



Luxembourg Report

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Sustainable Governance
Indicators 2020

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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 2019, the country had 614,000 residents, the highest such figure in its history, 47% of whom are foreigners (compared to 43% in 2011 and 29% in 1991).

In recent years, tens of thousands of people have become naturalized Luxembourg citizens. Dual nationality is possible with many countries within the European Union. Following the Brexit vote in the United Kingdom, the number of UK applicants for a Luxembourg passport has increased significantly.

Gross domestic product (GDP) in Luxembourg was expected to increase by 3% in real terms in 2019. This indicated that the country was growing significantly faster than the average across the euro zone. Luxembourg's population increased by 24.4% between 2008 and 2018. By 2028, the Eurostat statistics service expects a further increase of 21.3%. The strong influx of mostly well-educated workers is increasing the long-term demand for goods and services of all kinds.

According to the EU Commission, investment in Luxembourg was expected to increase by 3.2% in 2019 in real terms.

In addition, private consumption will increase by 3.5% in 2019, according to the European Commission.

Luxembourg received 1,900 refugees in 2018. Overall, the country is coping well with immigration. Xenophobia and anti-Semitism are not widespread, and are consistently punished by courts.

The country's economy is booming, profiting in particular from expanding EU and global economies. The relocation of new industries and businesses, increased public investment, and rising domestic demand are all fueling economic growth in Luxembourg. Luxembourg City is one of the EU's three capitals, and is a key international financial center. The country offers extraordinary business conditions with an attractive tax environment, high levels of private and public investment, 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 in recent years. This has provided public authorities with 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 programs and public services. Nevertheless, there have been some recent problems in the healthcare system due to a lack of medical staff, especially in rural areas.

The country still suffers from a number of environmental-protection shortcomings, including the pollution of rivers and fresh water supplies, and nitrate pollution due to agricultural runoff. In addition, many locations still lack connections to wastewater treatment plants. Furthermore, the condition of the country's forests has deteriorated in recent decades.

In the 2018 national elections, the Green Party was able to increase its vote share significantly, and consequently the number of government ministries it held. However, the party was thrown into crisis the following year due to a data-protection scandal and the loss of important officeholders.

Citation:

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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 healthcare 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 healthcare 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 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

The Luxembourg model of free exchange of views between the parties still exists. However, elections held in 2018 and 2019 (national elections and European elections) also created frictions between the parties. On the one hand, this was partly due to the unexpected defeat of the Christian Social People’s Party (CSV) in the national elections of 2018, and the subsequent leadership change (the new chairman is not a deputy); on the other hand, this was driven by various small and large scandals from within the governing parties in 2019. This affected the Green Party in particular.

While political talks between politicians of different parties were generally kept confidential in the past, this has now changed somewhat. In 2019, sources from within the parties said that the Democratic Party (DP, a liberal party) and the Luxembourg Socialist Worker’s Party (LSAP, a socialist party) had been motivated by a CSV (conservative party) negotiator to change coalition partners, although the parties involved denied any such negotiations. The truth of this contention is difficult to assess. In any case, this incident will probably lead to a reduction in informal talks between political parties.

Furthermore, in the summer of 2019, the new chairman of the CSV, Frank Engel, made the unexpected announcement that he wanted to interrupt the

process of drafting a new constitution. This new constitution had been the subject of 10 years of work, with the process driven by the consensus of all four major political parties. Deputy Paul-Henri Meyers, a member of the CSV, had been president and later vice president of the reform commission. The announcement of this interruption was criticized in the media by the other parties. In the past, such an incident would have been clarified internally between the parties themselves, rather than being debated in the media. (Score: 8)

Citation:

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Policy Performance

I. Economic Policies

Economy

Economic Policy
Score: 9

GDP in Luxembourg was expected to increase by 3% in real terms in 2019. This means the country is growing significantly faster than the euro zone average.

Growth engines include goods and services exports, which were expected to grow by 3.2% in 2018 and 2.7% in 2019. Investment (+3.2%) and private consumption (+3.5%) were even more important in 2019. In real terms, imports were forecast to increase by 2.6% in 2019. Overall domestic demand increased by 2.4% in real terms in 2018 and was expected to increase by 2.1% in 2019, according to the European Commission.

Luxembourg's real GDP collapsed by 5.6% during the crisis years of 2008 and 2009. However, the economy has grown continuously since. By 2017, price-adjusted GDP was 18.2% higher than before the recession in 2007. By comparison, this level has increased by only 8.6% across the EU as a whole.

Luxembourg's population increased by 24.4% between 2008 and 2018. The Eurostat statistics office expects a further increase of 21.3 by 2028%. The strong influx of mostly well-educated workers is increasing the long-term demand for goods and services of all kinds.

According to the EU Commission, investment in Luxembourg was expected to increase by 3.2% in 2019 in real terms.

Luxembourgish private consumption was forecast to increase by 3.5% in 2019, according to the European Commission. This robust demand has helped drive strong increases in the number of those employed, by 3.6% in 2018 and a predicted 3.3% in 2019. Real wages have risen moderately over the same

period, by 0.6% (2018) and 0.5% (2019). However, as a result of the influx of workers, real-estate prices are rising sharply, reducing the disposable income available for private consumption. Nevertheless, Luxembourg's per capita consumer expenditure in 2017 of €28,400 was by far the highest such level in the EU.

Luxembourg's trade deficit increased by 16.6% in 2017. Since the country's industrial sector has lost much of its importance in recent decades, dependence on imported goods is high. In 2017, 31.9% of imports came from Belgium, with Germany (24.9%) and France (11.4%) also serving as key countries of origin. The most important foreign market in 2017 was Germany, with an export share of 25.5%, ahead of Belgium (17.4%) and France (14.2%).

Various industries outside the financial sector also make significant contributions to the country's economic stability and innovation. With its political and economic cluster initiative, the Grand Duchy is promoting seven non-financial industrial sectors. These include audiovisual production, the digital economy, health and environmental technologies, the aerospace industry, shipping, and the automotive supply industry.

In addition, Luxembourg's government is pursuing various strategies to increase the country's attractiveness as a business location. Key activities include the provision of support for the fintech sector, the passage of cybersecurity measures, the digitalization of the public administration and the development of the country's technological infrastructure. With more than 20 data centers in place today, Luxembourg is already one of the largest data and internet hubs in Europe.

Citation:

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Labor Markets

Labor Market
 Policy
 Score: 9

Luxembourg's working population at the start of 2020 numbers 466,000 people, of which 200,000 are cross-border commuters who arrive daily to work. Of these 466,000 employees, 100,000 are French, 50,000 are German

and 50,000 are Belgian (mainly French speaking and German-speaking Belgians). Around 50% of the total working population lives in Luxembourg, and only one-fourth of the working population holds Luxembourgish citizenship. Without the foreign workforce, Luxembourg's economy could not function. Every year, about 15,000 new jobs are created in the country, and around 15,000 people are unemployed. At the time of this writing (January 2020), the unemployment rate is 5.4% (seasonally adjusted). A slight increase in the unemployment rate was evident during the review period due to a change in the way the rate is calculated. Nevertheless, the absolute number of long-term unemployed citizens has been falling for years. Overall, the country's labor market has a strong need for workers, especially in the fields of accounting, IT and finance.

