



# Luxembourg Report

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Sustainable Governance  
Indicators 2019

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## Executive Summary

Luxembourg is an economically prosperous country in the middle of Europe. It is a member of all important and relevant economic alliances. On 1 January 2018, the country had 602,000 inhabitants, the highest level in its history, of whom 47.9% are foreigners (compared to 43% in 2011 and 29% in 1991). In recent years, tens of thousands of people have been naturalized Luxembourgish. Dual nationality is possible with many countries within the European Union. In addition, following the Brexit vote in the United Kingdom, the number of UK applicants for a Luxembourg passport has increased significantly. In 2017, more than 9,000 people were naturalized. That was almost 2,000 more applications than in 2016 and 15 times as many as in 2000.

In 2017, Luxembourg received 2,300 refugees. Overall, the country is coping well with immigration. Xenophobia and anti-Semitism are not widespread, and are consistently punished by the courts.

In 2017, the number of employed people in Luxembourg reached a new high of 432,000 (compared to 418,000 in 2016). In 2000, the number of employed people was only 264,000. However, 175,000 of Luxembourg's 432,000 employees are cross-border workers from Luxembourg's three neighboring countries and this number is increasing.

In 2017, the average disposable income per household reached a record high of €5,584 per month. The median household income was €4,666 per month. Moreover, the statutory minimum wage has increased to €2,458 per month for a person with a qualification and €2,048 per month for a person without a qualification, based on a 40-hour working week. This is a record high minimum wage for Luxembourg and the highest minimum wage in the European Union.

Luxembourg's economy is booming and profiting from expanding EU and global economies. The relocation of new industries and businesses, increased public investment and rising domestic demand are fueling economic growth in Luxembourg. Luxembourg City is one of three EU capitals and a key international financial center. The country offers extraordinary business conditions with an attractive tax environment, high private and public

investments, strong GDP growth, a high living standard, an outstanding social security system and low unemployment. The country's public administration is efficient and the overall economic outlook remains stable.

Luxembourg has experienced strong economic growth and fiscal stability. This has provided public authorities the means to develop and maintain an outstanding welfare system over the last two decades, even as neighboring countries have reduced public welfare provision. Luxembourg's welfare system includes generous insurance coverage, benefit schemes and public services. For example, health care provision has recently been expanded and the level of retirement benefits exceeds Scandinavian standards.

There are a number of problems with environmental protection. The rivers are in poor condition and the country has problems ensuring fresh water supplies. Nitrate pollution due to agricultural runoff is a major problem. In addition, many places are still not connected to wastewater treatment plants. The condition of the forests has deteriorated in recent decades. The percentage of clearly damaged trees has increased from around 23.4% in 2000 to 38.3% in 2016. Since 2013, successive governments have adopted several environmental reforms to tackle this problem. In the 2018 national elections, the green party was able to significantly increase its vote share and, as a result, the number of government ministries it holds.

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## Key Challenges

Economic diversification is the key challenge confronting Luxembourg. Addressing this challenge will require the exploitation of innovative niche markets, promoting the digitalization 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 and services.

The Luxembourg Leaks and Panama Papers scandals demonstrated the vulnerabilities of focusing a country's economic activity excessively on the financial sector. It will take time for recent efforts to improve tax transparency to tackle Luxembourg's tarnished reputation as a tax haven.

Luxembourg invests less in R&D than the EU average and less than the government's own target of more than 2.03% of GDP. Nevertheless, the Luxembourg Cluster Initiative, led by the national research agency Luxinnovation, has identified seven economic sectors that will be essential for sustainable economic development. These sectors are health care and biotechnology, ICT, material technology, space technology, logistics, maritime activities, and emerging alternative investment funds (e.g., private-equity funds). There is broad consensus that to drive further economic growth, public investment in R&D must significantly increase and economic competitiveness must be improved.

Public investments and, in turn, the national debt are on the rise. National debt increased from 22% of GDP in 2015 to 23.5% in 2017 and is projected to reach an all-time high of €1 billion in 2018. Despite the country's strong GDP growth, general government debt will significantly increase. Even though the current level of national debt is far below the EU average, further government expenditure must be monitored closely and rising interest rates taken into account.

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

Recent population growth has been driven by a modest decrease in the birth rate, a falling death rate and increasing life expectancy. Luxembourg has also experienced a high rate of immigration, with around 80% of its population growth resulting from immigration. Since October 2017, more than 600,000 people live in the Grand Duchy. After an all-time high of more than 11,000 new citizens in 2015, immigration has decreased slightly since 2016.

Statistical forecasts indicate that Luxembourg's population will increase to 1 million by 2050. Strong population growth will stabilize the social security system, especially the public pension system, but will also increase

intergenerational and intercultural tensions. Luxembourg's traditional corporatist philosophy has become increasingly universal and the country has been able to avoid enacting severe austerity policies. Nonetheless, minor changes to the pension system and general employment rules need to be adopted.

Population growth is a challenge particularly for the booming centers of Nordstadt, Luxembourg City and Esch/Beval. These cities will have to solve issues related to traffic congestion and the densification of living space, while ensuring a continued high standard of living for residents. The densification of living space is increasing the pressure on the limited number of rental properties and high real-estate prices. Major public investments are expected in the coming years, particularly in the areas of infrastructure, environment and housing.

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 poses another persistent challenge for Luxembourg. Its official trilingual nature presents difficulties to both 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 emphasis on language competency in the determination of school grades. Reforming the education system will be a key determinant in ensuring long-term economic competitiveness. As a result, the government is currently implementing secondary school reforms. To speed up business creation processes and facilitate business innovation, formal education and vocational training, combined with lifelong learning, must encourage entrepreneurship (especially in technical fields) by improving key competencies through non-formal and informal learning processes.

Overall, Luxembourg enjoys a comparatively stable political system, high trade logistics performance, excellent broadband coverage, a very competitive tax system, new financial technologies, innovative communication technologies and tremendous job growth. Alongside continuing policy weaknesses (e.g., education), these capacities must be mainstreamed toward technology-driven sustainable development.

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## Party Polarization

In Luxembourg, politicians and political parties are in constant dialogue. There are no major frictions. Only in the days immediately after a national election do individual disturbances might occur due to negotiations between potential coalition partners. In general, however, political party relationships are harmonious and characterized by mutual respect. This is particularly evident in respect to votes that require a two-thirds majority in parliament, such as constitutional changes. Hence, major political decisions, such as constitutional changes by consensus, are usually preceded by regular consultation between the four major parties (i.e., the conservatives, socialists, liberals and greens) and are ultimately jointly decided. Thus, the new constitutional text, which was drafted before 2018, was created on the basis of dialogue and consensus. Due to the small size of the country, many politicians know each other very well and maintain private contacts. Decision-making channels are short and the well-being of the country is a common goal. Respect among various political actors is omnipresent. (Score: 9)

Citation:

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# Policy Performance

## I. Economic Policies

### Economy

Economic Policy  
Score: 9

Ten years after the outbreak of the financial crisis, the financial markets regained trust and the economy grew strongly. In particular for Luxembourg's exports and services, the euro zone's economic recovery has resulted in a stronger GDP growth than before the crisis. The economy of the Grand Duchy is strengthening, domestic demand is increasing and the workforce is expanding.

According to the figures forecasted by STATEC, the National Institute of Statistics and Economic Studies in Luxembourg, economic growth in Luxembourg will reach a peak over the next four years of 4.5% in 2018/2019, before converging toward 3% in 2022. This forecast for the Grand Duchy is well above the average forecast growth for the euro zone.

Based on a hypothesis of 2% to 2.5% growth across the euro zone in 2018 and 2019, as well as the very favorable development of the European stock market index, STATEC has predicted a strong and balanced expansion scenario for Luxembourg's economy. Luxembourg's economy should thus grow by around 4.5% this year and next year. Nevertheless, in the medium term, there probably will be a slowdown, due to a rise in interest rates and a general weakening of the cycle, bringing Luxembourg's economic growth rate to around 3% by 2022.

In 2018, the real gross domestic product in Luxembourg is estimated to grow by about 4.3% over the previous year.

The vote for Brexit in June 2016 may hamper access to European markets for banks and financial institutions based in the United Kingdom. Consequently, some companies have announced plans to relocate their activities from London

to other favorable locations in Europe. Thirty-one companies have already announced or implemented plans to relocate to the Grand Duchy. A large proportion of these companies are engaged “in the areas of insurance and fund management,” according to an economic survey published by STATEC.

“Compared to other EU countries, this is a relatively high number: 18 in Ireland, 15 in Germany, ten in France, nine in the Netherlands,” comments STATEC. The statistical institute estimates that these relocations have already created around 250 jobs in Luxembourg. This is by no means insignificant compared to the 1,280 jobs created in the financial sector last year.

Luxembourg is a small and open economy. For some time, it has ranked highly on international competitiveness indexes. Similar to last year, Luxembourg was ranked 3rd in the Comparative Performance index (World Economic Forum, 2018/ Advances economies).

Since 2015, changes to EU legislation regulating VAT rates across the European Union reduced Luxembourg’s VAT revenue from e-commerce. Following negotiations with the European Commission, the policy will be fully implemented in Luxembourg by the end of 2018. In response, Luxembourg’s government has increased general VAT rates and new business clusters have been created to generate new revenue.

The financial sector remains an important driver of economic growth and sustainable development. At the same time, the proportion of cross-border workers to resident workers continues to increase. To expand the national labor force, Luxembourg changed its immigration and naturalization policy in 2017, making it easier for foreign nationals to be naturalized. It now only requires five years of residence (with interruptions) to qualify for citizenship. In addition, a new regulation voted on in February 2017 aims to offer investors a residence permit to set up family offices or to manage assets.

Nevertheless, the country’s generous welfare model must be reformed to adapt to the reality of reduced public resources. Luxembourg’s long-term fiscal sustainability is moderately secure. In the evaluation of its Stability Program of 2020, the European Commission highlighted concerns over the country’s overly optimistic economic growth outlook and its inability to address age-related expenditures and resilient growth. Furthermore, in 2017, industrial output dropped by 0.9%, indicating considerable diversification deficiencies within an economy that focuses excessively on finance and banking.



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## Labor Markets

Labor Market  
Policy  
Score: 9

The labor market in Luxembourg continues to prosper and grow. It also attracts many cross-border workers from neighboring countries. Workers from Belgium, France and Germany are particularly prominent. Furthermore, thanks to its continuous economic growth, Luxembourg has seen a steady increase in jobs (with an increase of 3.2% in 2017).

The number of jobseekers registered with the Employment Agency at the end of September 2018 was 14,582. That is 7.7% or 1,208 fewer than at the end of September 2017. The seasonally adjusted unemployment rate is now at 5.4%. This is the lowest level since May 2009. The 2008 financial crisis had driven the unemployment rate to over 7%. It has only begun to decline continuously since 2014, due to improved economic performance. Youth unemployment has fallen particularly sharply at 15.5% year-on-year to only 2,799 people in 2018. Furthermore, the number of low-skilled jobseekers dropped significantly, by 9.3%. However, this category of jobseekers represents more than half of the total population with 7,596 registered people. The number of people enrolled in a job creation program totaled 4,704 in 2018, 6.4% fewer than in September 2017. In addition, there are also 3,234 job vacancies, 60 vacancies less than a year ago.

Luxembourg has a very dynamic labor market. In the period 2005 – 2016, employment increased by 36%. Compared to neighboring countries, this growth is particularly remarkable. In the same period, employment grew by 11% in Germany, 9.5% in Belgium, 4.7% in France and 5% across the European Union. While employment fell across the European Union as a result of the 2009 economic crisis, employment in Luxembourg continued to rise considerably, although growth has slowed slightly since 2009.

In the third quarter of 2017, 406,102 people employed in Luxembourg were subject to social security contributions. This is 3.3% more than in the third quarter of 2016. In addition, around 26,000 people work in non-social

insurance-related employment (e.g., self-employed and assisting family members). This employment group increased by 1.8% last year. Cross-border workers (i.e., people who do not live in Luxembourg but work there) account for 45% of employees subject to social security contributions in Luxembourg.

Luxembourg's economy is dominated by the financial and service sectors. For example, 71% of employees work in the service sector, while only 6% work in the industrial sector. About 10% of employees work for central or local governments, while 12% of the total workforce work in the financial sector. The banking sector generates about 20% of government revenue. Including indirect taxes, such as income taxes paid by banking sector employees, the overall contribution by financial institutions accounts for about 30% of government revenue. This highlights the importance of financial services to public spending. In recent years, the structure of the Employment Agency (ADEM) has been reformed by the government. The authority is now better positioned.

