

# Sustainable Nations Report

# 2024

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Seeding a Sustainable Future:  
A Framework for Action in Luxembourg



**SmartGreenInvest**  
Seeding a Sustainable Future

# SmartGreenInvest Sustainable Nations Report

© SmartGreenInvest Ltd. 28 City Road, London, EC1V 2NX, UK.

+44 20 3693 39 41

[contact@smartgreeninvest.com](mailto:contact@smartgreeninvest.com)

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**SmartGreenInvest**  
Seeding a Sustainable Future

## To Reader

Dear reader,

We're thrilled to unveil this report on sustainability in Luxembourg! It's the first of many country-specific reports we're creating. We believe that by understanding each country's unique situation, we can develop solutions that truly make a difference for citizens and the environment.

Think of this report as a starting point. We've packed it with inspiring stories and practical ideas from Luxembourg and other countries. We're still learning and growing, and we have a ton of great cases and solutions waiting to be explored!

At SmartGreenInvest, saving the planet and its people is our top priority. We're talking about tackling climate change, fighting for peace, and ending hunger. This report is more than just data – it's a call to action for countries to step up and make a positive impact.

But you're not off the hook! We believe everyone has a role to play. Whether you're a policymaker, a business owner, or just someone who cares about the future, this report is for you. Think of yourself as more than just a reader – you're part of the solution! We can all work together to create a better future. Let's join forces for a healthier planet, a more just society, and a brighter tomorrow!

Thank you,

SmartGreenInvest Team,



## Foreword

In today's globalized world, a nation's success is measured not just by economic indicators, but also by its commitment to environmental, social, and governance (ESG) principles and the overall well-being of its citizens. This report delves into the multifaceted landscape of Luxembourg, examining its financial health, ESG performance, and quality of life.

By analyzing key metrics like GDP, debt, and social welfare programs, the report provides a comprehensive view of Luxembourg's economic standing. Additionally, an in-depth evaluation of ESG indicators like environmental sustainability, social responsibility, and governance structures, offers valuable insights into the country's commitment to a sustainable future.

Furthermore, the report incorporates expert analysis from a team of financial analysts, highlighting potential areas for improvement and offering strategic advice. This multifaceted approach aims to provide a holistic understanding of Luxembourg's current standing and pave the way for future advancements.

This report serves as a valuable tool not only for investors and stakeholders, but also for policymakers and citizens of Luxembourg alike. By understanding its strengths and weaknesses, Luxembourg can leverage the insights within to foster economic growth, environmental responsibility, social progress, and ultimately, a higher quality of life for all.



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# Introduction

## Seeding a Sustainable Future: A Framework for Action in Luxembourg

At SmartGreenInvest, we believe that a prosperous future hinges on sustainability. We empower nations to navigate the path towards a thriving, environmentally conscious tomorrow through comprehensive analysis and actionable insights. This report aims to be a valuable asset for Luxembourg's journey towards a sustainable future.

### Bridging the Gap:

Despite significant progress, many countries grapple with transforming their economies while safeguarding the environment and ensuring social well-being. We at SmartGreenInvest bridge this gap by providing a holistic framework for action. This report serves as a roadmap, tailored specifically to Luxembourg, outlining its current state, potential pathways, and concrete steps to achieve a sustainable future.

### Comprehensive Evaluation:

This report offers a multi-faceted analysis of Luxembourg's sustainability journey. We delve into several key areas:

- **ESG & Quality of Life Data:** We assess Luxembourg's performance on environmental, social, and governance (ESG) metrics, coupled with an evaluation of its overall quality of life indicators.
- **Financial Data:** We examine Luxembourg's economic standing, exploring its GDP, debt, tax, and other relevant financial considerations.
- **Analyst Note:** Our in-house expert provides a unique perspective, highlighting key opportunities and challenges facing Luxembourg's sustainability pursuit.
- **Citizen Perspectives:** We incorporate the voices of Luxembourg's citizens, capturing their lived experiences and expectations for a sustainable future.
- **Actionable Framework:** By analyzing these diverse datasets, we craft a practical framework outlining specific actions Luxembourg can take to accelerate its sustainable development journey.

### Empowering Change:

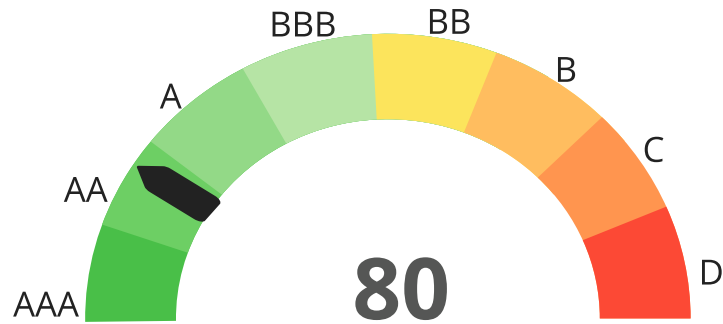
We believe that information is power. This report equips Luxembourg with the necessary insights and tools to chart a course towards a sustainable future. By working together, we can ensure a thriving economy, a healthy environment, and a high quality of life for all in Luxembourg.