The rights accorded to unemployed citizens in the EU are being reformed. The new law states that unemployment benefits are to be paid by the countries where the unemployed person last worked. Luxembourg is particularly affected by this reform, and has therefore called for transitional arrangements. Debate over the new unemployment law was interrupted by the European elections in 2019 and the formation of the new EU Commission under Ursula von der Leyen.

Citation:

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Taxes

Tax Policy
Score: 7

In recent 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 recent milestones 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 (€225 million in 2017) and tax reform cuts, the payment of corporate-income-tax arrears and an early 2017 index tranche are compensating for lost tax revenues.

Luxembourg is known for its favorable 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. The country is also exploring another niche product, so-called asteroid mining, offering a regulatory legal business framework for the purpose. 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.

PricewaterhouseCoopers' 2017 business report gave Luxembourg its top ranking. 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. Totalling 0.1% of GDP, Luxembourg's recurrent property-tax revenue is the EU's third-lowest by GDP share after Malta and Croatia.

Luxembourg has the highest ratio of capital tax to GDP 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 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.

The government recently announced major tax reforms slated to go into effect in 2021, which will take particular account of environmental, social justice and housing issues.

Citation:

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Budgets

Budgetary Policy
Score: 9

Luxembourg’s budgetary situation is very stable. The Finance Ministry stated on 14 October 2019 that economic growth of 2.4% was expected for 2020, with an even stronger 3.5% rate in 2021. Furthermore, the employment rate was forecast to rise by 2% to 3.2% annually through 2023, which would result in a total of 517,600 jobs in Luxembourg, in comparison to 466,000 jobs now. Moreover, the inflation rate is supposed to remain below 2%, while the unemployment rate is expected to remain at around 5% through 2023, a historically low value.

Due to this positive development, Luxembourg’s current budgetary policy is sustainable. In 2018, the government achieved a surplus of €62 million, although a deficit of €10 million had been forecasted. In 2020, public spending is expected to climb above €20 billion, or 38% of GDP. Fully 47% of this sum will be spent on social benefits and subsidies, while another 23% goes to salaries and 14% to public investments. Total public revenue is about €20 billion. Half of this comes through direct taxes. The national debt is 19.8% (Maastricht limit: 60%) of GDP. Although this percentage is falling, the absolute value of the debt is rising. With regard to public investments, climate

protection has the highest priority. As a part of this goal, public transportation services were to be made free beginning in 1 March 2020. In addition, the tram network will be expanded. The state also intends to improve the climate efficiency of its buildings.

Citation:

Le projet de loi concernant le budget des recettes et des dépenses de l'État pour l'exercice 2020 et le projet de loi de programmation financière pluriannuelle pour la période 2019-2023 ont été déposés le 14 octobre 2019 par le ministre des Finances à la Chambre des députés. https://gouvernement.lu/fr/gouvernement/pierre-gramegna/actualites.gouv_igf%2Bfr%2Bactualites%2Barticles%2B2019%2Boctobre-2019%2Bprojet-de-budget-2020.html. Accessed 20. Nov 2019.

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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 activities can benefit from financial support totaling up to 35% of costs. Private sector innovation can receive grants of up to 50% of a project's total spending, with up to 75% of the cost of feasibility studies subsidized. The Grand Duchy 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 10 worldwide 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 179th 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) was to 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.

Citation:
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https://www.heritage.org/index/pdf/2018/book/index_2018.pdf. Accessed 19 Oct. 2019.

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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 the government acted to save 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. Accessed 20 Oct. 2019

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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 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 (4,435 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."

Relatively few Luxembourgers enroll at the state university. This is due to the fact that some subjects, such as medicine, are not yet fully offered, and that Luxembourg didn't have a state university for a long period of time.

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 19 Oct. 2019.

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 19 Oct. 2019.

Social Inclusion

Social Inclusion
Policy
Score: 9

Luxembourg is a very prosperous country. Much of the population, including the middle class, lives in comparatively good conditions. The standard of living is often higher than in all other European countries. The value of statutory pensions ranges up to €5,525 per month.

However, inequality is also increasing, as reported in Caritas' 13th Social Almanac, published in October 2019. Poverty rates are rising, and the share of the population that can be regarded as the working poor is growing. Salaries are too low, in part due to high land prices and rental rates.

However, those with high salaries do well in the country. Social contributions are limited to five times the minimum wage. For instance, someone who earns 10 times the minimum wage pays only 4% of their salary, rather than 8%, into the pension fund.

Other current statistics according to Eurostat and STATEC include:

- General poverty rate: 18.7% (10 years ago: 13.5%).
- Poverty risk of children: 22.8% (10 years ago: 19.9%).
- Gini coefficient before transfers: 50.2 (10 years ago: 44.0).

A new housing allowance was introduced in 2016 and launched in 2018. This will benefit around 35,000 low-income households, providing a monthly subsidy of a maximum of €300 per 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 to leaving spaces empty, and to encourage 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 intention of establishing effective quality control measures.

Citation:

Caritas: Sozialalmanach, Luxembourg 2019. Le "Sozialalmanach" est publié tous les ans au préalable du discours du Premier ministre sur l'état de la nation et sert d'instrument de dialogue avec les décideurs politiques, la société civile et l'économie.

Health

Health Policy
Score: 8

Over the last year, it has become increasingly apparent that Luxembourg's highly praised healthcare system has shortcomings. The population is growing quickly, and the health system is not keeping pace. Although there is still no shortage of doctors and nurses in the capital and the Diekirch area, except at the emergency room at night and on weekends, there is a lack of trained medical staff in other parts of the country. Furthermore, the Luxembourg healthcare system remains too dependent on professionals from abroad.

The country's policymakers are attempting to ensure that more nurses and doctors are trained, but these efforts have thus far been insufficient.

Due to the country's small size and the absence of a university hospital, it is not possible to provide all medical treatments domestically. 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.

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

Citation:

Etat des lieux des professions médicales et des professions de santé au Luxembourg, Rapport final et Recommandations, Version 2019-10-01.

<http://sante.public.lu/fr/actualites/2019/10/conference-de-presse-etude-professionnels-de-sante1/rapport-final-etat-des-lieux-professions-medicales-et-professions-de-sante-vers-complete.pdf>.

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. For example, the government has pushed for policies to offer a wide range of child allowances and childcare services, such as child benefits, maternity leave, parental leave, birth and post-birth allowances.

Indirect help is also offered, such as subsidized mortgage interest rates, with this depending on the number of children at home. In general, Luxembourg offers the highest level of child benefits within the European Union, and is one of the four leading EU member states in terms of family benefits overall. 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 childcare facilities, with the aim of making it easier for women to work.