A new EU scheme to regulate unemployment benefits for cross-border workers stipulates that in the future people will settle their money (and their application to the Employment Agency) in the country where they worked, regardless of their place of residence. Luxembourg has been given five to seven years from 2018 to fully implement the reform. In return, Luxembourg has made several financial concessions. From 2019, the Grand Duchy will contribute 60% to the unemployment benefit of a cross-border worker, which will increase to 80% in 2022 and 100% in 2023.

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## Taxes

Tax Policy  
Score: 7

Over the last years, Luxembourg has struggled under new EU and OECD tax regulations that make it difficult for the country 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.

On 20 March 2018, France and Luxembourg signed a new bilateral tax treaty to avoid double taxation and to prevent tax reductions in income taxes. The new Double Taxation Agreement (DTA) between Luxembourg and France,

following the BEPS measures (OECD Action Plan on Profit Reduction and Profit Shifting – BEPS), includes the so-called Principal Purpose Test (PPT), which states that abusive structures are denied the benefits provided for in the agreement. The agreement applies to natural and legal persons resident and taxable in France or Luxembourg. Taxable French companies, such as SCI, may benefit from the agreement, which may result in reduced tax withholding rates. The new agreement is expected to enter into force in 2019, once it has finally been ratified by France and Luxembourg.

In 2016, most global players in the country had negotiated deals that exempted them from corporate income taxes (2017: 19%), municipal business taxes (6.75%), a special contribution (solidarity surtax 7%) and net wealth taxes (0.5%). More than 50,000 companies had negotiated tax deals with the government which allowed them to channel profits through Luxembourg and to reduce their overall tax obligations. The European Union's penalty payments of Fiat Chrysler, Starbucks and the European headquarters of Amazon (with 1,500 employees, one of the big players in Luxembourg) were unexpectedly beneficial for Luxembourg as the penalty payments (totaling €250 million) benefited the state treasury. Nevertheless, to clarify the principle of legal certainty, Luxembourg appealed to the European Court of Justice against the ruling.

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 implemented new e-commerce rules for the European Union, which state that value added tax is payable in the country in which the services are carried out or the product is sold, effectively undermining Luxembourg's business-friendly e-commerce VAT regime. To boost public finances, Luxembourg has implemented new tax rates. Several tax rates were increased, including the general VAT (from 15% to 17%). The higher VAT rate and low interest rates will lead to a slight increase in the inflation rate (about 1.7% in 2017). Nevertheless, Luxembourg continues to have the lowest VAT rate in Europe.

Important milestones during the period under review include a major tax reform in 2017, which focused on harmonizing individual (including cross-border worker) taxation with higher allowances (pension plans and building loan contracts) to increase second earners. Furthermore, the government implemented a corporate tax system and a restructuring program to attract

more foreign investment. In 2015, the process of declaring VAT was simplified by the introduction of an electronic system. Long outstanding tax arrears were used to consolidate the 2017 budget. Despite losses in e-commerce (€25 million in 2017) and tax reform cuts, CIT arrears and an early 2017 index tranche are compensating lost tax revenues.

Luxembourg is known for its fast framework conditions and flexibility in global competition. For example, in 2014 Luxembourg introduced a so-called freeport, a 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 cryptocurrency exchange in Luxembourg. In addition, Google may open a new €1 billion data center in Luxembourg. In addition, Luxembourg, as an early adopter, has covered another niche product, so-called asteroid mining, offering a regulatory legal business framework. While this may sound very futuristic, Spire Global has already announced plans to open a European headquarters in Luxembourg with 250 employees, with strong support from the Luxembourg Future Fund.

Luxembourg's financial center (mostly foreign owned) is 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 October 2017, the Luxembourg investment fund industry was home to €4,135 trillion in net assets (€3,664 trillion in Oct 2016), with 4,098 funds, including 14,711 fund units. Following a massive slump in the previous year, Luxembourg's investment funds deposits increased by 9.8% since January 2017. Furthermore, Luxembourg is the European leader for responsible investment fund management. Overall, the number of employees in the financial sector rose from 45,097 in 2016 to 47,411 in June 2017.

The PwC 2017 business report ranked Luxembourg in top place. The total tax rate (TTCR), after deductions and exemptions, is currently 20.5%. This is the lowest total tax rate among European and European Free Trade Association (EFTA) countries, before Croatia (20.6%) and Cyprus (22.7%). 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 states 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 demonstrates 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. Following international standards on tax competition, Luxembourg has reduced the corporate tax by 2% to 19% in 2017 with an additional reduction to 18% in 2018. Meanwhile, higher personal tax allowances and income tax reductions will benefit middle class taxpayers.

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## Budgets

Budgetary Policy  
Score: 8

In 2018, government revenue is estimated to be around €4.8 billion, while government spending is around €4.3 billion. Tax revenues increased significantly in the first quarter of 2018. In addition, the public sector took 6.4% more than a year ago.

However, government spending is growing even faster. In the first three months of the year, the public sector spending grew by €4.5 billion, an increase of 8.5%. The Ministry of Finance attributes rising government spending to high investment “with regard to sustainable and qualitative growth.” Compared to the first quarter of 2017, the state made 11.7% more investments. About a quarter of the money is invested in climate and environmental protection projects.

The bottom line of the central administration in the first quarter amounted to €174 million. At the end of the year, the deficit is expected to grow to just under €900 million. If the finances of the social security system and the municipalities are added up, Luxembourg will achieve a total surplus of €333 million in 2018, according to the economic forecast.

The National Finance Council (CNFP) expressed concerns in 2018 that, with policies remaining unchanged, government debt in 2041 will exceed 30% of GDP. This would lead to a debt of 156% of GDP in 2060 and 286% of GDP in 2070.

In 2018, Yves Nosbusch, president of the CNFP, warned that the long-term sustainability of Luxembourg's public finances is at severe risk. This risk is associated in particular with an aging population, which affects pension and long-term care insurance. According to the study, age-related expenditure would increase by 2.6% per year from 2060 to 2070 and reach 28.8% of GDP in 52 years, compared to only 17% of GDP in 2018.

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## Research, Innovation and Infrastructure

R&I Policy  
Score: 8

With regard to 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, of which 0.7 to 0.9 percentage points are 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 supports private research projects: innovation and research can benefit from financial support up to 35%. Private sector innovation can receive grants up to 50% and feasibility studies up to 75% of funding.

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 creates synergies between public research and industry. Luxembourg ranks among the top ten on the Innovation Output sub-index and is number 12 in the overall assessment of the 2017 Global Innovation Index (GII).

In the World University Rankings of 2018, the University of Luxembourg ranked 179 out of 1,000 universities. The new Belval campus, designed for 7,000 students, 3,000 researchers and about 6,000 residents, is one of the largest urban conversion projects in Europe. The relocation to Belval (with the exception of parts of the Faculty of Law, Economics and Finance) will be completed in 2019.

However, the campus has failed architecturally and looks quite sterile. The university does not own the buildings, but has to rent them from a “Belval Fund (Le Fonds Belval)” and conflicts exist between the two institutions. The lack of a university atmosphere in Belval may undermine the university’s ability to attract professors and students from outside the country.

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## Global Financial System

Stabilizing  
 Global Financial  
 System  
 Score: 6

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. Yet 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 (non-bank financial institutions), directly and indirectly contributing an estimated 30% to GDP. Consequently, the country was exposed to the effects of the economic crisis within the European Union. Furthermore, Luxembourg’s treatment of offshore accounts and capital assets by non-resident customers came under international scrutiny during that period. As a consequence, Luxembourg has developed new clusters, such as FinTech (new financial technology), to complement the traditional fields of work of the financial industry.

In the 2018 Index of Economic Freedom, Luxembourg is ranked 14 out of 186 countries. In the 2018 World Bank’s Doing Business report, Luxembourg

ranked 63 out of 190 countries (2016: 61). Reflected in these rankings is the perception that Luxembourg has difficulties encouraging the founding of startups and creating new professions. In response, Luxembourg set up several opportunities for employees and created innovation centers to support startups.

The House of Startups (HoST), founded by the Chamber of Commerce in September 2017, opened its doors on 1 June 2018. With its central location in the capital, HoST is said to be an “innovation-fueling community” with an area of almost 6,000 square meters. The HoST’s missions are based on the following pillars: attracting and developing startups, and facilitating their integration into Luxembourg’s economy.

Citation:

Index of Economic Freedom 2018. [https://www.heritage.org/index/pdf/2018/book/index\\_2018.pdf](https://www.heritage.org/index/pdf/2018/book/index_2018.pdf). Accessed 23 Oct. 2018.

“Doing Business Report 2018.” World Bank Group 2018. <http://www.doingbusiness.org/content/dam/doingBusiness/media/Annual-Reports/English/DB2018-Full-Report.pdf>. Accessed 23 Oct. 2018.

Sinner, Michèle: “Geplant, geplant, geplant.” Land.lu, 14 October 2011. [www.land.lu/page/article/847/4847/FRE/index.html](http://www.land.lu/page/article/847/4847/FRE/index.html). Accessed 22 Oct 2018.

## II. Social Policies

### Education

Education Policy  
Score: 6

The country’s education policy must deal with the challenges of a multilingual society and a high proportion of migrant students.

After six years of elementary school, students face a junction and must choose one of two tracks, a general (former: *secondaire technique*) or an academic (*classique*) one. The number of students who must repeat a whole academic year is among the highest in the European Union; more than 50% repeat one or more academic years. Although Luxembourg has the highest percentage of university graduates and smallest class sizes in Europe, about 25% of students do not achieve sufficient basic skills in math (range 33), science (range 33) and reading (range 36), to complete their education successfully, according to the PISA study.

The assessment notes that only 40% of the students graduate in the prescribed timespan. This places Luxembourg well below the OECD average, behind



France, Belgium and Germany. In addition, the government has decided not to participate in all PISA studies which was criticized in Luxembourg's media.

There is a marked division between Luxembourg nationals and migrant students, as migrants (especially the Portuguese minority) generally struggle with the country's three languages and often end up in the technical track (secondaire technique), which affects their progress toward a university education. Recent studies have shown that migrant students are four times less likely to transfer to the higher-level university-oriented early school track (enseignement secondaire) than Luxembourgish nationals. To counter this, more affluent migrants often send their children to international schools. This leads to yet another division between high-income and low-income migrants. A further reform with more permeable structures (including a more open guidance procedure with parent input) to avoid early tracking is being tested.

In general, university students in Luxembourg are very mobile and often study abroad, acquiring new knowledge and language skills. Overall, 75% of tertiary-level students study abroad (2016), while 58% of all students in Luxembourg are foreign. According to the OECD, Luxembourg has the 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).

With 4,525 students in 2018, Germany is the primary destination for Luxembourg's university students. This number has grown by 300 people over the previous year (2017) and is a new record. In second place is the University of Luxembourg with 3,723 students. The University of Luxembourg sees itself as a multilingual university, with courses taught in English, German and French. Other destinations are Belgium, France, the United Kingdom, Austria and the Netherlands. Nevertheless, "German universities are in vogue," concludes the Luxembourg newspaper Tageblatt: "Luxembourg students prefer to find their way into German-speaking countries."

The fact that relatively few Luxembourgers enroll at the state-owned university is based, on the one hand, on the sterile design of the university campus in Esch-Belval and also on the fact that some subjects, such as medicine, are not yet fully offered.

Citation:

Zenthöfer, Jochen: "Studenten aus Luxemburg : Deutschland ist Zielland Nr.1." Frankfurter Allgemeine Zeitung, 29 September 2018. <http://www.faz.net/aktuell/feuilleton/hochschule/studenten-aus-luxemburg-deutschland-ist-zielland-nr-1-15811286.html#void> Accessed 23 Oct. 2018.

Gantenbein, Michèle: "Blick auf das Luxemburger Bildungssystem: Zu viele Schüler bleiben auf der Strecke." Luxemburger Wort, 2 December 2016. <https://www.wort.lu/de/politik/blick-auf-das-luxemburger-bildungssystem-zu-viele-schueler-bleiben-auf-der-strecke->

5841706d5061e01abe83d1bf?utm\_campaign=magnet&utm\_source=article\_page&utm\_medium=related\_articles. Accessed 17 Dec. 2018.

