



LUXEMBOURG

OECD Global Action on Promoting Social and Solidarity Economy Ecosystems

The **Ministry of Labour, Employment and Social and Solidarity Economy** oversees social and solidarity economy (SSE) policy in Luxembourg. In 2020, **2 172 SSE entities** provided **20 390 jobs** and the Gross Value Added generated by the SSE was about **EUR 1.2 billion**.

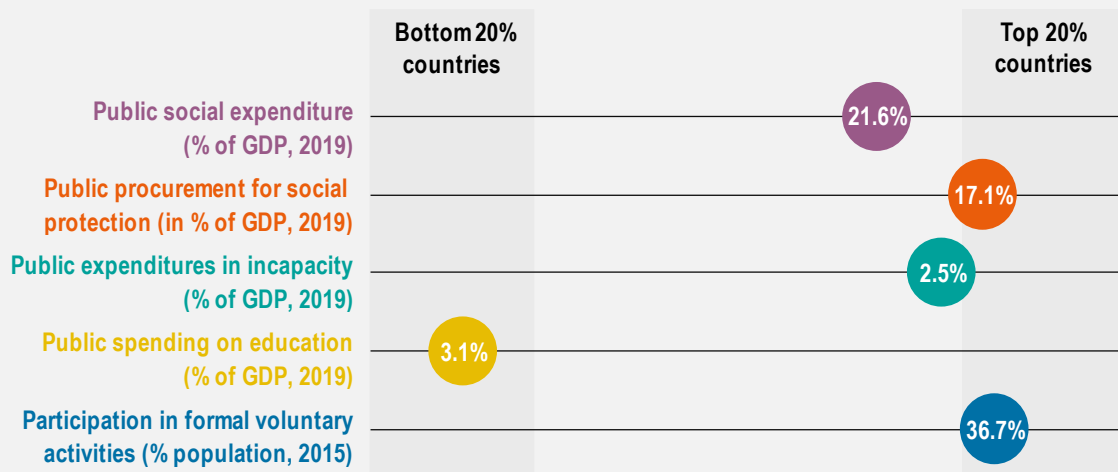
SOCIO-ECONOMIC INDICATORS

Luxembourg is a unitary country and a member of the European Union. It is a high-income country with a very high human development level.

	GDP per capita	Labour force participation rate	Youth not in employment, education or training (NEET)	Poverty rate	Gini coefficient	Rural population	Stakeholder engagement for developing regulations
Luxembourg	USD 141 237	73.5%	7.8%	9.8%	0.290 / 1	8%	1.7 / 4
OECD	USD 53 937	73.2%	14.8%	11.0%	0.313 / 1	23.1%	2.1 / 4

Note: Data from Luxembourg refer to 2022, except for NEET (2021), poverty rate (2019), Gini coefficient (2020) and stakeholder engagement (2017). OECD data refer to 2022, except for poverty rate (2018), Gini coefficient (2020) and stakeholder engagement (2017). GDP per capita for Luxembourg is a provisional value, for OECD is an estimated value. See sources at the end of the document.

Country position in selected social indicators



Note: For each indicator, the position of the bubble on the line represents the country's ranking compared to OECD and EU countries. Higher rankings are on the right. The panel of countries for the international ranking can vary from an indicator to another due to data availability. See sources at the end of the document.

SOCIAL AND SOLIDARITY ECONOMY ECOSYSTEM

Definition of the social and solidarity economy in Luxembourg

The social and solidarity economy is a **form of entrepreneurship** to which **private legal entities** adhere...

... if they fulfil the **following principles**:

1. Pursue a continuous activity of production, distribution or exchange of goods or services.
2. Meet primarily at least one of these conditions:
 - They aim to provide, through their activity, support for people in vulnerable situations (...);
 - They aim to contribute to the preservation and development of social ties, the fight against exclusion and inequalities, gender equality, territorial cohesion, environmental protection, cultural or creative activities, initial or continuing training activities.
3. To be autonomous in the sense that they are fully capable of choosing and dismissing their governing bodies and of controlling and organising all their activities.
4. Apply the principle that at least half of the profits generated are reinvested in the entity's activity.

Note: Translation into English provided by the authors. For the original text about the principles of the social and solidarity economy, refer to the [Law on Societal Impact Companies \(2016\)](#), Article 1.

Institutional frameworks



Institutions

Luxembourg created a dedicated solidarity-based economy ministry in 2009 that subsequently evolved into the **Ministry of Labour, Employment and Social and Solidarity Economy**. Its Department of Social and Solidarity Economy, in collaboration with local municipalities, progressively contributes to shaping Luxembourg's social enterprise ecosystem. In 2011, an **Action Plan for the Development of Solidarity Economy** was elaborated by the ministry.