Yet, despite a strong increase in recent years, the workforce participation rate among women remains comparatively low at 65.1%, compared to an EU average of 65.3%. Luxembourg ranks 16th out of the 28 EU member states on this measure.

Luxembourg's public childcare institutions include the "maisons relais," general day care centers; the "éducation précoce," a third preschool year; and "foyers de jour," or after-school centers. Since August 2016, there has been one fixed allowance per child, regardless of the family composition. Child bonuses and child allowances are paid in one sum of €265 per child, with an increase from the ages of six to 12 years. Since 2017, as part of a new coherent family policy, the government has offered free childcare facilities (20 hours per week), early language support and intercultural education. These structures are now more strictly controlled by officials and are required to 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. Accessed 19 Oct. 2019.

"Women." Webseite Grand Duchy of Luxembourg. <http://luxembourg.public.lu/en/le-grand-duche-se-presente/population/femmes/index.html>. Accessed 20 Oct. 2019.

Pensions

Pension Policy
 Score: 7

Luxembourg's pension plans offer one of the highest replacement rates within the OECD, and provide a high living of standard for the elderly (maximum: €8,300 monthly). The old-age poverty rate is lower than the poverty rate for families, especially when considering single-parent families. However, pensioners must contribute financially to the healthcare insurance system, and are fully taxed.

Luxembourg has not enacted a rigorous austerity policy, but has made slight changes to its pension regime and general employment rules. Despite Luxembourg's high level of reserves, the OECD and the European Commission have urged Luxembourg to reform its pension system to ensure long-term sustainability, by increasing incentives for late retirement and linking pension levels with contributions.

The financial sustainability of the pension system is premised on continued population growth. However, Luxembourg's current population growth is driven by immigration and its strong economic performance. Neither the economy's overall strength nor the rate of increase in the number of contributors to the system over the decades to come can be predicted with certainty.

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.

„Rentensystem schützt vor Altersarmut: Arbeitnehmerkammer reagiert auf Kritik der EU an Luxemburg.“ *Tageblatt*, 5. Juli 2019, <http://www.tageblatt.lu/headlines/rentensystem-schuetzt-vor-altersarmut-arbeitnehmerkammer-reagiert-auf-kritik-der-eu-an-luxemburg/>. Accessed 9 Dec. 2019.

Integration

Integration Policy
Score: 8

Luxembourg's working population by origin breaks down as follows:

- 29.4% – resident non-Luxembourgers
- 27.3% – resident Luxembourgers
- 21.9% – commuters from France
- 10.7% – commuters from Germany
- 10.5% – commuters from Belgium

The country's migrant population has grown continuously since the Second World War. Today, around 85% of migrants are citizens of the European Union, with 90% of resident migrants being of European descent. Most other highly qualified migrants have come either from Russia, Canada or the United States. 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.

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, whether they are citizens of the EU or third countries, 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:

Zimmer, Paul: "Die Grenzgänger," CGFP, fonction publique, numéro 33, septembre 2019, page 11.
 "L'école du succès, une chance pour tous." Ministre de l'éducation nationale.
<http://www.men.public.lu/catalogue-publications/themes-transversaux/scolarisation-eleves-etranangers/brochures-parents/ecole-succes/fr.pdf>. Accessed 20 Oct. 2019.

Safe Living

Internal Security
 Policy
 Score: 8

In Mercer's 2019 Quality of Living, Luxembourg City was ranked as the safest city in the world in terms of personal security, ahead of Helsinki and the Swiss cities of Basel, Bern and Zurich. In this context, several factors were analyzed: crime rates, law enforcement, security forces, the limits of individual freedom, international relations and press freedom.

The overall number of crimes in Luxembourg increased slightly by 1.5% in 2018. However, this figure has to be put into perspective, because of the difference between residents and non-residents in the country. If only the residential population was considered, the crime rate fell very slightly by 0.4%, with 6,194 offenses per 100,000 inhabitants.

Both the number of thefts (+5.9%) and the number of burglaries (+10.3%) increased compared to 2017. While the number of vehicle thefts declined (265 in 2018), more cars were broken into (1,476). In addition, almost twice as many bikes were stolen as in 2017 (465). The number of burglaries and attempted break-ins returned to the high reached in 2015, with 3,667 total burglaries.

After a strong rise in 2016, the number of rapes dropped to 76. However, it should also be noted that many such cases are not reported by victims. In addition, there were three murders committed in 2018. Furthermore, the drug hotspot at the central station (Straßburger Straße) remains a problem. The Luxembourg police seem to need more staff. However, in recent years, a reorganization of the police force has had positive effects.

Citation:

Le Luxembourg est la ville la plus sûre au monde. 19/03/2019. <http://luxembourg.public.lu/fr/actualites/2019/03/19-mercier/index.html> Accessed 18 Oct. 2019.

“Mercer ranks Luxembourg safest city in the world.” Delano, 14 March 2019, <https://delano.lu/d/detail/news/mercier-ranks-luxembourg-safest-city-world/204176>. Accessed 4 Dec. 2019.

Global Inequalities

Global Social
Policy
Score: 9

With total development-aid expenditures of about 1% of GDP, the country’s development agency, Luxembourg Development Cooperation (Lux-Development), along with accredited domestic 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. National cofinancing costs and NGO administrative costs will be reduced. Luxembourg’s development assistance targets local initiatives, providing education and training in the fields of healthcare, water treatment, sewage, local economic development and infrastructure construction. About 14% of the cooperation budget aims to provide humanitarian support, including emergency assistance and reconstruction aid, following EU and OECD guidelines. Luxembourg is also an important actor in the microfinance sector, hosting firms that offer a full range of microfinance products, and supporting more than 50% of the global funds in this area.

Citation:

<https://luxdev.lu/en/agency>. Accessed 5th Dec. 2019.

III. Environmental Policies

Environment

Environmental
Policy
Score: 8

The government placed a high priority on the issue of climate change in its 2020 budget. Public transport will be made free to users throughout Luxembourg from March 2020 onwards, which will cost the state about €40

million a year. Moreover, €200 million will be spent on expanding the tram network and €1.3 billion on an expansion of the country's railway infrastructure. The state also provides financial support for the purchase of e-bikes.

Under the leadership of Environment Minister Carole Dieschbourg, a new Water Act was passed that 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 for their heating system. Subsidies from water suppliers are also provided directly to the farmers.