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Education at a Glance 2018: OECD Indicators. OECD, 2018. [www.oecd.org/edu/education-at-a-glance-19991487.htm](http://www.oecd.org/edu/education-at-a-glance-19991487.htm). Accessed 23 Oct. 2018.

## Social Inclusion

Social Inclusion  
Policy  
Score: 9

Luxembourg's strong economic performance over the last three decades has provided numerous 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. Retirement benefits exceed Scandinavian standards. Since the 1970s, the welfare system has been consistently expanded, even when neighboring countries are forced to cut public welfare expenditure. In recent years, the proportion of non-EU citizens has risen to about 10%, representing a disproportionate share of the unemployed, minimum wage earners and welfare recipients. Luxembourg must improve the civil and professional integration of non-EU immigrants and refugees through improved multilingual education in early childhood and school, active fostering of language acquisition, and homologation of foreign vocational competencies.

Despite Luxembourg's generous social transfers, 21.7% of children in Luxembourg live below the poverty line (60% of median income). The country's Gini index score (31) highlights the extremely unequal distribution of income, which makes new measures against poverty and social exclusion necessary.

The demand for residential housing has always been far higher than the supply. It is no surprise that prices have been rapidly rising for years. Last year alone, the average price of private housing rose by 7.7%. Over the decade, rental prices have soared dramatically by 43%. The government recognizes the challenge presented to households and supporting the construction of about 11,000 new housing units by 2025. Notwithstanding, the attractiveness of home ownership remain unchanged. As a result, the volume of real estate loans increased by 29% in 2016, which should ease the pressure of inward migration and strong population growth. In 2016, 47 projects with 345 units were funded by the Ministry of Housing, of which 60% were initiated by municipalities. Since 2014, 362 new projects for low-income housing with 4,245 units have been approved by the government, of which 1,660 are for sale and 2,585 are for rent.

A new housing allowance was finally introduced in 2016 and was launched in 2018. The housing allowance will benefit around 35,000 low-income households, providing a monthly subsidy of a maximum of €300 for a family household. The allowance acknowledges the importance of social housing, especially in providing affordable rental properties for low-income people.

Nevertheless, the provision of social housing remains 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, SNHBM and other social associations) are intensifying their activities. Following an audit by the authorities, the National Housing Fund was reformed in 2017, with the intent to establish effective quality control measures.

In addition, the 2017 social inclusion income reform (REVIS) supports the integration of social and labor-market policies with individualized and activating social assistance, providing monetary incentives to work.

Citation:

“Gini coefficient of equivalized disposable income.” Eurostat, [www.ec.europa.eu/eurostat/tgm/table.do?tab=table&language=en&pcode=tessi190](http://www.ec.europa.eu/eurostat/tgm/table.do?tab=table&language=en&pcode=tessi190). Accessed 23 Oct. 2018.

“Income and living conditions.” Eurostat, [www.ec.europa.eu/eurostat/web/income-and-living-conditions/data/main-tables](http://www.ec.europa.eu/eurostat/web/income-and-living-conditions/data/main-tables). Accessed 23 Oct. 2018.

Le Fonds du logement. [www.fondsdulogement.lu](http://www.fondsdulogement.lu). Accessed 23 Oct. 2018.

## Health

Health Policy  
Score: 8

Luxembourg’s well equipped hospitals offer a wide range of services, including high-tech and expensive treatments. Waiting lists are rare, except for some services that are in high demand (e.g., MRI scans). Nevertheless, Luxembourg also has the highest share of patient transfers to other countries for treatment 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 beneficial side effect of being more cost-effective for the state health insurance program, as those services are in general less expensive abroad.

Drawbacks of Luxembourg’s system include the 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, 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.

However, at a cost of \$7,463 per person per year, Luxembourg's health care system is (after the United States and Switzerland) the third most expensive system among all OECD countries. The high cost of the health care system is due to high wages, a high ratio of medical equipment to residents, a low generic substitution rate and, after Germany, the second highest government and compulsory insurance schemes with low out-of-pocket pharmaceutical expenditure for patients (2015: 13%).

Citation:

OECD Health Statistics 2018. <http://www.oecd.org/els/health-systems/health-data.htm>. Accessed 23 Oct. 2018.

Health at a Glance 2017: OECD Indicators. OECD, 2017. [dx.doi.org/10.1787/health\\_glance-2017-en](https://dx.doi.org/10.1787/health_glance-2017-en). Accessed 23 Oct. 2018.

## Families

Family Policy  
Score: 9

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 a transfer and service system, with specific provisions for children and the elderly.

Luxembourg has positively responded to its changing demographics by adapting its family policies. In this context, the government has pushed for policies to offer a wide range of child 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 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, the rate of women's workforce participation remains comparatively low at 65.1%, compared to an EU average of 65.3%, with Luxembourg ranked 16th out of 28 EU member states.

Luxembourg's public child care institutions include the "maisons relais," general daycare centers; the "éducation précoce," a third preschool year and "foyers de jour," 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, €265 per child with an increase from the ages of 6 to 12 years. Since 2017, as part of a new coherent family policy, the government offers free child care facilities (20 hours per week), early language support and intercultural education. These structures are now more strictly controlled by officials and must provide qualified staff for multilingual offerings.

Citation:  
 "Employment rate by sex." Eurostat, [www.ec.europa.eu/eurostat/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=t2020\\_10&language=en](http://www.ec.europa.eu/eurostat/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=t2020_10&language=en). Accessed 23 Oct. 2018.

"Women." Webseite Grand Duchy of Luxembourg. <http://luxembourg.public.lu/en/le-grand-duche-se-presente/population/femmes/index.html>. Accessed 23 Oct. 2018.

## 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 old-age poverty rate is lower than the poverty rate 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. Despite Luxembourg's high reserves, the OECD and the European Commission have urged Luxembourg to reform its pension system to ensure long-term sustainability and increase incentives for late retirement as well as linking pension levels with contributions.

The financial sustainability of the pension system is premised on a 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:

“Neue Langzeitprognosen: Die Renten sind (nicht mehr lange) sicher.” <https://www.wort.lu/de/politik/neue-langzeitprognosen-die-renten-sind-nicht-mehr-lange-sicher-584178895061e01abe83d1cb>. Accessed 5 Nov. 2018.

## 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 90% of migrants are of European descent. Most other highly qualified migrants have come from Russia, 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 OECD countries and a very small proportion from economically weak developing countries. More than 50% of the total resident population in Luxembourg has a migrant background.

The Migrant Integration Policy Index gave Luxembourg an overall score of 57 (59 in 2010), ranking the country 15 out of 35 countries. Migrant children are fully integrated in local elementary schools or high schools. Children between 12 and 15 years old, who have recently migrated to Luxembourg, are given the opportunity to attend special classes called “classes d’insertion” in the capital’s Lycée Technique du Centre, with special programs in French or German, designed to facilitate integration into regular classes. Despite this, the average school dropout rate for children of foreign parents is high.

All foreigners, EU 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 recent years. However, meetings of local councils are usually held in Luxembourgish (with reports written in German, French or English), which poses an obstacle for resident foreign citizens.

In light of this experience, the government implemented a new Naturalization Act in 2017 to facilitate foreigners’ civic participation in public life and boost integration policy. Under the new law, people born in Luxembourg can apply for citizenship without other conditions or receive it automatically at the age of 18.

Citation:

“L’école du succès, une chance pour tous.” Ministre de l’éducation nationale. <https://www.men.public.lu/catalogue-publications/themes-transversaux/scolarisation-eleves->

etrangers/brochures-parents/ecole-succes/fr.pdf. Accessed 23 Oct. 2018.

“Nationalitätsgesetz: Reform soll am 1. April 2017 in Kraft treten.” Luxemburger Wort, 21 Sept. 2016, [www.wort.lu/de/politik/nationalitaetsgesetz-reform-soll-am-1-april-2017-in-kraft-treten-57e257a8ac730ff4e7f66b96](http://www.wort.lu/de/politik/nationalitaetsgesetz-reform-soll-am-1-april-2017-in-kraft-treten-57e257a8ac730ff4e7f66b96). Accessed 23 Oct. 2018.

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### Safe Living

Internal Security  
Policy  
Score: 8

Luxembourg City is ranked 21 out of 231 cities worldwide in the 2016 Mercer Quality of Living Survey, despite being considered the safest destination for international assignments. Efforts have been made to enhance public security. As part of an ongoing police reform program, 51 police stations will be merged into larger and more efficient units. One of the priorities is combating gang-related crime, in particular, burglaries.

Nevertheless, issues with crime exist in the central station area of the capital and in certain areas of the city of Esch-Alzette. Furthermore, major raids on criminal gangs and drug dealers were conducted. Despite this, the number of burglaries has recently fallen and the number of xenophobic acts of violence is rather low. Overall, it appears that the police force is not able to recruit enough staff to police efficiently.

Citation:

“Western European Cities Top Quality of Living Ranking.” <https://www.mercer.com/newsroom/2016-quality-of-living-survey.html>. Accessed 6 Nov. 2018.

“Ruf nach mehr Sicherheit.” Letzebuenger Journal. 1 June 2018. <http://www.journal.lu/top-navigation/article/ruf-nach-mehr-sicherheit/> Accessed 23 Oct. 2018.

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### Global Inequalities

Global Social  
Policy  
Score: 9

At about 1%, the country’s development agency, Luxembourg Development Cooperation (Lux-Development), and accredited NGOs have far surpassed the UN’s industrialized nation contribution target of 0.7% of GDP for development assistance. After Norway (1.11% of GNI), Luxembourg is the second-largest official development assistance (ODA) contributor. The country has focused its development aid policy on poverty eradication and energy saving programs as well as on programs to reduce carbon emissions. The Ministry of Foreign and European Affairs manages almost 81% of the total ODA budget, while a remaining 16% is managed by 91 accredited NGOs.

“Le Cercle de Coopération,” the umbrella organization of accredited NGOs, has stated that budgetary rigor will apply to NGO development aid policies in the coming 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 14% of the cooperation budget aims to provide humanitarian support, including emergency assistance and reconstruction aid, following EU and OECD guidelines.

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

Citation:

Annual Report 2016. Luxembourg Development Cooperation Agency, 2017. [https://luxdev.lu/files/documents/RAPANN\\_2017\\_UK\\_light.pdf](https://luxdev.lu/files/documents/RAPANN_2017_UK_light.pdf). Accessed 23 Oct. 2018.

### III. Environmental Policies

#### Environment

Environmental  
Policy  
Score: 8

The condition of the environment is in many areas in need of improvement. In particular, the quality of drinking water needs to be improved. Building on some initial 2008 initiatives, the government has introduced substantial legislation since 2013 to improve the situation.

Under the leadership of Environment Minister Carole Dieschbourg, a new Water Act was passed, which came into force in the summer of 2017, replacing the Water Act of 2008.

Farmers can now receive transfer payments from the water fund, which was not possible in the past. Previously, only private individuals and municipalities could apply for subsidies, for example, if they minimized the risk of contaminating groundwater by replacing oil with a renewable energy source in their heating system. Now subsidies from water suppliers also flow directly to the farmers.

Other subsidies are also now distributed differently. Outdated sewage treatment plants now receive less funding. This has motivated many



municipalities to finally build new or modernize old sewage treatment plants, in order to be able to benefit from the old regulations. Nevertheless, due to the outdated sewage treatment plants, the European Union imposed a fine on Luxembourg. Fortunately, a number of new sewage treatment plants are now being built. In addition, the new water law provides more money for flood protection.

In 2013, there was only one water protection zone in Luxembourg, although five more were being planned. In 2018, there were 11 water protection zones, with a further 24 being planned. Some of the planned water protection zones will be completed during the current review period, which will mean that the number of water protection zones will have increased 20-fold and 86% of all Luxembourg's water sources will be protected.

A new Nature Conservation Act was passed by parliament, replacing the previous 2004 act. In the new law accessing compensation has been made easier. Previously, property developers and private builders had to plant a new tree at a different site or pay for every tree that was felled. Now, the state will take care of it, which is not only good for the environment, but will also make housing construction faster. Building owners, who want to make use of the model, have to pay in "eco-points."

Another innovation in the Nature Conservation Act is the standardization of the conditions for resettlement. "Building regulations" for green zones will be identical throughout the country, which may stop the proliferation of buildings in green zones that previous environment ministers tolerated. A legal basis seems to be fairer than decisions "à la tête du client."

In January 2018, a new forest law was adopted by parliament. It is intended to replace the previous patchwork of regulations, some of which have been in force since 1848. The new law embodies the spirit of sustainable forest management, although forest subsidies have been regulated since 2017. Now, there are monetary incentives for those who cultivate the soil gently, for example, with horses instead of heavy machinery.