Join us on this journey. Dive into the report and discover the pathways toward a brighter, more sustainable tomorrow for Luxembourg.



### Country Score Ranges

**AA**  
Excellent



- Exceptional
- Weak
- Excellent
- Fragile
- Strong
- Critical
- Moderate
- Unsustainable

## Score Overview

Country Score : **AA**

Country Score Description: Excellent

### Analyst Note: Luxembourg, CREDIT SCORE "AA"

Luxembourg shines with an impressive 80/100 (AA - Excellent) score, reflecting its strong performance across financial, ESG, and quality of life metrics. The Grand Duchy boasts exceptional financial stability, anchored by a robust banking sector and consistently low public debt. Its commitment to sustainability leadership is commendable, exemplified by ambitious renewable energy targets and a focus on circular economy principles. Additionally, Luxembourg offers a highly desirable quality of life, with advanced healthcare, excellent education, and a culture of social safety nets.

However, challenges remain. While financial strengths are undeniable, economic dependence on the financial sector exposes Luxembourg to potential turbulence. On the ESG front, while green ambitions are high, some concerns persist regarding biodiversity loss and resource consumption. Quality of life, though exceptional, faces increasing housing affordability concerns, exacerbated by a renting price hike of 12% over the last two years – posing a significant threat to social stability. Further complicating matters, 50% of the economy relies on commuters, many of whom are single women and men bearing a higher tax burden. The construction sector, a potential source of diversification, is currently in recession.



### Analyst Note:

Despite these difficulties, Luxembourg's outlook is generally positive. Continued strategic diversification of the economy, coupled with ongoing investment in green technologies and social infrastructure, can further solidify its excellent standing. Addressing housing affordability, lowering income gaps, and mitigating the burden on commuters are crucial to maintaining a truly equitable and sustainable society. Moving forward, Luxembourg's leadership and agility in adapting to a changing global landscape, and in addressing internal economic and social challenges, will be key to preserving its well-deserved reputation as a prosperous and sustainable haven.

## Country Information

Country Name	Luxembourg
Location	Western Europe
Capital	Luxembourg City
Population	660,809 (As Of 2023)
Area	2,586 Km <sup>2</sup>
Official Languages	Luxembourgish, French, German
Currency	Euro (€)

## General Overview

Luxembourg, a landlocked European country, is renowned for its economic stability and robust financial sector. As a global financial hub, Luxembourg hosts numerous international banks and investment funds, attracting a significant share of foreign investment. The nation's commitment to financial transparency and regulatory excellence has bolstered its reputation as a key player in the European financial landscape. Beyond finance, Luxembourg boasts a high standard of living and a well-developed social welfare system. Its governance structure reflects a stable constitutional monarchy with a parliamentary democracy, fostering political stability and effective administration. The country's multilingual and highly educated workforce contributes to its economic prosperity, while Luxembourg's commitment to social and environmental sustainability aligns with global best practices.





## Financial Indicators

Financial Indicators			
Year	2023	2022	2021
Gross Domestic Product (GDP)	€81.36B	€77.52B	€72.36B
Unemployment Rate	4.8%	4.7%	6.4%
Inflation Rate	3.8%	6.34%	2.53%
Public Debt (of GDP)	25%	24.7%	24,5%
Budget Deficit/Surplus	€20.33B	€19.17B	€17.73B
Trade Balance	-	\$28.18B	\$29.71B
Long Term Interest Rates	2.68%	-0.22%	-0.55%
Revenue Tax Rates*	-	38.57%	38.4%
Corporate Tax Rates	25%	25%	25%
Foreign Direct Investment (FDI)	-	\$-322B	\$25.12B
Consumer Confidence Index	-17	-8	-8

**Revenue Tax Rates\*:** Tax revenue is defined as the revenues collected from taxes on income and profits, social security contributions, taxes levied on goods and services, payroll taxes, taxes on the ownership and transfer of property, and other taxes.

2022 was a good year: growth picked up, unemployment dipped, and trade thrived. But 2023 brought some bumps. Inflation pinched wallets, slowing down spending. Interest rates started climbing, making things a bit tougher. Still, the government's doing well financially, and infrastructure projects are getting a boost. Luxembourg's strong tech sector and its focus on digitalization should help weather the storm. So, while things won't be blazing hot, the economy should keep moving forward, even if it's a bit slower than before.