Other subsidies are also distributed differently now. Outdated sewage treatment plants now receive less funding than previously. This has motivated many municipalities to build new sewage treatment plants or modernize old ones, in order to be able to benefit from the old regulations. Nevertheless, there are still problems with sewage treatment plants. Due to a technical defect in a sewage treatment plant in the capital's Beggen district, the Alzette river was very heavily polluted in the autumn of 2019. The fish population dropped to almost nothing, with thousands of fish dying. More generally, sewage treatment plants in Petingen, Schiffingen and Beggen have been expanded, and the municipalities on the Moselle have been connected to wastewater treatment plants. However, a fourth stage of filtering that would filter out micro-sized particles and drug residues is largely absent. In 2019, chemicals resulting from the molecular breakdown of the pesticide metazachlor were detected in 80% of all water samples. The substance has been banned since 2015, but is still used in agriculture.

The government plans to achieve the major goals of the National Climate and Energy Plan (NECP) by 2030 through implementation of the following main measures: a CO₂ tax; the electrification of car, bus and truck traffic; the introduction of the A+ energy-efficiency standard for new residential buildings; improvement of the "PRIME House" support program for the climate bank; replacement of oil heating with renewable energy sources or connection to heating networks; introduction of the Nearly Zero Energy Standard for functional buildings; and an expansion of heating networks.

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. Accessed 22 Oct. 2018.

"Die Aufsteigerin." Lëtzebuurger Journal. 23 August 2018. <http://www.journal.lu/top->

navigation/article/umweltministerin-carole-dieschbourg-setzt-auf-politik-mit-auge-mass/ Accessed 22 Oct. 2018.

“Wenn das Wasser knapp wird.” Luxemburger Wort. 20 August 2018. <https://www.wort.lu/de/lokales/wenn-das-wasser-knapp-wird-5b51e4b9182b657ad3b90435>. Accessed 22 Oct. 2018.

Christian Block: “Wie Luxemburg seine Klimaziele erreichen will - Was bislang bekannt ist.” <https://www.journal.lu/top-navigation/article/in-der-schnelluebersicht/>. Accessed 12 Dec. 2019.

Raymond Klein: “Klimaplan enthüllt: Malen nach Zahlen.” WOXX, 6 Dec. 2019, <https://www.woxx.lu/klimaplan-enthueellt-malen-nach-zahlen/>. Accessed 12 Dec. 2019.

Global Environmental Protection

Global
Environmental
Policy
Score: 9

International environmental-protection policy is 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 €12 million to be donated to NGOs. In addition, Luxembourg also plays a significant role in green finance. The Forestry and Climate Change Fund, which was launched in 2017 by Luxembourg’s government in cooperation with several banks and an insurance company aims to help farmers manage deforested rainforests and secondary forests sustainably.

The latest climate goal for the Grand Duchy is to reduce greenhouse-gas emissions by 40% as compared to 2005 by 2030. 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.

In autumn 2019, it was stated that Luxembourg would contribute around €200 million to the international climate fund by 2024. Therefore, the country is doubling its efforts, from a financial perspective. In addition, Luxembourg has launched a Sustainable Finance Initiative to develop a coherent sustainable finance strategy. In 2020, Luxembourg was slated to launch its first sustainability bond, worth €1 billion. Its proceeds were to be earmarked for climate, environment and social issues.

Since 2013, the common European goal is to reduce greenhouse-gas emissions by 20%. Emission allowances may only be traded in Europe, not internationally. According to Luxembourg’s Secretary of State, the country’s sectors that cannot make use of the European certificate trade are “on track,” even though the country’s population has grown considerably during this period. Moreover, fuel consumption has been on the decline in recent years.

The majority of 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 travel to Luxembourg and back simply to refuel their cars, contribute only a small part of this total.

As with national planning more generally, the government is seeking to spur citizen participation in the area of climate-change policy. A third climate plan for Luxembourg is to be drafted under the title “Generating Climate: Climate Change Together for the Future.” In this process, 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. Accessed 22 Oct. 2018.

Interview Carole Dieschbourg in the Börsen-Zeitung [Germany]: “Green Finance hat eine sehr große Zukunft vor sich.” 15 Mai 2018. https://gouvernement.lu/de/actualites/toutes_actualites/interviews/2018/05-mai/26-dieschbourg-borsen-zeitung.html. Accessed 27 Nov. 2018.

Pierre Gramegna et Carole Dieschbourg présentent la nouvelle «Luxembourg Sustainable Finance Roadmap».

https://environnement.public.lu/fr/actualites/2018/octobre2018/lux_sustainable_finance_roadmap.html. Accessed 22 Oct. 2018.

“Ermittlung und Bewertung der positiven und negativen Wirkungen des Treibstoffverkaufs unter besonderer Berücksichtigung negativer externer Umwelt- und Gesundheitseffekte –Status quo 2012 und maßnahmeninduzierte Veränderungen. Bericht für das Ministerium für Nachhaltige Entwicklung und Infrastrukturen des Großherzogtums Luxemburg.” Kurzfassung Mai 2016. <https://environnement.public.lu/dam-assets/actualites/2019/04/Studie-Treibstoffverkauf-Kurzfassung.pdf>. Accessed 6th Dec. 2019.

Quality of Democracy

Electoral Processes

Candidacy
Procedures
Score: 8

The October 2018 parliamentary elections highlighted a number of problems in Luxembourg's electoral system. Overall, the electoral system is strong and fair. However, small parties are at a disadvantage. This is due both to the division of the country into four electoral districts, and 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 winning representation in parliament. In the East district, the conservative Alternative Democratic Reform Party 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 any seats. This means that around 20% of the votes cast in the East district were disregarded. However, despite its serious loss of eight percentage points, the Christian Social People's Party (CSV) was able to retain its three seats in the East.

A total of 37,000 people were registered on the electoral rolls in the East district for the 2018 parliamentary elections. 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 district (21) as for the East district (7).

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. 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 interests of the publications' owners. They tend to be rather biased or partisan, especially during election campaigns. While Luxembourgish 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 Lëtzebuerger Journal has close links to the Democratic Party. To shore up their dwindling readerships, newspapers have adopted a more balanced line in recent years, reducing their political bias, to the benefit of smaller parties and organizations. However, circulation figures continue to drop at all newspapers. At the same time, new journalistic projects are being created, such as Reporter, an online magazine that offers serious in-depth journalism and has no advertising.

The satirical political newspaper Feierkrop stopped publication in late 2018. The weekly newspaper was effective in revitalizing the political landscape and presenting critical remarks.

There are no significant public broadcasters. However, the main private broadcaster Radio Télé Luxembourg guarantees balanced reporting as a condition of its concessionary 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 2019, 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 well as print media.

Citation:

"Traditionelle Medien in Luxemburg." Zentrum für politisch Bildung. May 2018. https://zpb.lu/wp-content/uploads/2018/06/Fact-Sheet-Medien-DE-30.05.2018_acc.pdf. Accessed 22 Oct. 2019.

"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. 2019.

"Mediennutzung junger, politisch interessierter Menschen in Luxemburg." In: forum, 2018, no. 383, pp. 11 - 13.

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 the migrants and cross-border commuters who constitute 80% of the private sector labor force, 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' rate of political participation at the local level remains low.