Citation:

"Carole Dieschbourg et Claude Turmes au Conseil "Environnement." Communiqué 25 Juin 2018. [https://gouvernement.lu/fr/gouvernement/turmes\\_claude/actualites.gouvernement%2Bfr%2Bactualites%2Btoutes\\_actualites%2Bcommuniques%2B2018%2B06-juin%2B25-conseil-environnement.html](https://gouvernement.lu/fr/gouvernement/turmes_claude/actualites.gouvernement%2Bfr%2Bactualites%2Btoutes_actualites%2Bcommuniques%2B2018%2B06-juin%2B25-conseil-environnement.html). Accessed 22 Oct. 2018.

"Die Aufsteigerin." Letzebuenger Journal. 23 August 2018. <http://www.journal.lu/top-navigation/article/umweltministerin-carole-dieschbourg-setzt-auf-politik-mit-augenmass/> Accessed 22 Oct. 2018.

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Global  
Environmental  
Policy  
Score: 8

### Global Environmental Protection

International environmental protection policy is very important to the current government.

Luxembourg has planned to invest a total of €120 million in international climate aid between 2014 and 2020. To date, €100 million has already been pledged with a further €2 million to be donated to NGOs.

In addition, Luxembourg also plays an important role in “green finance.” The “Forestry and Climate Change Fund,” which was launched in 2017 by the Luxembourg state, in cooperation with several banks and an insurance company, aims to help local farmers to sustainably manage deforested rainforests and secondary forests.

The latest climate goal for the Grand Duchy is to reduce greenhouse gas emissions by 40% by 2030 compared to 2005. According to current estimates, Luxembourg could reach the Kyoto Protocol climate goals by 2020. However, the goal of a 40% reduction in greenhouse gas emissions between 2020 and 2030 presents a considerable challenge.

So far, Luxembourg has failed to meet the requirements of the Kyoto Protocol on its own. Between 2008 and 2012, greenhouse gas emissions should have been reduced by 28% compared to 1990.

Since 2013, the common European goal is to reduce greenhouse gas emissions by 20%. Emission allowances may no longer be traded internationally, only in Europe. According to the Secretary of State, the sectors in Luxembourg that cannot make use of the European certificate trade are “on track” – despite the fact that the population has grown considerably during this period. At the same time, however, less fuel was consumed.

Most greenhouse gas emissions (in non-certified sectors) are caused by the mobility sector (64.2% in 2016), followed by buildings (19.1% in 2016) and agriculture (9.1% in 2016). Fuel tourists, people who only travel to Luxembourg from abroad to refuel their cars, only contribute a small part.

As with national planning, the government now wants to rely on citizen participation. A third climate plan for Luxembourg is to be drafted under the title “Generating Climate: Climate Change Together for the Future.” Thus, citizens are able to participate in working groups.

Citation:

“Politique pour la protection du climat: bilan et enjeux futurs – Solidarité internationale – coopération avec

les communes – mesures ciblées nationales.” [https://gouvernement.lu/fr/gouvernement/carole-dieschbourg/actualites.gouvernement%2Bfr%2Bactualites%2Btoutes\\_actualites%2Barticles%2B2018%2B01-janvier%2B27-protection-climat.html](https://gouvernement.lu/fr/gouvernement/carole-dieschbourg/actualites.gouvernement%2Bfr%2Bactualites%2Btoutes_actualites%2Barticles%2B2018%2B01-janvier%2B27-protection-climat.html). Accessed 22 Oct. 2018.

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[https://environnement.public.lu/fr/actualites/2018/octobre2018/lux\\_sustainable\\_finance\\_roadmap.html](https://environnement.public.lu/fr/actualites/2018/octobre2018/lux_sustainable_finance_roadmap.html).  
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[https://www.deutschlandfunk.de/luxemburg-zwischen-tanktourismus-und-anti-diesel-politik.795.de.html?dram:article\\_id=375321](https://www.deutschlandfunk.de/luxemburg-zwischen-tanktourismus-und-anti-diesel-politik.795.de.html?dram:article_id=375321). Accessed 5 Nov. 2018.

Schlammes, Marc: “Tanktourismus-Studie liegt vor: Kosten übertreffen Einnahmen,” in: Wort.lu, 25 November 2016. <https://www.wort.lu/de/politik/tanktourismus-studie-liegt-vor-kosten-uebertreffen-einnahmen-583843705061e01abe83cb83>. Accessed 8 Nov. 2018.

# Quality of Democracy

## Electoral Processes

Candidacy  
Procedures  
Score: 8

The parliamentary elections of October 2018 have highlighted a number of problems in Luxembourg's electoral system. Overall, the electoral system is strong and fair. In detail, however, small parties are at a disadvantage. On the one hand, this is due to the division of the country into four electoral districts and, on the other hand, it is due to the method of calculation used to determine the allocation of seats.

The division of Luxembourg into four electoral districts is outdated and urgently needs to be revised. It excludes smaller parties and reduces their chances of joining the parliament. In the East district, the conservative party ADR narrowly missed securing a mandate despite receiving 9.58% of the votes. In addition, the Pirates (7%) and Déi Lénk (3.3%) did not receive a seat. This means that around 20% of the votes cast in the East district were disregarded. At the same time, despite the massive loss of eight percentage points, the CSV party will retain its three seats in the East.

In the 2018 parliamentary elections, 37,000 people were registered on the electoral roll in the East district. In the Center district, 73,000 were registered, almost twice as many eligible voters as in the East. As a result, there are three times as many members of parliament for the Center (21) compared to members of parliament for the East (7) sitting in the parliament.

Moreover, the electoral code, which sets the number of members of parliament per constituency, is not consistent with Article 10 of the constitution, which states that Luxembourg citizens are equal before the law.

Citation:

"Élections législatives 2018." <https://elections.public.lu/fr/elections-legislatives/2018/resultats.html>. Accessed 22 Oct. 2018.

Fehlen, Fernand: "Wahlsystem und politische Kultur." Forum, September 2013. [https://forum.lu/pdf/artikel/7695\\_332\\_Fehlen.pdf](https://forum.lu/pdf/artikel/7695_332_Fehlen.pdf). Accessed 22 Oct. 2018.

"Robert Mehlen veut contester le résultat des élections devant la justice." <http://5minutes.rtl.lu/grande-region/laune/1254993.html>. Accessed 22 Oct. 2018.

Media Access  
Score: 9

All newspapers have at least some ties to political parties, reflecting the ownership of the publications. They tend to be rather biased or partisan, especially during election campaigns. While “Luxemburger Wort” was always considered to be close to the Christian Social People’s Party, “Tageblatt” is affiliated with the Luxembourg Socialist Workers’ Party and the “Lëtzebuurger Journal” has close links to the Democratic Party. To counter a dwindling readership, newspapers have adopted a more balanced line in recent years, reducing their political bias, to the benefit of smaller parties and organizations. However, all newspapers are losing circulation. At the same time, new journalistic projects are being created, such as the online magazine [www.reporter.lu](http://www.reporter.lu), which offers serious background journalism and has no advertising.

From the end of 2018, the satirical political newspaper “Feierkrop” will no longer be published. The weekly newspaper was effective in revitalizing the political landscape and presenting critical remarks.

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 party 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 have become less partisan and the media increasingly distances itself from political party influence than in previous years. Having made some initial progress in 2018, the government is expected to significantly revise press subsidies in the near future, with the aim of redistributing financial aid to support online media as a supplement to print media.

Citation:

“Traditionelle Medien in Luxemburg.” Zentrum für politische Bildung. May 2018. [https://zpb.lu/wp-content/uploads/2018/06/Fact-Sheet-Medien-DE-30.05.2018\\_acc.pdf](https://zpb.lu/wp-content/uploads/2018/06/Fact-Sheet-Medien-DE-30.05.2018_acc.pdf). Accessed 22 Oct. 2018.

“Medien: Neue Regeln für die Pressehilfe.” Luxemburger Wort, 4 January 2018. <https://www.wort.lu/de/politik/medien-neue-regeln-fuer-die-pressehilfe-5a4e55afc1097cee25b7b50f>. Accessed 22 Oct. 2018.

Voting and  
Registration  
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, to be at least 18 years old on the day of the election, and have full civil and political rights. Citizens temporarily living abroad may vote by mail 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 in the consultative referendum of June 2015.

Experts have constantly criticized the representative makeup of the 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 53% of the resident population cannot vote in national elections, as they are not Luxembourg nationals. However, 80% of the resident population 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. Only 23% of foreigners were registered in the electoral municipal election of 2017, yet 12% of the total electorate were foreigners and almost 8% of candidates were not Luxembourg nationals. This indicates that non-nationals' political participation at the local level remains low.

In addition, in Luxembourg, citizens are unable to observe the process of counting votes. Only political parties can nominate a “witness” to oversee the counting of votes. Ordinary people are not permitted attend the count.

Citation:

“Noch viel Luft nach oben.” Luxemburger Wort, 7 February 2017. <https://www.wort.lu/de/politik/frauen-und-auslaender-bei-kommunalwahlen-noch-viel-luft-nach-oben-58998841a5e74263e13aa349>. Accessed 22 Oct. 2018.

“Mäßiges Interesse bei den Ausländern.” Luxemburger Wort, 30 July 2017, [https://www.wort.lu/de/politik/kommunalwahlen-maessiges-interesse-bei-den-auslaendern-597b4ac9a5e74263e13c4dfc?utm\\_campaign=magnet&utm\\_source=article\\_page&utm\\_medium=related\\_articles](https://www.wort.lu/de/politik/kommunalwahlen-maessiges-interesse-bei-den-auslaendern-597b4ac9a5e74263e13c4dfc?utm_campaign=magnet&utm_source=article_page&utm_medium=related_articles). Accessed 22 Oct. 2017.

Loi du 8 mars 2018 portant modification de la loi électorale. <http://legilux.public.lu/eli/etat/leg/loi/2018/03/08/a178/jo>. Accessed 24 Nov. 2018.

Party Financing  
Score: 8

The Political Finance Act of 2007 aims to promote transparency, equal opportunities, independence and the avoidance of conflicts of interest. However, these objectives are only partly achieved in practice. The financial independence of political parties in Luxembourg compared to other countries is one of the strengths of Luxembourg's party system. However, there is still potential for further improvement in terms of equality and transparency.

The basic principle of the law is that the state finances all political parties that receive at least 2% of the vote nationwide in national and European elections.

Qualifying political parties receive a lump-sum subsidy of €100,000 per year. In addition, each political party receives a further €1,500 per percentage point achieved in the previous national and European election.

The state allocates approximately €2.6 million each year directly to political parties. In 2015, the state distributed €78,644 to the CSV, €443,160 to the DP, €409,810 to the LSAP, €345,180 to Déi Gréng, €218,565 to ADR, €171,530 to Déi Lénk and €36,570 to the Pirate party.

As a result, state aid accounts for a significant proportion of the total revenue of all the above-mentioned parties. According to the law, however, this share may not exceed 75% of a party's total funding.

Citation:

“Financement des partis politiques.”  
<https://www.chd.lu/wps/portal/public/Accueil/OrganisationEtFonctionnement/Organisation/FinancementPartisPolitiques>. Accessed 22 Oct. 2018.

“Parteienfinanzierung in Luxemburg: Die Sache mit der Transparenz.”  
<https://www.wort.lu/de/politik/parteienfinanzierung-in-luxemburg-die-sache-mit-der-transparenz-592b4b61a5e74263e13c0a7e>. Accessed 22 Oct. 2018.

Pereira, João N./Zenthöfer, Jochen (2017). Einführung in das luxemburgische Recht. C.H.Beck, pp. 51-57.

Popular Decision-  
 Making  
 Score: 6

Since 1919, the constitution of Luxembourg allows referenda (Article 51, Paragraph 7). A modification of a constitutional article introduced the possibility of using a referendum to revise the constitution (Article 114). Direct democracy, in the form of referenda, is possible but not a central aspect of Luxembourg's political system. A 2005 law outlined the steps needed for a referendum to be held at the national level. The procedure can be initiated either by a parliamentary act or popular initiative. In the latter case, at least 25,000 citizens of Luxembourg must demand a referendum. Since Luxembourg is a small country, this threshold is significant and may explain why only five referenda have taken place since 1919. All referenda 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 Local Government Act of 1988 (Article 35) addresses the issue of referenda at the municipal level. One-fifth of registered electors must demand a referendum; local referenda, however, 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.