Legal instruments

Luxembourg has a **Law on Societal Impact Companies (2016)**, that provides the principles of the SSE.



Stakeholder engagement

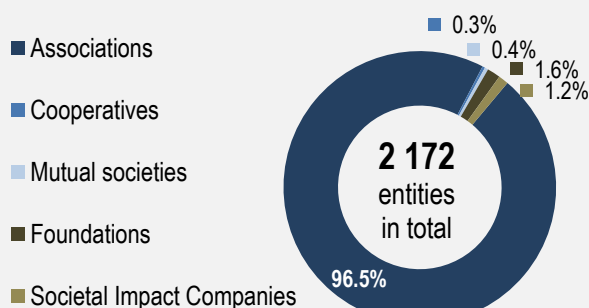
The **Social Business Incubator** was established in 2022 to reflect Luxembourg's ambition to develop the social and solidarity economy as part of its policy of economic diversification. The incubator offers bespoke advice and guidance to meet the needs of project leaders.

Main figures

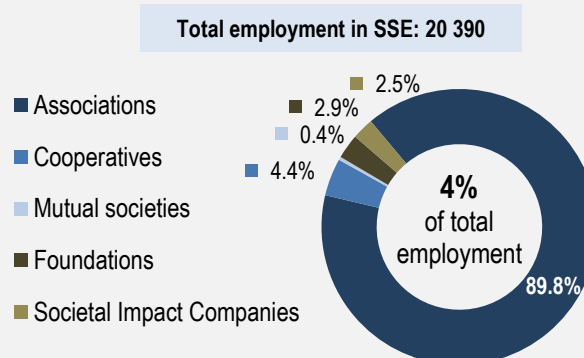
In Luxembourg, **2 172 SSE entities** in total provided **20 390 jobs** in 2020. **Social services** (including employment and training) had the highest share of employment with **51%**. The Gross Value Added generated by the SSE was around **EUR 1.2 billion** in 2020.

SCOPE Data are collected following the methodology provided by the 2018 UN Handbook on Satellite Account on Non-profit and Related Institutions and Volunteer Work. In Luxembourg, the following legal entities are included in the scope: associations, foundations, societal impact companies (SIS), mutual societies, cooperatives and other non-profit entities.

Number of SSE entities (2020)

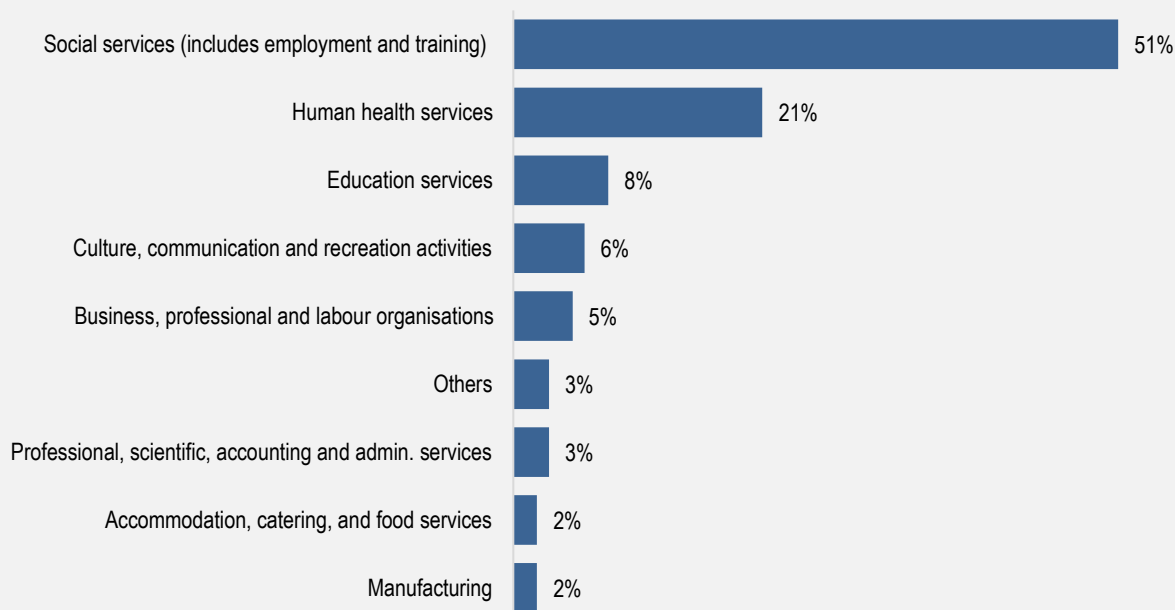


Employment in the SSE (headcounts, 2020)