Citizens are not allowed to observe the process of counting votes. Political parties can nominate a witness to oversee the vote-counting process, but ordinary people are not permitted to 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 19 Oct. 2019.

“Ist Luxemburgs Wahlsystem ungerecht?” L'Essentiel, 15. Oktober 2018. <http://www.lessentiel.lu/de/luxemburg/story/ist-luxemburgs-wahlsystem-ungerecht-28637598>. Accessed 2nd Dec. 2019.

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. 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:

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

Popular Decision-
Making
Score: 6

The constitution of Luxembourg has allowed referenda since 1919 (Article 51, Paragraph 7). An amended constitutional article introduced the possibility of using a referendum to revise the constitution (Article 114). Thus, direct democracy in the form of referenda is possible, but is not a central aspect of Luxembourg's political system. A 2005 law outlined the steps needed before a referendum could 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 (75 in 2017) were considered inadmissible by the commission 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 are widely covered in the media. 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 make a presentation to politicians, serving additionally to stimulate a broader 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 19 Oct. 2019.

Access to Information

Media Freedom
Score: 7

The media is independent of the government, though almost all newspapers and a number of online media organizations 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 which primarily benefit the country's two big newspapers.

However, the Luxembourg Press Council says journalists critical of the government sometimes have to fear "legal proceedings and intimidation." Furthermore, Raphael Kies of the 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 receives a poor rating. According to the law, all press organs are once a year obliged to publish the names of any shareholders that hold more than 25% of their total shares. However, 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 over whether the public service broadcaster (Radio 100.7) in Luxembourg was independent. A study published by the European Broadcasting Union called the broadcaster's independence partially into doubt, arguing that 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. Accessed 20 Oct. 2019.

Bumb, Christoph: "Parteien und Presse in Luxemburg – Der politisch-mediale Komplex." <https://www.reporter.lu/der-politisch-mediale-komplex/> Accessed 20 Oct. 2019.

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 28.5% in 2019.

The market share of L'Essentiel, the most successful of the free papers, was 22.5% in 2019. L'Essentiel and Tageblatt (Luxembourg's second-largest newspaper, with a market share of about 7.8%) 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 magazine project called Reporter launched, driven by several young journalists. 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 market, despite liberalization the early 1990s that led to the creation of public broadcaster Radio 100.7. In 2018, RTL had the largest audience share (35%), much larger than second-place Elodoradio (ca. 18%).

A considerable amount 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 RTL's website, which represents all political views and is impartial. Germany's Spiegel Online is also widely read.

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. 2019.

Des médias. Service information et presse du gouvernement luxembourgeois, 2013. www.luxembourg.public.lu/fr/publications/e/ap-medias/AP-Medias-2013-FR.pdf. Accessed 22 Oct 2019.

„Reporter: Über uns“. <https://www.reporter.lu/ueber-uns/> Accessed 22 Oct. 2019.

“Sind die luxemburgischen Medien politisch unabhängig?” Science.lu., 22.04.2016. <https://www.science.lu/de/studie-zur-medienlandschaft-luxemburg/sind-die-luxemburgischen-medien-politisch-unabhaengig>. Accessed 4 jan. 2020.

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 specifying who was allowed to answer media inquiries – the “Circulaire Bettel” – did not help the media, because it was too complicated.

Citation:

Association luxembourgeoise des journalistes, www.journalist.lu. Accessed 22 Feb. 2019.

Civil Rights and Political Liberties

Civil Rights
Score: 8

Civil rights are officially protected in Luxembourg. 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. 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 19 Oct. 2019.

Meyers, Paul-Henri/Lorig, Wolfgang H. (2019): Luxemburg, 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, Bonn, S. 393 - 416.

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 19 Oct. 2019.

Non-discrimination
Score: 8

The Centre for Equal Treatment (Centre pour l'égalité de traitement, CET) was created 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.

As an example, in 2018 a misogynistic caricature was printed in a school textbook for nine- to 10-year-old students published by the Syndicat National des Enseignants ("Mon cahier de vocabulaire – Tome 1 – Cycle 3.2"). The caricature was of a female teacher in a provocative pose. In addition, the text "J'adore mon institutrice" was written on the chalkboard in the image. This caricature seemed to convey the sense that students could like their teacher, if the teacher acted according to the caricature. Due to its controversial message, an investigation was initiated.

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. It is not certain that the public will give its consent for the reformed constitution. 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. The bad acoustics in Luxembourg City's courtrooms present another problem. Visitors and journalists regularly fail to understand what is being said in the hall because microphones are not used. The international press has also covered this embarrassing state of affairs.

Citation:

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

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. Accessed 22 Oct. 2018.

"Gaël Arellano: New Luxembourgish constitution project scrapped in favor of 'substantial revision'." *RTL Today*, 27.11.2019. <https://today.rtl.lu/news/luxembourg/a/1437408.html>. Accessed 15 Dec. 2019.

"Cordula Schnuer: Constitutional reform hits new hurdle as lawmakers shelve draft law." *Luxembourg Times*, 27.11.2019. <https://luxtimes.lu/luxembourg/39150-constitutional-reform-hits-new-hurdle-as-lawmakers-shelve-draft-law>. Accessed 14 Dec. 2019.

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.

Frictions between the judiciary and parliament emerged in the summer of 2019. Attorney General Martine Solovieff and the Chairman of the Supreme Court, Jean-Claude Wiwinius, objected to two parliamentary questions submitted on the subject of the judiciary. As a result, they wrote in August to the speaker of the Chamber of Deputies, expressing their displeasure over the large number parliamentary inquiries regarding the issue of police registry data protection, particularly with regard to applications for a criminal-record certificate (i.e., casier judiciaire). Noting parliament's right to act as a check on federal powers, Solovieff and Wiwinius emphasized the judiciary's independence, asserting that such inquiries could involve a violation of the separation of powers.

The president of parliament, on the other hand, stated that the judiciary was not entitled to interfere in parliament's affairs, an action that would violate the separation of powers.

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 of whom are professional judges. They are appointed by the Grand Duke upon the recommendation of the 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. However, the members of these two bodies are appointed by the Grand Duke on the recommendation of the Courts themselves, so their recommendations cannot be viewed as entirely independent. 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.

Corruption
Prevention
Score: 8

In general, corruption is not tolerated in Luxembourg. However, because small gifts may be accepted in some parts of the public administration, a code of conduct for all public servants seems to be necessary. Informal conversations between individual political parties, related officials and certain economic sectors (e.g., finance and construction) are common.

Large-scale corruption cases which have in some cases developed into political issues are referred to in Luxembourg as “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.

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 such as ministers often donate a part of their salaries to their parties.

Citation:

“Luxembourg Corruption Report.” <https://www.business-anti-corruption.com/country-profiles/luxembourg/> Accessed 19 Nov. 2019.

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 19 Oct. 2019.