Each member of parliament represents an average of just 10,000 citizens; which means citizens have relatively easy access to their representatives. The country's territorial breakdown produces small units (in 2018, there were a total of 102 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.

Furthermore, 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.

Between July 2014 and July 2018, a total of 660 petitions were submitted. Luxembourgers were most frequently affected by issues concerning traffic and traffic safety, and 18.5% of all petitions were related to traffic issues. Petitions on public facilities (7%) and on taxes (6.5%) were also popular. Nevertheless, many petitions were considered inadmissible by the commission (75 in 2017) because they did not represent a general interest.

If a petition achieves 4,500 or more signatures, the "petitioners" may speak to government members and raise their concerns, as well as other petitioners' concerns. In some cases, the petitions have a high media impact. Some petition initiators try to attract attention with public campaigns, especially on social media. Thus, petitioners' concerns often achieve much more than just an opportunity to present before politicians, they stimulate a public debate.

Citation:

"Exercising the right to petition the Chamber of Deputies."  
<https://guichet.public.lu/en/citoyens/citoyennete/democratie-participative/depot-requetes-petition/petition-chambre-deputes.html>. Accessed 22 Oct. 2018.

"Signature d'une pétition publique."

<https://www.chd.lu/wps/portal/public/Accueil/TravailALaChambre/Petitions/SignerPetition>. Accessed 22 Oct. 2018.

Dormal, Michel: "Participation citoyenne, débat constructif, discussion éclairée?"

Online-Petitionen in Luxemburg." Forum.lu, no. 355. <https://www.forum.lu/article/participation-citoyenne-dei%2081bat-constructif-discussion-ei%2081clairei%2081e/> Accessed 11 Nov. 2018.

### Access to Information

Media Freedom  
Score: 7

The media is independent of the government, despite the subsidies they receive. Almost all newspapers and a number of online media receive subsidies. Without this funding, the pluralistic media landscape in Luxembourg would cease to exist.



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.

However, the Luxembourg Press Council says critical journalists sometimes have to fear "legal proceedings and intimidation." Furthermore, Raphael Kies, University of Luxembourg, speaks of a "high risk of political influence" in Luxembourg, particularly in the print media. In terms of ownership transparency, Luxembourg's media received a poor rating. According to the law, all press organs are obliged to publish once a year the names of their shareholders who hold more than 25% of total shares. By contrast, there are no statutory provisions against possible conflicts of interest between the media and politics. Thus, Raphael Kies criticizes a lack of real transparency.

In spring 2018, there was a debate about whether the public service broadcaster ("Radio 100.7") in Luxembourg was independent. In a study of the "European Broadcasting Union," the broadcaster's independence was partially doubted. As a result, there is a risk that the government could influence the broadcaster's reporting. The structure of the radio station therefore needs to be changed. A further public debate in Luxembourg followed in which the prime minister was criticized for appointing a confidant to an important position within the broadcaster. The prime minister replied that the appointed person would fulfill all necessary requirements for the office.

Citation:

Kies, Raphaël/Nommesch, Kim/ Schall, Céline: "Media Pluralism Monitor 2016 – Monitoring Risks for Media Pluralism in the EU and Beyond." [http://orbilu.uni.lu/bitstream/10993/31320/1/Luxembourg\\_EN-pdf-final.pdf](http://orbilu.uni.lu/bitstream/10993/31320/1/Luxembourg_EN-pdf-final.pdf). Accessed 22 Oct. 2018.

Report "European Broadcasting Union," Luxembourg: [https://img.100komma7.lu/uploads/media/default/0001/85/2018-report-p2p-ersl-4web\\_1e3c47.pdf](https://img.100komma7.lu/uploads/media/default/0001/85/2018-report-p2p-ersl-4web_1e3c47.pdf). Accessed 22 Oct. 2018.

Bumb, Christoph: "Parteien und Presse in Luxemburg – Der politisch-mediale Komplex." <https://www.reporter.lu/der-politisch-mediale-komplex/> Accessed 22 Oct. 2018.

"Zeit, sich zu wehren." *Tageblatt*, 3 May 2018. <http://www.tageblatt.lu/headlines/zeit-sich-zu-wehren/> Accessed 22 Oct. 2018.

Media Pluralism  
Score: 7

All of Luxembourg's daily newspapers have links to political parties. The Luxemburger Wort is owned by the Catholic Church and therefore has ties to the Christian Social People's Party. The market share of the Luxemburger Wort fell to 29.5% in 2018.

The market share of L'Essentiel, the most successful of the free papers, recorded a share of 23.5% in 2018. L'Essentiel and *Tageblatt* (Luxembourg's

second-largest newspaper, with a market share of about 8.1%) are both published by Editpress, which has ties to the Luxembourg Socialist Workers' Party and the socialist trade union OGB-L.

In March 2018, an ambitious online newspaper project (Reporter.lu) driven by several young journalists was launched. These developments, in addition to a restructuring of the Luxemburger Wort, are signs of change in Luxembourg's media market.

Radio Télé Luxembourg has no competitors in the television market and remains well ahead in radio, despite liberalization the early 1990s that led to the creation of public broadcaster Radio 100.7. In 2018, RTL had the largest audience share (34%), much larger than Elodoradio (19.2%) that had the second largest audience share.

A lot of foreign media is consumed, especially on television. TF1 (France), and ARD and ZDF (Germany) reach more than 10% of the Luxembourg population.

The most important online media presence in Luxembourg is “www.rtl.lu,” which represents all political views and is impartial. Also widespread is the online presence of “Spiegel Online” from Germany.

Citation:

Etude TNS ILRES PLURIMEDIA LUXEMBOURG 2018.II. 12.9.2018. <https://www.tns-ilres.com/news/tns-ilres/2018/etude-tns-ilres-plurimedia-luxembourg-2018ii/> Accessed 22 Oct. 2018.

Des médias. Service information et presse du gouvernement luxembourgeois, 2013. [www.luxembourg.public.lu/fr/publications/e/ap-medias/AP-Medias-2013-FR.pdf](http://www.luxembourg.public.lu/fr/publications/e/ap-medias/AP-Medias-2013-FR.pdf). Accessed 22 Oct 2018.

„Reporter: Über uns“. <https://www.reporter.lu/ueber-uns/> Accessed 22 Oct. 2018.

Access to  
Government  
Information  
Score: 5

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.

Media professionals need their own right of access to public information, which is enshrined in the Press Act. Prime Minister Bettel's circular letter in 2016 to the state administration on who is allowed to answer media inquiries and thus filter communication with the media – the “Circulaire Bettel” – did not help the media, because it was too complicated.

The journalist Dhiraj Sabharwal complained in May 2018: “If someone wants to talk with the employee of a state administration, journalists lose their time

and the direct access to officials, due to the so-called *Circulaire Bettel*, because these may communicate only through the press secretary. Their job profile once again contradicts professional journalism: Not truth search is the task of the growing PR Armadas from politics and economics, but the professional advocacy with the license to conceal, twist, simplify and, if necessary, to lie. Also popular: For critical inquiries, interviews and reactions from ministers are simply rejected or approved for only less than five minutes of talk time.”

Citation:

“Zeit, sich zu wehren.” *Tageblatt* 3 May 2018. <http://www.tageblatt.lu/headlines/zeit-sich-zu-wehren/> Accessed 22 Oct. 2018.

Association luxembourgeoise des journalistes, [www.journalist.lu](http://www.journalist.lu). Accessed 22 Feb. 2018.

“Presse écrite.” Le portail officiel du Grand-Duché de Luxembourg, [www.luxembourg.public.lu/fr/le-grand-duche-se-presente/medias/presse-ecrite/](http://www.luxembourg.public.lu/fr/le-grand-duche-se-presente/medias/presse-ecrite/). Accessed 22 Oct. 2018.

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](http://www.europarl.europa.eu/register/pdf/r1049_en.pdf). Accessed 22 Oct. 2018.

### Civil Rights and Political Liberties

Civil Rights  
Score: 8

Civil rights are officially protected in Luxembourg and all state institutions respect these rights, with a few 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 court proceedings. 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’s office continues to grow. A total of 1,149 complaints were made in 2017, an increase from 2016. Most of these dossiers have already been fully (938) or partially (11) completed. The institution of the “Ombudsman” was launched in 2003. The Ombudsman has the mandate to mediate in disputes between citizens and public authorities. Thus, in some cases, a problem can be resolved before goes to trial.

Citation:

Rapport annuel Ombudsman 2017. <http://www.ombudsman.lu/uploads/RA/RA2017.pdf>. Accessed 22 Oct. 2018.

Meyers, Paul-Henri/Lorig, Wolfgang H. (2019): Luxembourg, in: Arthur Benz/Stephan Bröchler/Hans-Joachim Lauth (eds.), *Handbuch der europäischen Verfassungsgeschichte im 20. Jahrhundert. Institutionen und Rechtspraxis im gesellschaftlichen Wandel*, Band 5: seit 1989, Verlag J.H.W. Dietz Nachf. (forthcoming).

Political Liberties  
Score: 9

No infringements of citizens' rights to speak, assemble, organize, worship or petition occurred during the period under review. Political freedoms are guaranteed. All groups of society are depicted in the media and can be heard. Xenophobia and anti-Semitism are consistently punished by the courts. There are restrictions on civil servants' freedom of expression, even when a civil servant represents civil society. Sanctions against civil servants were lifted by the courts during the period under review.

Citation:

Caregari, Luc: "Informationszugang in Luxemburg. Kein 'Nice to Have'." Forum.lu, 2016, no. 364., pp. 23-25. <https://www.forum.lu/article/informationszugang-in-luxemburg/> Accessed 12 Dec. 2018.

Non-discrimination  
Score: 8

In its 2016 annual report, the Centre pour l'égalité de traitement (Centre for Equal Treatment – CET) revealed that it received 115 discrimination case files, of which over half (54%) were submitted by men and 34% by women. The remaining 12% were submitted by organizations, associations or on the basis of self-referral. Most (25%) of the people were aged between 31 and 40, 9.6% were between 18 and 30, and 5.2% were over the age of 60. Finally, 67% of files were from citizens of the European Union, 44% of whom were Luxembourgers.

The CET was created by the above-mentioned law on 28 November 2006. The CET carries out its work completely independently. Its purpose is to promote, analyze and monitor equal treatment between all persons without discrimination based on race, ethnicity, sex, sexual orientation, religion or beliefs, disability, or age. The CET is very active.

Nevertheless, in a school textbook for 9/10-year-old students, a misogynistic caricature was published by the "Syndicat National des Enseignants" in 2018 ("Mon cahier de vocabulaire – Tome 1 – Cycle 3.2").

The caricature is of a female teacher in a provocative pose. In addition, on the board it is written "J'adore mon institutrice." This caricature is supposed to convey that students can like their teacher, if the teacher acts according to the caricature. Due to the controversial message of the caricature, an investigation has been initiated.

Citation:

Rapport d'activités 2016. Centre pour l'égalité de traitement, 2017. <http://cet.lu/wp-content/uploads/2018/04/Rapport-annuel-2017.pdf>. Accessed 22 Oct. 2018.

## 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. The text of the reform has already been published. During the current legislative period (2018 – 2023), a referendum is supposed to be held on the constitutional reform. Public consent for the reformed constitution is not certain. Nevertheless, it is true that a reform of the constitution is urgently needed. However, many Luxembourgers are concerned that the constitution is supposed to be written in French rather than in Luxembourgish, the national language of Luxembourg.

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.

Many citizens in Luxembourg are annoyed that they cannot understand the laws and procedures in court. Many Luxembourgers are not familiar with the Standard French used in court. Another major problem is the bad acoustic in Luxembourg City's courtrooms. Visitors and journalists regularly cannot understand what is being said in the hall because microphones are not used. This embarrassment was also taken up by the international press.

Citation:

Zenthöfer, Jochen: "Ein Prozess wie im Stummfilm," Frankfurter Allgemeine Zeitung, 11 April 2017. <http://www.faz.net/aktuell/feuilleton/debatten/prozess-gegen-holocaustleugner-in-luxemburg-14966362.html>. Accessed 22 Oct. 2018.

Cames, Michel: "Pragmatisch, flexibel, schnell – Wirtschaftspolitische Besonderheiten von Kleinstaaten am Beispiel Luxemburg." Forum.lu, September 2013. [www.forum.lu/pdf/artikel/7692\\_332\\_Camest.pdf](http://www.forum.lu/pdf/artikel/7692_332_Camest.pdf). Accessed 22 Oct. 2018.