## ESG and quality of life Indicators

ESG and quality of life Indicators	
Environmental Indicators	
CO2 emissions per capita ( metric tons)	12.5
Renewable energy consumption	20.79%
Air quality index	48 US AQI
Deforestation rate	8,143 (ha)
Recycling rate	52.8%
Social Indicators	
Human Development Index (HDI)	0.93
Life expectancy at birth	81.74 years
Literacy rate	100%
Poverty rate	17.4%
Access to healthcare	95% of the resident population through the country's compulsory social health insurance (SHI) scheme.
Public transport	Public transport is a fast, clean and free way of getting about in Luxembourg. Yes, you heard it right: it's free! Since 2020, all modes of public transport - buses, trains and the tram - have been free of charge throughout Luxembourg.



# ESG and quality of life Indicators

ESG and quality of life Indicators	
Governance Indicators	
Political stability	1.06
Freedom of speech and assembly	<p>Article 25. The Constitution guarantees the right to assemble peacefully and unarmed in compliance with the laws that govern the exercise of this right, without having to be submitted to a prior authorization. - This provision is not applicable to open-air political, religious or other meetings; these meetings remain entirely submitted to the laws and regulations of [the] police.</p> <p>Article 26. The Constitution guarantees the right of association, in compliance with the laws that govern the exercise of this right without having to be submitted to a prior authorization.</p>
Transparency and accountability	<p>Corruption Perceptions Index Rank: 10/180 From <a href="https://www.transparency.org/">https://www.transparency.org/</a></p>
Social Welfare Programs	<p>Luxembourg boasts a comprehensive social welfare system, providing financial aid to various groups. The Children's Future Fund (CAF) offers child benefits, while the Revenu d'Inclusion Sociale (RIS) grants minimum income support to those in need. The system also covers illness, disability, pensions, and long-term care. Learn more on the official Luxembourg website: <a href="https://luxembourg.public.lu/en/living/health-and-social-security/social-security.html">https://luxembourg.public.lu/en/living/health-and-social-security/social-security.html</a>.</p>



# ESG and quality of life Indicators

ESG and quality of life Indicators	
Governance Indicators	
Electoral Rights	<p>According to its constitution, Luxembourg is a parliamentary democracy in the form of a constitutional monarchy. At the national level, members of the Chamber of Deputies are elected every five years using the system of proportional representation. The vote is secret, and voting is compulsory for everyone on the electoral roll. At the municipal level, elections are organised every six years. Voting in these elections is also compulsory. From: <a href="https://luxembourg.public.lu/en/society-and-culture/political-system/electoral-system.html">https://luxembourg.public.lu/en/society-and-culture/political-system/electoral-system.html</a></p>
Level of Political Participation	<p>High Voter Turnout (with a Twist):</p> <ul style="list-style-type: none"> <li>• Luxembourg has compulsory voting, which leads to a high voter turnout rate, typically exceeding 80%. International IDEA: <a href="https://www.idea.int/democracytracker/country/luxembourg">https://www.idea.int/democracytracker/country/luxembourg</a></li> </ul> <p>However, some argue that compulsory voting doesn't necessarily translate to genuine political engagement. Voters may participate simply to avoid fines, not necessarily out of strong political convictions.</p> <p>Lower Participation Among Youth:</p> <ul style="list-style-type: none"> <li>• There's a significant drop in participation among young voters (18-30 years old). National Policies Platform: <a href="https://national-policies.eacea.ec.europa.eu/youthwiki/chapters/luxembourg/52-youth-participation-in-representative-democracy">https://national-policies.eacea.ec.europa.eu/youthwiki/chapters/luxembourg/52-youth-participation-in-representative-democracy</a></li> <li>• Statistics show participation rates around 21% for local elections and 23% for national elections in this age group.</li> <li>• Reasons for this could be lower political interest, lack of awareness, or feeling less connected to the political process.</li> </ul>



# Citizen Perspectives on Country, Life, and Expectations

## Testimony 1:

- It's heavily bureaucratic and paperwork heavy, but despite that, the bureaucracy is efficiently run.
- It's very car-centric. High rate of car ownership, poor public transport (compared to big European cities like London, at least). The city is small, so it's easy to get around, even with the traffic (which is surprisingly bad for the size of the city).
- Healthcare, education and childcare are free or subsidised, and excellent (and multilingual).