Governance

I. Executive Capacity

Strategic Capacity

Strategic
Planning
Score: 4

The country's small size and the consequently small size of its administration do 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, the Luxembourg Institute of Socio-Economic Research (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. Accessed 20 Oct. 2019.

Banque centrale du Luxembourg. <http://www.bcl.lu/fr/statistiques/index.html>. Accessed 20 Oct. 2019.

Commission de Surveillance du Secteur Financier. www.cssf.lu/en/ Accessed 20 Oct. 2019.

Conseil économique et social. www.ces.public.lu/fr.html. Accessed 19 Oct. 2019.

Luxembourg Institute of Socio-Economic Research. www.liser.lu. Accessed 23 Oct. 2018.

European Commission: Public administration characteristics and performance in EU28:Luxembourg, Luxembourg 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 members of the University of Luxembourg, for example, is insufficiently heard. With regard to heritage protection, the government held a hearing with civil society organizations between 2013 and 2015. However, these hearings did not produce any results.

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 19 Oct. 2019.

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. Accessed 20 Oct. 2019.

“Gouvernement.” Le portal de l’actualité gouvernementale. <https://gouvernement.lu/fr/gouvernement.html>. Accessed 20 Oct. 2019.

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. Accessed 23 Oct. 2019.

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. Accessed 20 Oct. 2019.

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

Bossaert, Danielle (2019): How size matters. In: forum, 2019, no. 394, pp. 32-34.

Informal
Coordination
Score: 9

There are many opportunities for informal coordination given Luxembourg's small size, close-knit society and interconnected government administration. Public administration staffers responsible for early policy research and formulation are typically 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 multiple projects, have an enormous workload, and represent the government within a number of different bodies, boards and committees.

Citation:

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, Baden-Baden, 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 land-use planning, ("Plan d'aménagement general" or "Flächennutzungsplan," PAG), sub-development planning ("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 20 Oct 2018.

<https://guichet.public.lu/de/entreprises/urbanisme-environnement/construction-amenagement-site/construction-transformation-demolition/plan-amenagement-particulier.html>. Accessed 20 Oct 2018.

"Noch viel Platz in Luxemburg," Tageblatt, 11 September 2017. <http://www.tageblatt.lu/headlines/noch-viel-platz-in-luxemburg/> Accessed 20 Oct. 2019.

Evidence-based Instruments

RIA Application
Score: 5

Luxembourg launched a first stab at regulatory impact assessments (RIAs) at the end of the 1990s, with the goal of simplifying administrative procedures at both the national and European levels. Since 2004, the government has systematized analysis of 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, containing 11 laws and two regulations, was implemented in 2017 with the goal of facilitating and speeding 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.

All draft bills have been required to undergo a regulatory impact assessment since 2009. 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 the completion of adequate analyses, a draft bill is adapted, completed and submitted to parliament. The impact assessment is necessarily attached to legislation or regulation submitted to the Council of Ministers. Prior to submission, the secretariat of the Council forwards a copy to the interministerial platform, which prepares a formal statement to the Council.

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

Citation:

Building an Institutional Framework for Regulatory Impact Analysis (RIA): Guidance for Policy Makers. OECD, 2008. www.oecd.org/regreform/regulatory-policy/40984990.pdf. Accessed 20 Oct. 2019.

“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. Accessed 20 Oct. 2019.

Quality of RIA
Process
Score: 2

No open and consultative regulatory impact assessment (RIA) process is currently in place. The procedure requires an interministerial exchange between governmental departments and coordination groups, including the 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 and www.vosidees.lu, which offer all necessary information and details on the impact of ongoing reform programs. As in most OECD countries, the formal process of developing harmonized standards does not include risk-management procedures. RIAs are not evaluated by an independent body.

Since the general introduction of RIAs in 2009, progress has been made with regard to transparency and civil society participation. Nevertheless, efforts should be made to increase the involvement of stakeholders further.

Citation:

Building an Institutional Framework for Regulatory Impact Analysis (RIA): Guidance for Policy Makers. OECD, 2008. www.oecd.org/regreform/regulatory-policy/40984990.pdf. Accessed 23 Oct. 2019.

Bossaert, Danielle: How size matters. The constraints and opportunities of public administration in Luxembourg. In: forum, 2019, no. 394, pp. 39 - 43.

Simplification administrative – Einfach. <https://fonction-publique.public.lu/fr/principes-valeurs/einfach.html>. Accessed 23 Oct. 2019.

Sustainability
Check
Score: 3

No systematic sustainability assessment process exists in Luxembourg. The government plans to introduce effective sustainability checks and 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), needs 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.

Quality of Ex
Post Evaluation
Score: 2

Legislation is rarely modified through a process of ex post evaluation. One counterexample is provided by the Violence Protection Act, which was evaluated in 2009 after five years in force. High-quality evaluation studies are rarely carried out. There is also a shortage of personnel able to design legal texts. Rigorous state-commissioned evaluation of legislation is thus unlikely in the near future.

“Evaluation „Fünf Jahre Gewaltschutzgesetz im Grossherzogtum Luxemburg.” http://mega.public.lu/fr/publications/publications-ministere/2010/evaluation-gewaltschutzgesetz/Evaluation_Gewaltschutzgesetz.pdf. Accessed 19 Oct. 2019.

Societal Consultation

Public
Consultation
Score: 7

Luxembourg is a generally 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 appropriate employee organization (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.

However, the prevalence and quality of dialogue between the social partners has declined in recent years. Some dialogue is not conducted seriously by the government; thus, direct contact with the population is preferred in some cases. Unions and other civil society organizations have complained that the government is no longer holding talks with them.

Citation:

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 Luxembourg*, in: Stefan Köppl/Uwe Kranenpohl (eds.): *Konkordanzdemokratie: Ein Demokratietyp der Vergangenheit?*, Baden-Baden, pp. 117 – 132.

Policy Communication

Coherent
Communication
Score: 7

Following the Council of Ministers meetings on Fridays, the prime minister holds a public press conference intended 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 held press briefings only sporadically. This development was also evident in 2019.

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.

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. Accessed 23 Oct. 2018.

Implementation

Government
Effectiveness
Score: 7

In general, the government is able to implement its policy objectives, which are 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.

In 2019, it was announced that the sectoral guidelines dealing with spatial planning would be adjusted. The various sectoral guidelines have been under discussion for decades. These are state plans for commercial areas, green spaces, mobility and housing. In 2019, the population was surveyed on these issues. In total, 300 responses were received by the relevant ministry, along with 101 opinions provided by municipalities.

One of the aims of the guidelines is to help to increase population growth in urban areas (Luxembourg, Esch, Diekirch / Ettelbrück) rather than in the countryside.

The Housing Plan identifies 510 hectares for housing construction. The Zones Prioritaires d’habitation (ZPH) takes up an important role. In these areas, at least 30% of gross acreage is to be reserved for affordable housing. This decision has been criticized by many property owners.