Trausch, Gilbert (2008): "Die historische Entwicklung des Großherzogtums – ein Essay," in: Wolfgang H. Lorig/Mario Hirsch (eds.): Das politische System Luxemburgs: Eine Einführung, Springer VS Verlag, pp. 13–30.

“Referendum.” Forum.lu. [www.forum.lu/constitution/index.php/reformprojekt/referendum/](http://www.forum.lu/constitution/index.php/reformprojekt/referendum/). Accessed 22 Oct. 2017.

Judicial Review  
Score: 9

Legal education, jurisprudence, the regulation of judicial appointments, rational proceedings, professionalism, channels of appeal and court administration are all well established and working. Independence is guaranteed. Citizens in Luxembourg cannot file a constitutional complaint, as citizens can in Germany.

Citation:

Pereira, João N./Zenthöfer, Jochen (2017): Einführung in das luxemburgische Recht. C.H.Beck, pp. 1-4, 86-87.

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.

Citation:

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.

“Neuer Präsident für das Verfassungsgericht.” Tageblatt, 14 June 2016. <http://www.tageblatt.lu/nachrichten/neuer-prasident-fur-das-verfassungsgericht-10763120/> Accessed 22 Feb. 2018.

Corruption  
Prevention  
Score: 8

In general, corruption is not tolerated in Luxembourg. However, there seems to be some agreement in parts of the public administration that small gifts may be accepted. This applies in particular to high-quality alcoholic beverages. Consolidation between individual political parties, related officials and certain economic sectors (e.g., finance and construction) are common.

In addition, large-scale corruption cases partly developed into political affairs (“Wickrange/ Livange”). In general, however, it can be assumed that politicians are not very susceptible to corruption because, if the corruption were discovered, this would immediately lead to the resignation and social exclusion of the politician.

The political change of 2013 affected corruption, since the leading party was not part of the government for the first time in decades. After 2013, many top officials were exchanged.

Political party financing is regulated by law. The names of donors are published. Donations to political parties in Luxembourg are rather uncommon. However, public officials often donate part of their salary, such as ministers.

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 adopted a code of conduct in 2014. The code, which references existing codes such as a European Commission code, defines the types of gifts and 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 interest.

Citation:

EU Anti-Corruption Report. European Commission, 2014. [www.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\\_factsheet\\_en.pdf](http://www.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_factsheet_en.pdf).

Accessed 22 Oct. 2018.

“Corruption Perceptions Index 2017.” Transparency International, [https://www.transparency.org/news/feature/corruption\\_perceptions\\_index\\_2017#table](https://www.transparency.org/news/feature/corruption_perceptions_index_2017#table). Accessed 22 Oct. 2018.

“Luxembourg Corruption Report.” <https://www.business-anti-corruption.com/country-profiles/luxembourg/> Accessed 13 Nov. 2018.

GRECO: “The Fight against Corruption: A Priority for the Council of Europe.” <https://www.coe.int/en/web/greco/about-greco/priority-for-the-coe>. Accessed 17 Nov. 2018.

# Governance

## I. Executive Capacity

### Strategic Capacity

Strategic  
Planning  
Score: 4

The country's small size and consequently small size of its administration, does not allow for sufficient strategic planning. Only 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 insufficiently equipped to offer long-term planning activities. For instance, State Economic and Social Council reports are partially written by civil servants from the relevant ministry departments. Strategic planning is mostly performed 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.

Citation:

"Autres acteurs." Le portail des statistiques du Luxembourg. [www.statistiques.public.lu/fr/acteurs/autres/index.html](http://www.statistiques.public.lu/fr/acteurs/autres/index.html). Accessed 23 Oct. 2018.

Banque centrale du Luxembourg. <http://www.bcl.lu/fr/statistiques/index.html>. Accessed 23 Oct. 2018.

Commission de Surveillance du Secteur Financier. [www.cssf.lu/en/](http://www.cssf.lu/en/) Accessed 23 Oct. 2018.

Conseil économique et social. [www.ces.public.lu/fr.html](http://www.ces.public.lu/fr.html). Accessed 23 Oct. 2018.

Luxembourg Institute of Socio-Economic Research. [www.liser.lu](http://www.liser.lu). Accessed 23 Oct. 2018.



Expert 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 (LIST) and Luxembourg Institute of Socio-Economic Research (LISER).

For major policy reform projects, the government mostly consults highly reputable institutions abroad. This has the advantage that scholarly advice from institutions abroad allows for independent analysis. Considering the country's small size, links between government and national research facilities are strong.

However, there are also areas where researchers cannot make themselves heard, such as in the school system and state planning ("Raumplanung"). In those areas, advice from, for example, members of the University of Luxembourg is insufficiently heard. With regard to heritage protection, the government held a hearing with civil society organizations between 2013 and 2015. These hearings, however, did not produce any results. This ultimately led to frustration and was a topic in the 2018 election campaign.

Citation:

"Alles nützt. Alles? In ihrem zweiten Bericht zur Innovation in Luxemburg stellt die OECD vor allem fest, dass es noch immer keine Strategie dafür gibt." <https://www.list.lu/en/media-centre/press/alles-nuetzt-alles/> Accessed 15 Dec. 2018.

### Interministerial Coordination

GO Expertise  
Score: 6

The Prime Minister's Office (PMO) employs around 40 civil servants, mostly trained in law, economics and political science. 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.

Thus, 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 must be adopted at both stages before being introduced to parliament, as well as revised within these two interministerial meetings. In addition, the Inspectorate General of Finance (Inspection générale des finances, IGF) evaluates draft bills and participates in numerous committees.

Citation:

"Conseil de gouvernement." Le portail de l'actualité gouvernementale.

[https://gouvernement.lu/fr/actualites/conseils\\_de\\_gouvernement.html](https://gouvernement.lu/fr/actualites/conseils_de_gouvernement.html). Accessed 23 Oct. 2018.

“Gouvernement.” Le portal de l’actualité gouvernementale. <https://gouvernement.lu/fr/gouvernement.html>. Accessed 23 Oct. 2018.

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 included 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 January 2015. [www.data.legilux.public.lu/eli/etat/leg/agd/2015/01/28/n1/jo](http://www.data.legilux.public.lu/eli/etat/leg/agd/2015/01/28/n1/jo). Accessed 23 Oct. 2018.

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. There are regular sessions of the government council (“Regierungsrat”). The government council includes ministers and sometimes state secretaries, although there are currently no state secretaries (“Staatssekretäre”). There are no other cabinet committees outside the government council. Additional cabinet committees do not seem necessary as there are ad hoc meetings between relevant ministers on specific issues. The system is not rigid or predetermined, but works well.

Citation:

<http://luxembourg.public.lu/de/le-grand-duche-se-presente/systeme-politique/institutions-politiques/gouvernement/index.html>. Accessed 15 Dec. 2018.

Ministerial  
Bureaucracy  
Score: 9

Senior ministry officials and interministerial meetings are important for 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:

Thomas, Bernard/Schmit, Laurent: "Die Unentbehrlichen: Wieviel Macht haben hohe Beamte?" Forum.lu, September 2013, pp. 33-37. [www.forum.lu/pdf/artikel/7693\\_332\\_ThomasSchmit.pdf](http://www.forum.lu/pdf/artikel/7693_332_ThomasSchmit.pdf). Accessed 23 Oct. 2018.

Bossaert, Danielle (2008): Die öffentliche Verwaltung, in: Wolfgang H. Lorig/Mario Hirsch (eds.): Das politische System Luxemburgs, Springer VS Verlag, pp. 130 – 142.

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. In such a small state, there are many opportunities for informal contact between public servants and experts from research institutions, business and civil society. Senior civil servants are simultaneously responsible for various projects, have an enormous workload and represent the government within different bodies, boards and committees.

Citation:

"Participations de l'Etat." Trésorerie de l'Etat. 2017. [www.te.public.lu/fr/participations.html](http://www.te.public.lu/fr/participations.html). Accessed 23 Oct. 2018.

Bossaert, Danielle (2008): Die Modernisierung der öffentlichen Verwaltung und des öffentlichen Dienstes im Großherzogtum Luxemburg in: Wolfgang H. Lorig (ed.): Moderne Verwaltung in der Bürgergesellschaft, Nomos Verlag, pp. 298 – 312.

Digitalization for  
Interministerial  
Coordination  
Score: 7

Initial attempts have been made to use interministerial platforms. Since 2015, there has been a platform in the Ministry of the Interior for the subjects of a land-use plan, ("Plan d'aménagement general" or "Flächennutzungsplan," PAG), a sub-development plan ("Plan d'aménagement particulier" or "Teil-Bebauungsplan," PAP) and environmental studies. This platform is used by representatives of various ministries (including the Ministry of the Interior, the Ministry for the Environment and a monument protection authority). An evaluation is still pending.

Citation:

<https://guichet.public.lu/de/entreprises/urbanisme-environnement/construction-amenagement-site/construction-transformation-demolition/plan-amenagement-general.html>. Accessed 12 Nov. 2018.

<https://guichet.public.lu/de/entreprises/urbanisme-environnement/construction-amenagement-site/construction-transformation-demolition/plan-amenagement-particulier.html>. Accessed 12 Nov. 2018.

"Noch viel Platz in Luxemburg." Tageblatt, 11 September 2017. <http://www.tageblatt.lu/headlines/noch-viel-platz-in-luxemburg/> Accessed 11 Nov. 2018.

### Evidence-based Instruments

RIA Application  
Score: 5

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. The so-called Omnibus Bill concerning 11 laws and two regulations was implemented in 2017 to facilitate and speed up planning procedures in 102 municipalities, a transversal approach toward a systematic screening of all administrative procedures. Currently, the government is evaluating the impact of 89 administrative simplification projects.

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](http://www.oecd.org/regreform/regulatory-policy/40984990.pdf). Accessed 23 Oct. 2018.

“Über die Tücken des Bürokratie-Abbaus.“ Luxemburger Wort, 4 September 2017. [www.wort.lu/de/politik/administrative-vereinfachung-ueber-die-tuecken-des-buerokratie-abbaus-599435eda5e74263e13c5cf5](http://www.wort.lu/de/politik/administrative-vereinfachung-ueber-die-tuecken-des-buerokratie-abbaus-599435eda5e74263e13c5cf5). Accessed 23 Oct. 2018.

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.

Due to administrative simplification efforts in recent years, the government has decided to run two public platforms, [www.einfach.lu](http://www.einfach.lu) and [www.vosidees.lu](http://www.vosidees.lu), offering all necessary information and details on the impact of ongoing reform programs. 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 been progress in transparency and civil society participation. Nevertheless, efforts should be made to further 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](http://www.oecd.org/regreform/regulatory-policy/40984990.pdf). Accessed 23 Oct. 2018.

Simplification administrative – Einfach. <https://fonction-publique.public.lu/fr/principes-valeurs/einfach.html>. Accessed 23 Oct. 2018.

Sustainability  
Check  
Score: 3

A systematic sustainability assessment process does not exist in Luxembourg. The government plans to introduce effective sustainability checks and a 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](http://www.environnement.public.lu/developpement_durable/dossiers/pnnd_2010/PNDD.pdf). Accessed 1 Nov. 2017.

Luxembourg, 2017.

[www.gouvernement.lu/7180112/vierter-nationaler-energieeffizienzaktionsplan-luxembourg](http://www.gouvernement.lu/7180112/vierter-nationaler-energieeffizienzaktionsplan-luxembourg). Accessed 15 Nov. 2018.

Quality of Ex  
Post Evaluation  
Score: 2

An evolution of legislation rarely takes place. One example was the Violence Protection Act, which was evaluated in 2009 (after five years). There is a lack of qualified evaluation staff in Luxembourg. There is also a lack of a qualified person for the conception of laws. A scientific evaluation of legislation, commissioned by the state, is therefore not expected in the future either.

Citation:

“Evaluation „Fünf Jahre Gewaltschutzgesetz im Grossherzogtum Luxemburg.”  
[http://mega.public.lu/fr/publications/publications-ministere/2010/evaluation-gewaltschutzgesetz/Evaluation\\_Gewaltschutzgesetz.pdf](http://mega.public.lu/fr/publications/publications-ministere/2010/evaluation-gewaltschutzgesetz/Evaluation_Gewaltschutzgesetz.pdf). Accessed 23 Oct. 2018.

### Societal Consultation

Public  
 Consultation  
 Score: 7

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 so-called 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 in 2013 relaunched the social dialog with employers and employees and the process has functioned reasonably well since then.