## Testimony 2 :

- From my experience (almost 2 years) in the cute Lux, there are two categories of people here :
  - a. Happy people : Families and young couples. Excellent free schools and healthcare. Fast bureaucracy (bit paradox, but true)... Safety. Cleanliness. Tidiness. Order. Proximity to everywhere in Europe (or world). Nature. Travel.
  - b. Unhappy people : Singles. It's not Brussels, London, Berlin, Athens, Copenhagen. Big party zones and avenues are not close enough. Twice tax for singles.
- Long story short : if you are in cat.1 Lux might be a dream place. For cat.2, you will get bored to death and after 6 months you would prefer to perform ritual hara-kiri with spoon.
- I am on cat.3. I feel lucky that found a place on Earth that can offer such quality of life, which is not deriving from a possible high income.
- Lux is cute

## Testimony 3:

- What i dislike:
  - Weather, house prices ,a lot of cars, the gare there are a lot of beggars, junkies and dealers, french as main language (in school but as well in other domains), and CFL
- What I like:
  - A lot of nature, Free public transport, Health system, security (except some areas like the gare and the „Kinnekswiss“), nice people semi good connections to travel with public transport a lot of cycling paths (in my area), multicultural
- In general Luxembourg is a nice place to live and things work mostly like they have to



## Call to Action

### Carbon Neutrality Pledge:

Encourage public and private sectors to commit to a carbon-neutral agenda. Implement tree-planting initiatives and invest in renewable energy projects to offset carbon emissions.

### Refugee Integration Programs:

Foster social responsibility by implementing programs to support and integrate refugees into Luxembourg's society. Collaborate with NGOs and local communities to provide resources, education, and employment opportunities.

### Green Infrastructure Development:

Invest in sustainable urban planning and green infrastructure projects. Enhance public transportation, build green spaces, and promote eco-friendly architecture to create a more environmentally conscious and livable environment.

### Financial Inclusion and Education:

Address the high cost of living by promoting financial literacy and inclusivity. Provide resources and education to empower citizens to make informed financial decisions, and work towards creating affordable housing solutions.

### Corporate Social Responsibility (CSR) Programs:

Encourage businesses, especially in the financial sector, to adopt comprehensive CSR programs. Support initiatives that focus on environmental sustainability, social welfare, and ethical business practices.

### Education for Sustainable Development:

Integrate sustainability education into the national curriculum. Foster a mindset of environmental stewardship and social responsibility from an early age to create a more environmentally conscious and socially responsible future generation.

### Green Innovation Hub:

Establish a hub for green innovation and startups, encouraging the development of sustainable technologies and solutions. Provide support, funding, and resources to nurture the growth of eco-friendly businesses.

### International Collaboration:

Engage in international partnerships and collaborations for shared environmental and social goals. Participate in global initiatives to address climate change, human rights, and sustainable development.



## Call to Action

### Elderly Population Program:

Luxembourg should prioritize enhancing the quality of life for its elderly population beyond mere activities like the cultural exposition and gym during the summer. It's time to invest in comprehensive support systems that address their diverse needs, ensuring they live with dignity and fulfillment in their golden years.

### Student Loans:

Luxembourg should reassess its student loan policies to alleviate the burden of high living cost in partenaire onboard universities like in Paris, Brussels, Frankfurt. By implementing fairer repayment schemes, we can empower students to pursue their education without the fear of overwhelming debt, fostering a brighter future for generations to come.



## References

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**Interest rate:** [https://ycharts.com/indicators/luxembourg\\_long\\_term\\_interest\\_rates](https://ycharts.com/indicators/luxembourg_long_term_interest_rates)

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**Corporate tax:** <https://taxsummaries.pwc.com/luxembourg/corporate/taxes-on-corporate-income>

**Foreign direct Investment:** <https://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD?end=2022&locations=LU&start=2017>

**CCI:** <https://www.bcl.lu/en/Media-and-News/Press-releases/2023/11/enq/index.html>

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**Renewbal energy:** <https://data.worldbank.org/indicator/EG.FEC.RNEW.ZS?locations=LU>

**Air quality index:** <https://www.iqair.com/luxembourg/district-de-luxembourg/luxembourg>

**Deforestation:** <https://worldrainforests.com/deforestation/archive/Luxembourg.htm>

**Recycling rate:** <https://www.eea.europa.eu/publications/many-eu-member-states/luxembourg#:~:text=For%20Luxembourg%2C%20the%20recycling%20rate,the%202025%20target%20of%2055%20%25>.

**HDI:** [https://www.theglobaleconomy.com/Luxembourg/human\\_development/](https://www.theglobaleconomy.com/Luxembourg/human_development/)

**Poverty rate:** <https://data.worldbank.org/indicator/SI.POV.NAHC?locations=LU>

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**Transport:** <https://luxembourg.public.lu/en/living/mobility/public-transport.html#:~:text=Public%20transport%20Fast%20and%20free,free%20of%20charge%20throughout%20Luxembourg>.

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