Citation:

Sektorielle Leitpläne, Wenn Wachstum mit Nachhaltigkeit einhergeht - Hier eine kurze Einführung in die sektoriellen Leitpläne, <http://luxembourg.public.lu/de/actualites/2018/08/15-plans-sectoriels/index.html>

Ministerial
Compliance
Score: 7

The Luxembourg electoral system combines proportional representation using candidate lists with a type of majoritarian 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 the 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). (Due to subsequent changes, three more women joined parliament from the Green Party and the Socialists by the autumn of 2019.) Consequently, following the election, 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 elected to parliament in equal numbers. 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 candidates.

The prime minister has no authority to establish policy guidelines. For information and advice, all departmental bills are presented by the minister responsible for the subject area in the weekly government council (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/. Accessed 19 Oct. 2019.

Fehlen, Fernand: "Für eine Wahlrechtsreform." Forum.lu, November 2013, pp. 9 – 14. www.forum.lu/pdf/artikel/7726_334_Fehlen.pdf. Accessed 19 Oct. 2019.

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, Wiesbaden, 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/. Accessed 19 Oct. 2019.

“Inspection générale de la sécurité sociale.” Ministère de la Sécurité Sociale. www.mss.public.lu/acteurs/igss/ Accessed 19 Oct. 2019.

Inspection générale des finances. www.igf.etat.lu. Accessed 19 Oct. 2019.

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 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 present 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, with the aim of improving 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 with greater 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 20 Oct. 2019.

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, Baden-Baden, pp. 445 – 462.

Constitutional
Discretion
Score: 7

Local governments increasingly depend on transfers from the central government. Efforts to centralize the regulation of land use have been ongoing for years and continue to drag on as a result of insufficient personnel, changing

EU legislation and citizen initiatives. 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. A municipal reform also undermined other aspects of autonomy, as evidenced by a law on emergency services. In return, the government has promised to provide more autonomy through territorial reforms, 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, Wiesbaden, 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/. Accessed 24 Oct. 2019.

"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. Accessed 24 Oct. 2019.

National
Standards
Score: 8

The Ministry of the Interior provides support to local administrations. As part of a series of territorial reforms, the administration responsible for monitoring municipal finances will be integrated within the existing national Court of Auditors (Cour des Comptes). The government is not entirely free to optimize and improve local government.

State planning has been criticized by municipalities due to the Ministry of the Interior's failure to publish a land-use plan ("Plan d'aménagement général" or "Flächennutzungsplan," PAG). 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. As of the time of writing (October 2019), 50 municipalities have failed to comply with this request, despite the threat of sanctions.

Even after 15 years, half of the country's 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) ultimately 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. 2019.

There are a number of powerful interest groups in Luxembourg. Civil servants (Beamte) affiliated with the CGFP union constitute one such group. Civil servants represent a large part of the electorate in national elections (foreigners are not allowed to vote). Therefore, it is not easy for a government to make decisions that go against the positions of the CGFP trade union, for fear that the political opposition would immediately take the CGFP’s side. As one result, civil servants earn much higher salaries than are paid in comparable private sector positions. In addition, civil servants receive so-called jetons, premium payments that are granted for participation in working groups (although this activity takes place during working hours).

One influential subgroup of civil servants are the teachers, who must be involved in all educational reforms. In recent years, the government has relocated many teachers from schools to training institutes (with a separate “campus” created specifically for them in Walferdange). This reform led to protests by groups worried that the number of school teachers had decreased. Other powerful interest groups include foresters, business associations, insurance companies and the construction industry.

Citation:

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

Wolf, Sebastian (ed.) (2016): State Size Matters. Politik und Recht im Kontext von Kleinstaatlichkeit und Monarchie, Springer VS, Wiesbaden.

“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 19 Oct. 2019.

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.

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. Accessed 20 Oct. 2019.

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 20 Oct. 2019.

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:

"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. Accessed 21 Feb. 2019.

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 research and innovation committee, and subsequently to the updated ERAWATCH assessment of research systems and policies in 2013.

One example of these practices is the 2006 Council of Europe report “Profile of the Luxembourgish educational linguistic policy,” the result of 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. It has 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. Accessed 19 Oct. 2019.

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 have come in the area of e-government, such as the planned implementation of freedom of information legislation. Substantial e-government efforts have been made 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. Accessed 19 Oct. 2019.

II. Executive Accountability

Citizens' Participatory Competence

Political
Knowledge
Score: 8

In 2018 and 2019, Ministry of Environment and the Ministry of Education initiated various measures (e.g., the Ministry of Environment's Zero Waste program) intended to enhance the participation of the population. In addition, a new opportunity for parental participation was created. All parents were actively invited to become involved in a parent council, and elections for the parent council were prepared. Opportunities for public participation in spatial planning, agriculture policy, and culture and heritage protection were also expanded. The CSV, as opposition party, also sought to enhance public participation by touring the country and asking the population about problems

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.

Citation:

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 Luxembourgish. Furthermore, journalists and the public are often unable to understand and evaluate the published data.

Citation:

Statistics portal: <https://statistiques.public.lu/en/> Accessed 20 Oct. 2019.

Statistikportal des Großherzogtums Luxemburg: <http://adem.public.lu/de/marche-emploi-luxembourg/faits-et-chiffres/statistiques/statec/index.html>. Accessed 20 Oct. 2019.

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

Bossaert, Danielle (2019): How size matters. In: forum, Kleinstaat Luxemburg, 2019, no. 394, pp. 39-43.

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 be answered comprehensively. The effect of parliamentary questions on government work is rarely visible. The press is far more effective in creating change, particularly if the national TV broadcaster RTL addresses a political problem.

In 2019, the opposition Pirate Party complained in parliament that parliamentary questions were often answered too late. This criticism has led to some reduction in delays.

Citation:

Question parlementaire. Chamber (Parliament).
[https://chd.lu/wps/portal/public/Accueil/Actualite/!ut/p/z1/fY9Nb4JAEIZ_DVdmmEVYe1sUKST1g41V92LQbFcTYBug5e-](https://chd.lu/wps/portal/public/Accueil/Actualite/!ut/p/z1/fY9Nb4JAEIZ_DVdmmEVYe1sUKST1g41V92LQbFcTYBug5e-Xfhw0oc5tJs_zTl5QcPBCQvImXhjAHIRdfF5N0V1tXZTDfIDBcU7z1zz1CVexDJDYmolcEiL6sPsBiHOZJ-Ilnk63EaY482S8iQhTAnXrJ-HGR8riLNzKJeMJ-_MfPPj28Z8RCMtnW-khRY2AAqOcIoaYrGgUuEvKQJnSnn5Li_rEuAHV6Dfd6Mb9albzpeve2ycHHez73jXWmlK7Z1s5OKZcbNvB_p6ESpULLtfVjrCfCyDK4lk!/dz/d5/L2dBISEvZ0FBIS9nQSEh/)

Xfhw0oc5tJs_zTl5QcPBCQvImXhjAHIRdfF5N0V1tXZTDfIDBcU7z1zz1CVexDJDYmolcEiL6sPsBiHOZJ-Ilnk63EaY482S8iQhTAnXrJ-HGR8riLNzKJeMJ-_MfPPj28Z8RCMtnW-

khRY2AAqOcIoaYrGgUuEvKQJnSnn5Li_rEuAHV6Dfd6Mb9albzpeve2ycHHez73jXWmlK7Z1s5OKZcbNvB_p6ESpULLtfVjrCfCyDK4lk!/dz/d5/L2dBISEvZ0FBIS9nQSEh/ Accessed 24 Oct. 2019.