In addition, a working group of the Ministry of Culture previously intended to draft a new law on monument protection (2013 – 2015), but was not successful. Representatives of civil society were part of the working group and felt treated unfairly. The issue was taken up in the 2018 election campaign and the government defended itself by promising that it would soon pass a bill.

Citation:

“Kulturschutzgesetz: Die Regierung konnte ihr Versprechen nicht einlösen.” Tageblatt, 12 September 2018.  
<http://www.tageblatt.lu/headlines/kulturschutzgesetz-die-regierung-konnte-ihr-versprechen-nicht-einloesen/>  
 Accessed 23 Oct. 2018.

“Modèle social luxembourgeois.” <http://luxembourg.public.lu/fr/le-grand-duche-se-presente/systeme-politique/concertation/modele-social/index.html>. Accessed 15 Nov. 2018.

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

Hirsch, Mario (2012): Sind Konkordanz-, Konsens- und Drei-Partnermodelle ‘Schönwetter-Veranstaltungen’? Das Beispiel Luxemburg, in: Stefan Köppl/Uwe Kranenpohl (eds.): *Konkordanzdemokratie: Ein Demokratietyp der Vergangenheit?*, Nomos, pp. 117 – 132.

### Policy Communication

Coherent  
 Communication  
 Score: 7

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. At the end of the last parliamentary term, the prime minister similarly only sporadically held press briefings.

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 give the impression of unanimous decision-making. The Luxembourg Ministry of the Interior does not respond to all inquiries from the press.

Citation:

“Der leise Abschied der Transparenz.” Luxemburger Wort, 25 July 2017. [www.wort.lu/de/politik/pressebriefing-des-premiers-der-leise-abschied-der-transparenz-5969d4ada5e74263e13c4243](http://www.wort.lu/de/politik/pressebriefing-des-premiers-der-leise-abschied-der-transparenz-5969d4ada5e74263e13c4243). Accessed 23 Oct. 2018.

### Implementation

Government  
Effectiveness  
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 legislative proposal, that was already far advanced, was postponed before the 1999 election. After many years of discussions about that project, the tram line finally went into service in 2017.

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](http://www.wort.lu/en/politics/central-train-station-to-luxexpo-parliament-votes-for-the-tram-5390279cb9b398870803124a). Accessed 23 Oct. 2018.

“ Revivez le voyage inaugural avec le couple grand-ducal.” Luxemburger Wort, 10 December 2017. [www.wort.lu/fr/luxembourg/tram-funiculaire-et-deux-nouvelles-gares-revivez-le-voyage-inaugural-avec-le-couple-grand-ducal-5a2cfc34c1097cee25b7a01b](http://www.wort.lu/fr/luxembourg/tram-funiculaire-et-deux-nouvelles-gares-revivez-le-voyage-inaugural-avec-le-couple-grand-ducal-5a2cfc34c1097cee25b7a01b). Accessed 23 Oct. 2018.

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.

However, in the national elections of 2018, only 12 women were elected to parliament (compared to 48 men). Consequently, women held only 20% of parliamentary seats (compared to 28% in the previous parliament). Although all political parties nominated a minimum number of women for their electoral lists, with women making up 48% of all candidates, women failed to be equally elected for parliament. According to several women's associations, the low proportion of female members of parliament is mainly due to the fact that many political discussions on television and radio in the run-up to the election took place without the participation of any female parliamentary candidate.

The prime minister has no authority to establish policy guidelines. For information and advice, all bills of the departments are presented by the responsible minister in the weekly council of government (Conseil de Gouvernement).

Citation:

"Wahlssystem." Le portail officiel du Grand-Duché de Luxembourg. [www.luxembourg.public.lu/de/le-grand-duche-se-presente/systeme-politique/systeme-electoral/](http://www.luxembourg.public.lu/de/le-grand-duche-se-presente/systeme-politique/systeme-electoral/). Accessed 24 Oct. 2018.

Fehlen, Fernand: "Für eine Wahlrechtsreform." Forum.lu, November 2013, pp. 9 – 14. [www.forum.lu/pdf/artikel/7726\\_334\\_Fehlen.pdf](http://www.forum.lu/pdf/artikel/7726_334_Fehlen.pdf). Accessed 12 Dec. 2018.

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, Michael (2008): "Das politische System Luxemburgs," in: Wolfgang Ismayr (ed.): Die Politischen Systeme Westeuropas, 4th ed., VS Springer Verlag, 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.

Citation:

“Finances publiques.” Ministère des Finances. [www.mf.public.lu/finances\\_publicques/](http://www.mf.public.lu/finances_publicques/). Accessed 24 Oct. 2018.

“Inspection générale de la sécurité sociale.” Ministère de la Sécurité Sociale. [www.mss.public.lu/acteurs/igss/](http://www.mss.public.lu/acteurs/igss/) Accessed 24 Oct. 2018.

Inspection générale des finances. [www.igf.etat.lu](http://www.igf.etat.lu). Accessed 24 Oct. 2018.

Task Funding  
Score: 7

Since 2018, the Ministry of the Interior has overseen 102 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. 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. 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. Since 2017, due to the full budgetary assumption of teachers’ salaries, grants to local budgets have been increased, providing municipalities financial and planning security.

Citation:

Schlamme, Marc: “Leitartikel: Kommunale Quellen.” *Luxemburger Wort*, 12. Dezember 2018. <https://www.wort.lu/de/politik/leitartikel-kommunale-quellen-57847adbac730ff4e7f6359d>. Accessed 12 Dec. 2018.

Halsdorf, Jean-Marie (2013): “Die Kommunal- und Verwaltungsreform im Großherzogtum Luxemburg – Grundzüge und Perspektiven,” in: Martin Junkernheinrich/Wolfgang H. Lorig (eds.) *Kommunalreformen in Deutschland*, Nomos, pp. 445 – 462.

Syndicat des Villes et Communes Luxembourgeoises. [www.syvicol.lu](http://www.syvicol.lu). Accessed 24 Oct. 2018.

Constitutional  
Discretion  
Score: 7

Local governments increasingly depend 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. With a municipal reform, the municipalities also lost autonomy, as evidenced by a law on emergency services. 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, Thimo W./Scholtes, Maryse (2008): Raumentwicklung, Regionalpolitik und Landesplanung, in: Wolfgang H. Lorig/Mario Hirsch (eds.), *Das politische System Luxemburgs*, Springer VS Verlag, pp. 286 – 309.

Feist, Peter: "Der Tanz Beginnt | D'Lëtzebuenger Land." *D'Lëtzebuenger Land*, 8 February 2013. [www.land.lu/page/article/076/6076/DEU/index.html/](http://www.land.lu/page/article/076/6076/DEU/index.html/). Accessed 24 Oct. 2018.

"Schlecht gerüstet." Interview with Emile Eicher, *Syvicol. Forum.lu*, June 2013, no. 330, pp. 48 – 49. [www.forum.lu/pdf/artikel/7660\\_330\\_Eicher.pdf](http://www.forum.lu/pdf/artikel/7660_330_Eicher.pdf). Accessed 24 Oct. 2018.

National  
Standards  
Score: 8

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.

State planning was criticized by several municipalities because the Ministry of the Interior had failed to publish a land-use plan ("Plan d'aménagement général" or "Flächennutzungsplan," PAG), resulting in deficits for the Ministry of the Interior. This means that the country's planning procedures continue to vary significantly across municipalities.

Municipalities were asked to adapt their PAGs to the Law on Local Land Use and Urban Development from 19 July 2004. At this point in time (October 2018), more than 60 municipalities have failed to comply with this request, despite potential sanctions.

Even after 14 years, more than half of the municipalities have yet to adapt their development plans to the law. As a result, the Ministry of the Interior has taken some of the blame because the new municipal land-use law has proved to be too difficult. A sub-development plan ("Plan d'aménagement particulier" or "Teil-Bebauungsplan," PAP) had to be published for all construction projects.

Effective  
Regulatory  
Enforcement  
Score: 6

Citation:

Gantenbein, Michèle: “Die unendliche PAG-Geschichte.” Luxemburger Wort, 13 April 2018. <https://www.wort.lu/de/politik/die-unendliche-pag-geschichte-5ad0d8e5c1097cee25b87492>. Accessed 24 Oct. 2018.

Powerful interest groups which the government is unable to govern exist in Luxembourg. One such group are civil servants (Beamte) who are affiliated with the CGFP union. Civil servants represent a large part of the electorate in national elections (foreigners are not allowed to vote). Therefore, it is almost impossible for a government to make decisions against the will of the trade union CGFP, as the respective political opposition would immediately take the CGFP’s side. As a result, civil servants earn very high salaries, much higher than comparable positions in the private sector. In addition, civil servants receive so-called jetons, premium payments which are granted for participation in working groups (despite the fact that this takes place during working hours).

A subgroup of civil servants are teachers who are able to prevent reforms. In recent years, the government has relocated many teachers from schools to training institutes (a separate “campus” has been specifically created for them in Walferdange). This reform led to protests concerned that the number of school teachers had decreased. Other powerful interest groups include foresters, business associations, insurance companies and the construction industry. Interest groups’ links to politics are significant, especially with the CSV and DP parties.

Citation:

Schroen, Michael (2012): Luxemburg. Interessenvermittlung in einem Kleinstaat, in: Werner Reutter (ed.): Vergleichende Interessengruppen- und Verbändeforschung, 2nd edition, Springer VS Verlag, pp. 417 – 444.

“Luxemburg und sein Finanzplatz: Die Osmose zwischen Staat und Unternehmen.” Luxemburger Wort, 24 November 2017. <https://www.wort.lu/de/business/luxemburg-und-sein-finanzplatz-die-osmose-zwischen-staat-und-unternehmen-5a170a57c1097cee25b77bed>. Accessed 24 Oct. 2018.

### 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 (Plan national pour une croissance intelligente, durable et inclusive) in April 2013, and updated it in 2017, adapting budgetary mechanisms.

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:

18th Update of the Stability and Growth Programme of the Grand Duchy of Luxembourg for the 2017 – 2021 Period. Le gouvernement du Grand-Duché de Luxembourg, 2017. [www.mf.public.lu/publications/programme/18th\\_update\\_stability\\_growth\\_programme.pdf](http://www.mf.public.lu/publications/programme/18th_update_stability_growth_programme.pdf). Accessed 24 Oct. 2018.

Council recommendation on the National Reform Programme 2017 of Luxembourg and delivering a Council opinion on the Stability Programme of Luxembourg. Official Journal of the European Union, 2017. [www.eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017H0809\(15\)&from=EN](http://www.eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017H0809(15)&from=EN). Accessed 24 Oct. 2018.

“Europe 2020 in Luxembourg.” European Commission, [www.ec.europa.eu/europe2020/europe-2020-in-your-country/luxembourg/national-reform-programme/index\\_en.htm](http://www.ec.europa.eu/europe2020/europe-2020-in-your-country/luxembourg/national-reform-programme/index_en.htm). Accessed 24 Oct. 2018.

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 ranks highly within the European Union for the inclusiveness of its welfare benefits, as its programs are both generous and wide-ranging. However, with a normalized Gini index value of 31 in 2016 (2015: 28.5), Luxembourg is only a middling performer within the EU-28 (which has an average Gini index value of 30.8). The generous social transfers (47% of public expenditure in 2017) and the high share of social transfers in relation to total income, not only reduce poverty risks, but also sustainably strengthen social cohesion.

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](http://www.gini-research.org/system/uploads/456/original/Luxembourg.pdf?1372249144). Accessed 21 Feb. 2017.

“Gini coefficient of equivalized disposable income.” Eurostat, [www.ec.europa.eu/eurostat/tgm/table.do?tab=table&language=en&pcode=tessi190](http://www.ec.europa.eu/eurostat/tgm/table.do?tab=table&language=en&pcode=tessi190). Accessed 21 Dec. 2017.

“Mémorial A n° 61 de 2012.” Journal officiel du Grand-Duché de Luxembourg, 29 March 2012. [www.legilux.public.lu/eli/etat/leg/memorial/2012/61](http://www.legilux.public.lu/eli/etat/leg/memorial/2012/61). Accessed 21 Feb. 2017.

National plan for smart, sustainable and inclusive growth – Luxembourg 2020. Le gouvernement du Grand-Duché de Luxembourg, 2017. [www.gouvernement.lu/6854313/2017-pnr-luxembourg-fr](http://www.gouvernement.lu/6854313/2017-pnr-luxembourg-fr). Accessed 14 Dec 2017.

