritik-und-reform-die-rebellen-die-keine-sein-wollen-54b305830c88b46a8ce5138d. Accessed 21 Feb. 2017.

—. “Weg vom Image der “Staatspartei”.” *Luxemburger Wort*, 8 Jan. 2015, www.wort.lu/de/politik/csv-auf-internem-reformkurs-weg-vom-image-der-staatspartei-54aea1440c88b46a8ce50af8. Accessed 21 Feb. 2017.

“CSV vows fresh start for new year.” *Luxemburger Wort*, 9 Jan. 2015, www.wort.lu/en/politics/winning-back-support-csv-vows-fresh-start-for-new-year-54af81ab0c88b46a8ce50ff3. Accessed 21 Feb. 2017.

“Die Basis hatte ein Wörtchen mitzureden.” *Luxemburger Wort*, 15 Mar. 2012, www.wort.lu/de/lokales/die-basis-hatte-ein-woertchen-mitzureden-4f61e50ae4b0860580ab7084. Accessed 21 Feb. 2017.

Hilgert, Romain. “Der linke Flügel der LSAP.” *Land.lu*, 19 May 2011, www.land.lu/2011/05/19/der-linke-fluegel-der-lsap/. Accessed 21 Feb. 2017.

Ismayr, Wolfgang. “Das politische System Luxemburgs.” *Die politischen Systeme Westeuropas*, VS Verlag für Sozialwissenschaften, 2003, pp. 415 – 444.

“LSAP-Präsidium strebt neues Mandat an.” *LSAP*, 16 Mar. 2016, www.lsap.lu/lsap-prasidium-strebt-neues-mandat-an/. Accessed 21 Feb. 2017.

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Schumacher, Dani. “Die Partei und der Premier.” *Luxemburger Wort*, 12 Oct. 2012, www.wort.lu/de/politik/eine-analyse-ueber-den-ist-zustand-bei-der-dp-die-partei-und-der-premier-54380a37b9b39887080751fe. Accessed 21 Feb. 2017.

Stoldt, Jürgen. “Welche Zukunft für die Volksparteien?” *Forum.lu*, Feb. 2015, www.forum.lu/pdf/artikel/8035_348_Stoldt.pdf. Accessed 21 Feb. 2017.

Trausch, Gilbert. *CSV: Spiegelbild Eines Landes Und Seiner Politik?: Geschichte der Christlich-Sozialen Volkspartei Luxemburgs im 20. Jahrhundert*. Saint-Paul Luxembourg, 2008.

Association
Competence
(Business)
Score: 8

Given Luxembourg’s specific social partnership model, the government in general consults with unions, employers’ organizations and professional chambers over each draft bill. Furthermore, all opinions, as well as the modified draft bills, are published on the parliament’s website. The two employers’ organizations (the *Chambre de Commerce* and the *Chambre des Métiers*), as well as the Luxembourg business union (*Union des Entreprises Luxembourgeoises*, UEL) support a research unit, enabling them to produce opinions on draft bills, to organize conferences and to draft future government bills.

Trade unions share this approach. The impact of trade unions increased as a result of the Parliamentary Act of 15 May 2008 (“statut unique”), which created just a single employees’ union (Chambre des Salariés) in place of the previous two (one for manual workers and one for white-collar workers). All citizens working in Luxembourg, except public servants, are automatically members and contribute to this organization – a keystone of Luxembourg’s neo-corporatist policy tradition. Both social partners commission expert advice and policy briefings either abroad or in Luxembourg, and both prepare position papers on the basis of their own resources.

Citation:

Chambre de Commerce Luxembourg, www.cc.lu. Accessed 21 Feb. 2017.

Chambre des Salariés Luxembourg, www.csl.lu. Accessed 21 Feb. 2017.

“L’UEL lance son nouveau site «Compétitivité - Tableau de bord».” Union des Entreprises Luxembourgeoises, www.uel.lu/445-l-uel-lance-son-nouveau-site-competitivite-tableau-de-bord. Accessed 21 Feb. 2017.

“Mémorial A n° 60 de 2008.” Journal officiel du Grand-Duché de Luxembourg, 15 May 2008, legilux.public.lu/eli/etat/leg/memorial/2008/60#page=2. Accessed 21 Feb. 2017.

Association
Compotence
(Others)
Score: 8

Interest groups have and can have an important impact on policymaking. However, drawing on academic knowledge within Luxembourg is limited. Some larger non-governmental organizations maintain small research departments and propagate their opinions through publications (Caritas, Mouvement Écologique, CEFIS, SOLEP, etc.) and conferences, by offering comments on draft bills, or by proposing policies. Voluntary working groups that act essentially as think tanks, have become more popular during the review period and many have chosen the future of Luxembourg as their focus; these groups include La Société Luxembourgeoise de l’Evaluation et de la Prospective (SOLEP), Luxembourg 2030, and 5 vir 12.

These groups have considerable impact, considering the government’s practice of consulting all social partners and the overall small size of Luxembourg. However, they make little use of academic resources.

Citation:

2030.lu, www.2030.lu/en/home/. Accessed 21 Feb. 2017.

Centre d’étude et de formation interculturelles et sociales, www.cefis.lu. Accessed 21 Feb. 2017.

“Luxemburg.” *Verbände und Interessengruppen in den Ländern der Europäischen Union*, edited by Werner Reutter, VS Verlag für Sozialwissenschaften, 2012, pp. 417 – 444.

Mouvement Ecologique, www.meco.lu/de/. Accessed 21 Feb. 2017.

Société Luxembourgeoise de l’Evaluation et de la Prospective, www.solep.lu. Accessed 21 Feb. 2017.

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Address | Contact

Bertelsmann Stiftung
Carl-Bertelsmann-Straße 256
33311 Gütersloh
Germany
Phone +49 5241 81-0

Dr. Daniel Schraad-Tischler
Phone +49 5241 81-81240
daniel.schraad-tischler@bertelsmann-stiftung.de

Dr. Christian Kroll
Phone +49 5241 81-81471
christian.kroll@bertelsmann-stiftung.de

Dr. Christof Schiller
Phone +49 5241 81-81470
christof.schiller@bertelsmann-stiftung.de

Pia Paulini
Phone +49 5241 81-81468
pia.paulini@bertelsmann-stiftung.de

www.bertelsmann-stiftung.de
www.sgi-network.org