Gouvernement: Toutes les actualités.
https://gouvernement.lu/fr/actualites/toutes_actualites.html?r=f%2Faem_event_type%2Fgouv%3Atags_type_event%5Cparliamentary_question.

Accessed 24 Oct. 2019.

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.), *Das politische System Luxemburgs*. Springer VS, Wiesbaden, 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 base of knowledge available within the country. For example, German and Swiss institutes were consulted over psychiatry reforms in healthcare. A similar consultation approach was used for reforming environmental legislation. Such policy projects are implemented by a specific parliamentary commission, with a budgetary allowance 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. Accessed 24 Oct. 2019.

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. There are 23 permanent committees that in general reflect the ministerial portfolios.

:

Better Regulation in Europe: Luxembourg. OECD, 2010. www.oecd.org/gov/regulatory-policy/46592016.pdf. Accessed 24 Oct. 2019.

Media

Media Reporting
Score: 6

Luxembourg's media landscape is changing. Several newspapers went out of business in 2018 and 2019, including the French-language weekly *Le Jeudi* and the weekly satirical newspaper *Feierkrop*. The 10 most important media outlets in the country are: RTL Online, RTL Radio, RTL Television, *Luxemburger Wort*, *Reporter* (an online publication), *Lëtzebuenger Journal*, *forum*, *Quotidien*, *Lëtzebuenger Land* and the (state-funded) *Radio 100.7*.

The public's degree of interest in political processes and legislative projects, which are in fact discussed and analyzed in advance, is rather low. However, the situation is better than in other small European states. The launch of the online *Reporter* publication has created a medium that fills some gaps in reporting. *Radio 100.7* has seen the quality of its coverage of political issues decline.

On Saturdays the daily *Luxemburger Wort* newspaper publishes a section called "Analysis and Opinion." Legislative plans are discussed on several pages in this section. Contributors include journalists, politicians and civil society representatives. The *Lëtzebuenger Journal*, also a daily paper, has a correspondence section called "Kloertext."

Media coverage is often reactive, in particular when issues have already reached the public in the form of draft legislation or through parliamentary debate. All parliamentary debates are conducted in Luxembourgish and in public. Parliamentary meetings are broadcast 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.

Citation:

Forum. www.forum.lu. Accessed 20 Oct. 2019.

Reporter. www.reporter.lu. Accessed 20 Oct. 2019.

Parties and Interest Associations

Intra-party
Decision-Making
Score: 8

Inner-party democracy takes place with different levels of intensity within the four major political parties: *Christian Social People's (CSV)*, *Democratic Party (DP)*, *Luxembourg Socialist Workers' Party (LSAP)* and the *Green Party*. The *CSV* has tried to renew itself internally. After its second election defeat, in the 2019 European elections, it was for the first time in the modern history of Luxembourg only the second-strongest force in a national election

(losing 16.5% compared to its previous total). The DP (gaining 6.7%) became the strongest force. However, the CSV's internal renewal also led to dissatisfaction, and the election of a new chairman did not serve to end the turmoil. On various issues, such as foreign policy and constitutional policy, the party leadership expressed itself differently than did CSV politicians serving in parliament. The party leader is not a member of parliament. While the DP appears strengthened in the country, the LSAP is weakening, a development currently being seen in many countries in Europe. The Greens were able to gain significantly in 2019 in the European elections (+3.9%), but fell into crisis in the autumn of 2019, after several scandals. Nevertheless, the party was able to renew itself quickly, and allowed two young women to take seats in parliament.

Citation:

Stoldt, Jürgen: "Welche Zukunft für die Volksparteien?" Forum.lu, February 2015. www.forum.lu/pdf/artikel/8035_348_Stoldt.pdf. Accessed 20 Oct 2019.

Europawahl in Luxemburg 2019. https://de.wikipedia.org/wiki/Europawahl_in_Luxemburg_2019. Accessed 20 Oct 2019.

"Faktuell 15: Elections législatives 2018." In: forum: Kleinstaat Luxemburg, 2019, no. 394, pp. 20-21.

Association
Competence
(Employers &
Unions)
Score: 8

Under Luxembourg's specific social-partnership model, the government 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), all support research units, enabling them to produce opinions on draft bills, organize conferences and draft proposed 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 use their own resources to prepare position papers.

Citation:

Chambre de Commerce Luxembourg. www.cc.lu. Accessed 20 Oct. 2019.

Chambre des Salariés Luxembourg. www.csl.lu. Accessed 20 Oct. 2019.

"L'UEL lance son nouveau site «Compétitivité – Tableau de bord»." Union des Entreprises Luxembourgeoises. www.uel.lu/445-l-uel-lance-son-nouveau-site-competitivite-tableau-de-bord. Accessed

20 Oct. 2019.

Schroen, Werner (2012): Werner Reutter (ed.), *Verbände und Interessengruppen in den Ländern der Europäischen Union*, 2., aktualisierte und erweiterte Auflage. Springer VS, Wiesbaden, pp. 417 - 443.

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.

Interest-group communications are often made via social media, as well as through other communication channels. For younger voters, important issues include refugee aid, the lack of affordable housing (i.e., the vacancy report project, “Leerstandsmelder”), heritage protection (including the “Mouvement patrimonial” association) and environmental protection (e.g., refill initiatives). Public participation in traditional organizations is on the decline.

Independent Supervisory Bodies

Audit Office
Score: 9

The Chamber of Auditors was upgraded in 1999 to become the Court of Auditors, which today oversees 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, but 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 it undertakes cases either voluntarily or upon 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 20 Oct. 2019.

Ombuds Office
Score: 9

The Ombuds Office launched in May 2004, and residents have sought guidance from this government office since. The service is typically used more by foreigners than by nationals. In 2017, the ombudsman dealt with 1,149 requests (compared to 743 in 2015). Like ombuds offices elsewhere, 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 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 ombudsperson has been Claudia Monti.

Citation:

"WELCOME TO OMBUDSMAN.LU." <http://www.ombudsman.lu/index.php?page=accueil&lang=en>. Accessed 23. Oct. 2019.

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 applying the provisions of the amended act of 30 May 2005 on the protection of privacy in the electronic communications sector, as well as the regulations deriving 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, the European Commission and European Data Protection Board. 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. 2019.

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