“Observatoire de la compétitivité.” Le portail de l’actualité gouvernementale. [www.gouvernement.lu/odc](http://www.gouvernement.lu/odc). 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 these 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 unemployment 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:

“OECD Reviews of Innovation Policy – Luxembourg 2016.” OECD Publishing, 2016. [www.dx.doi.org/10.1787/9789264232297-en](http://www.dx.doi.org/10.1787/9789264232297-en). Accessed 24 Oct. 2018.

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 are not fluent in all of these languages. Other reforms are directed to e-government, such as the planned implementation of freedom of information legislation. Substantial efforts have been made toward e-government with guichet.lu, the online service portal for citizenship and business matters.

Citation:

“Luxembourg: e-Government State of Play.” European Commission. [www.ec.europa.eu/information\\_society/newsroom/cf/dae/document.cfm?doc\\_id=5561](http://www.ec.europa.eu/information_society/newsroom/cf/dae/document.cfm?doc_id=5561). Accessed 24 Oct. 2018.

## II. Executive Accountability

### Citizens’ Participatory Competence

Political  
Knowledge  
Score: 7

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:

Fetzer, Joel S. (2011): Luxembourg as an Immigration Success Story: The Grand Duchy in Pan-European Perspective, Lexington Books.

“Mäßiges Interesse bei den Ausländern.” Luxemburger Wort, 30 July 2017. [https://www.wort.lu/de/politik/kommunalwahlen-maessiges-interesse-bei-den-auslaendern-597b4ac9a5e74263e13c4dfc?utm\\_campaign=magnet&utm\\_source=article\\_page&utm\\_medium=related\\_articles](https://www.wort.lu/de/politik/kommunalwahlen-maessiges-interesse-bei-den-auslaendern-597b4ac9a5e74263e13c4dfc?utm_campaign=magnet&utm_source=article_page&utm_medium=related_articles). Accessed 24 Oct 2018.

Fehlen, Fernand (2016): Sprachenpolitik in der Großregion SaarLorLux, in: Wolfgang H. Lorig/Sascha Regolot/Stefan Henn (eds.): Die Grossregion SaarLorLux: Anspruch, Wirklichkeiten, Perspektiven, Springer VS Verlag, pp. 73 – 94.

Open  
Government  
Score: 8

The Luxembourg state publishes data on all relevant topics that every citizen can access, excluding financial data such as corporate tax breaks (“rulings”). However, a lot of data is provided in French, which is hard to understand for

germanophone citizens, and there is a shortage of published data in Luxembourg. Furthermore, journalists and the public are often unable to understand and evaluate the published data.

Citation:

Statistics portal: <https://statistiques.public.lu/en/> Accessed 24 Oct. 2018.

Statistikportal des Großherzogtums Luxemburg: <http://adem.public.lu/de/marche-emploi-luxembourg/faits-et-chiffres/statistiques/statec/index.html>. Accessed 24 Oct. 2018.

### Legislative Actors' Resources

Parliamentary  
Resources  
Score: 8

Luxembourg's members of parliament 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 members of parliament of their group, rather than each member of parliament having his or her own assistant. Members of parliament 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 1.6.2015.

Reimen, Frank/Jeannot Krecké (1999): Die Abgeordneten-kammer: Theorie und Praxis parlamentarischer Kontrolle, Passerelle.

Obtaining  
Documents  
Score: 7

In general, information flows freely between the government and coalition parties. In the cases where such flows are seen as incomplete, parliamentary questions (questions parlementaires) are a popular and sometimes effective way for members of parliament to obtain information from the government or to gain insight into specific topics.

However, many parliamentary questions are answered only partially or inadequately. In Luxembourg, there is no culture that demands inquiries to be answered comprehensively. The effect of parliamentary questions on government work is rarely visible. Much more effective in creating change is the pressure of the press, particularly, if the national TV broadcaster RTL picks up something.

Citation:

Question  parlementaire.  Chamber  (Parliament).  
[https://chd.lu/wps/portal/public/Accueil/Actualite/!ut/p/z1/fY9Nb4JAEIZ\\_DVdmmEVYe1sUKST1g41V92LQbFcTYBug5e-Xfhw0oc5tJs\\_zT15QcPBCQvImXhjAHIRdfF5N0V1tXZTDfIDBcU7z1zz1CVexDJDYmolcEiL6sPsBiHOZ](https://chd.lu/wps/portal/public/Accueil/Actualite/!ut/p/z1/fY9Nb4JAEIZ_DVdmmEVYe1sUKST1g41V92LQbFcTYBug5e-Xfhw0oc5tJs_zT15QcPBCQvImXhjAHIRdfF5N0V1tXZTDfIDBcU7z1zz1CVexDJDYmolcEiL6sPsBiHOZ)

J-Ilnk63EaY482S8iQhTAnXrJ-HGR8riLNzKJeMJ-\_MfPPj28Z8RCMtnW-khRY2AAqOcIoaYrGgUuEvKQJnSnn5Li\_rEuAHV6Dfd6Mb9albzpeve2ycHHez73jXWmlK7Z1s5OKZcbNvB\_p6ESpULLtFvjrFiCyDK4k!/dz/d5/L2dBISEvZ0FBIS9nQSEh/ Accessed 24 Oct. 2018.  
Gouvernement: Toutes les actualités.  
[https://gouvernement.lu/fr/actualites/toutes\\_actualites.html?r=f%2Faem\\_event\\_type%2Fgouv%3Atags\\_type\\_event%5Cparliamentary\\_question](https://gouvernement.lu/fr/actualites/toutes_actualites.html?r=f%2Faem_event_type%2Fgouv%3Atags_type_event%5Cparliamentary_question).  
Accessed 24 Oct. 2018.

Summoning  
Ministers  
Score: 9

Interaction between the executive and the parliament is generally straightforward. Any member of parliament can introduce a parliamentary question (written or oral). Questions are addressed to the parliamentary president. Within one month, the responsible minister(s) must respond and deliver detailed information about relevant policy decisions and departmental activities. 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.

Citation:

Schroen, Michael (2008): *Parlament, Regierung und Gesetzgebung*, in: Wolfgang H. Lorig/Mario Hirsch (eds.), Springer VS Verlag, pp. 106-129.

Summoning  
Experts  
Score: 9

Consultations with experts and representatives of interest groups take place regularly in the course of various ongoing commission work. Domestic and foreign experts, as well as lobbyists and concerned civil society groups, 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. A similar consultation approach was used for reforming environmental legislation. 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.

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](http://legilux.public.lu/eli/etat/leg/memorial/2014/227). Accessed 24 Oct. 2018.

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, members of parliament are often members of more than one committee.

Citation:

Better Regulation in Europe: Luxembourg. OECD, 2010. [www.oecd.org/gov/regulatory-policy/46592016.pdf](http://www.oecd.org/gov/regulatory-policy/46592016.pdf). Accessed 24 Oct. 2018.

## 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' irregular public press briefings are given more importance than under the previous administration.

In daily and weekly papers, articles are written mostly in German, often in French and sometimes in English. 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 and especially since the 2018 elections, 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, but without a result. 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 a 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](http://www.wort.lu/de/lokales/das-bommeleer-dossier-5092c3a9e4b0fe37043e8be8). Accessed 24 Oct. 2018.

Reporter. [www.reporter.lu](http://www.reporter.lu). Accessed 24 Oct. 2018.

“Länderporträt Luxemburg.” Mediandatenbank. [www.mediadb.eu/de/europa/luxemburg.html](http://www.mediadb.eu/de/europa/luxemburg.html). Accessed 24 Oct. 2018.

### Parties and Interest Associations

Intra-party  
Decision-Making  
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 “Dräikinnegrupp” has demanded an even stronger reorientation. This group has focused on strengthening internal dialog 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. After defeat in the October 2018 elections, the question of reform within the party was raised again. However, the party’s structures have probably since been further encrusted and intra-party reforms have not been sufficiently implemented.

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. While CSV and DP tend to be top-down, the socialists and greens have adopted the opposite approach.

Citation:

Stoldt, Jürgen: “Welche Zukunft für die Volksparteien?” Forum.lu, February 2015. [www.forum.lu/pdf/artikel/8035\\_348\\_Stoldt.pdf](http://www.forum.lu/pdf/artikel/8035_348_Stoldt.pdf). Accessed 24 Oct 2018.

“Die Hoffnung stirbt zuletzt.” Letzebuenger Journal. 16 Oct. 2018. <http://www.journal.lu/top-navigation/article/die-hoffnung-stirbt-zuletzt-1/> Accessed 24 Oct. 2018.

“Le CSV a mené « une campagne invisible et médiocre ».” Quotidien. 22 October 2018. <http://www.lequotidien.lu/a-la-une/legislatives-le-csv-a-mene-une-campagne-invisible-et-mediocre/> Accessed 24 Oct. 2018.

“Die Luxemburger haben den großen Parteien einen Dämpfer verpasst – bis auf einer: Die Grünen konnten bei der Parlamentswahl am Sonntag zulegen.” <https://www.ad-hoc-news.de/politik/die-luxemburger-haben-den-grossen-parteien-einen-daempfer-verpasst-bis/57581289>. Accessed 17 Dec. 2018.

Association  
Competence  
(Employers &  
Unions)  
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 one employees’ union (Chambre des Salariés) in place of the previous two (one for manual laborers 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](http://www.cc.lu). Accessed 25 Oct. 2018.

Chambre des Salariés Luxembourg. [www.csl.lu](http://www.csl.lu). Accessed 25 Oct. 2018.

“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](http://www.uel.lu/445-l-uel-lance-son-nouveau-site-competitivite-tableau-de-bord). Accessed 25 Oct. 2018.

Association  
Competence  
(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 (e.g., Caritas, Mouvement Écologique, CEFIS and SOLEP) and conferences, by offering comments on draft bills, or by proposing policies.

The communication of interest groups is done in particular via social media and other communication platforms. For younger voters, important issues include refugee aid, the lack of affordable housing (i.e., the vacancy report project, “Leerstandsmelder”), heritage protection (including the “Sauvegarde

du Patrimoine” association) and environmental protection (e.g., refill initiatives). Public participation in traditional organizations is on the decline.

Citation:

Leerstandsmelder. <https://leerstandsmelder.de/luxemburg>. Accessed 25 Oct. 2018.

Refill Letzebuerg. <https://www.facebook.com/refill.lu/> Accessed 25 Oct. 2018.

Sauvegarde du Patrimoine. <http://www.sauvegardedupatrimoine.lu/fr/> Accessed 25 Oct. 2018.

### Independent Supervisory Bodies

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 through parliamentary instruction.

Citation:

Annual reports and special reports are available at:

“Rapports.” Cour des comptes du Grand-Duché de Luxembourg. <http://www.cour-des-comptes.lu/fr/rapports.html>. Accessed 23 Oct. 2018.

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 2017, the ombudsman dealt with 1,149 requests (compared to 743 in 2015). 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.

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. Since 2017, the Ombudsman has been Claudia Monti.

Citation:

"WELCOME TO OMBUDSMAN.LU." <http://www.ombudsman.lu/index.php?page=accueil&lang=en>. Accessed 23. Oct. 2018.

Data Protection  
Authority  
Score: 9

The task of the National Data Protection Commission (CNPD) is to control and check the legality of personal data processing. The CNPD is legally required to carry out a number of duties, including: supervising and checking the legality of data collection and use, and informing relevant parties of their legal obligations for data processing; ensuring the observance of personal freedoms and fundamental rights, particularly with regard to privacy, and informing the public of their rights; receiving and examining complaints and requests for checks on the legality of data processing; and advising the government on the subject of data protection. The commission is also responsible for the application of the provisions of the amended act of 30 May 2005 on the protection of privacy in the electronic communications sector and of the regulations stemming from that act.

Under the amended act of 2 August 2002, the CNPD has the power to investigate, which grants it access to processed data. Consequently, the CNPD can demand direct access to the premises, excluding residential premises, where the data was processed and to the processed data.

Furthermore, the CNPD publishes an annual report regarding its performance, which is submitted to the government, parliament, European commission, and European committee on data protection. The CNPD is a collegiate body with three permanent and three substitute members.

It operates as a public institution under the supervision of the government minister responsible for data protection. Nevertheless, it is independent in the exercise of its functions.

Citation:

Commission nationale pour la protection des données. <https://cnpd.public.lu/fr.html>. Accessed 23 Oct. 2018.

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