SSE ENTITIES

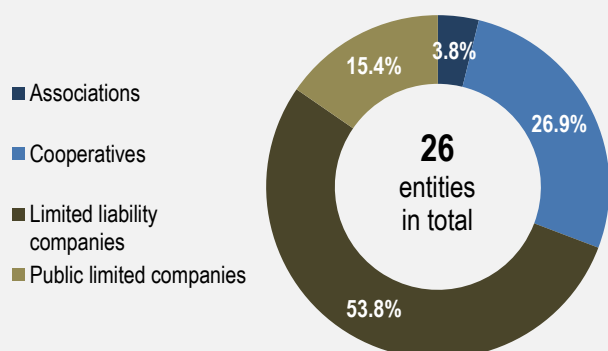
Employment in the SSE by sectors of activity (2020)



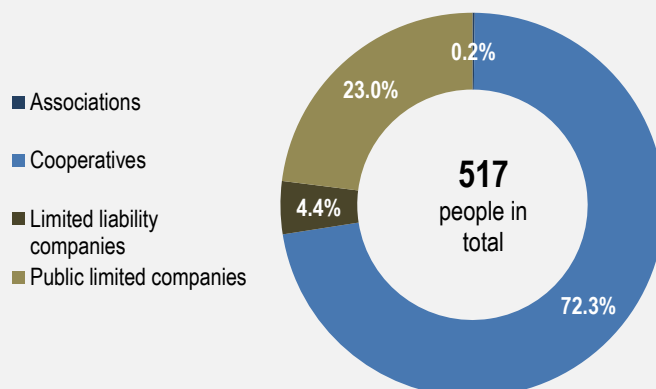
Note: Others include civic, advocacy, political and international activities; agriculture, forestry and fishing; financial and insurance services; environmental protection and animal welfare activities; trade activities; community and economic development, and housing activities; transportation and storage activities; real estate activities; religious congregations and associations; and activities not elsewhere classified and others.

ZOOM ON SOCIETAL IMPACT COMPANIES

Number of Societal Impact Companies (2020)



Employment in Societal Impact Companies (2020)



REACH

Volunteering



There were **67 144** of volunteers active in the SSE in 2020, with **14.9 million** hours of volunteering.

Economic contribution



The Gross Value Added generated by the SSE was around **EUR 1.2 billion** in 2020.

Legal frameworks

Legal frameworks to support the development of the SSE can be adopted at the national and subnational levels. They can regulate the SSE as a whole, or specific legal entities of the SSE (such as associations, cooperatives, mutual societies, foundations and social enterprises).

For the SSE

- *Not available*

For specific SSE entities at national level

- Law on Societal Impact Companies (2016) – [link](#)
- Law on Commercial Societies (1915, revised in 2017 and 2021) - Cooperatives, Limited Liability Companies – [link](#)
- Law on Non-Profit Associations and Foundations (1928, currently under revision) – [link](#)
- Law on the Restoration of Full Employment (41/2009) - Work Integration Social Enterprises – [link](#)

Note: The list above is not exhaustive of all existing legal frameworks around SSE in Luxembourg.

Fiscal treatment

Different fiscal treatment can be established for the social and solidarity economy as a whole, or for specific SSE entities, at the national and subnational level.

Fiscal treatment of SSE entities

- Associations are subject to corporate income tax and municipal business tax, unless they do not pursue a commercial activity.
- Entities pursuing directly and exclusively purposes related to cult, charity or public benefit are exempt from corporate income tax.
- No legal provisions regarding exemption or reduced Value Added Tax (VAT) rate for societal impact companies.
- Societal impact companies can benefit from exemptions from corporate income tax, municipal business tax and net wealth tax if their capital is exclusively composed of impact shares.

Fiscal treatment for contributors to the SSE

- Tax deductions can be granted to individual and/or corporate donors.

Note: The list above is not exhaustive. Information is retrieved from OECD desk research and "Relevant taxation frameworks for Social Economy Entities" published in 2023 by the European Commission.

Social impact measurement initiatives

Driven by a mission of social purpose, SSE entities are increasingly requested to demonstrate the positive value that they generate through their activities. Social impact measurement enables them to assess their positive contribution to society. A diverse range of possible initiatives are available to governments and practitioners to foster a social impact measurement culture.



Policy framework

- [Law of 12 December 2016 on the creation of societal impact companies](#) (2016) [△] Government of the Grand Duchy of Luxembourg, Labour, Employment and Social and Solidarity Economy



Guidance-based initiatives

- [Creation of an evaluation grid for the insertion sector adapted to the specificities of the Grand Duchy of Luxembourg](#) (2017) [△] Le comptoir de l'innovation

Note: Policy frameworks create enabling conditions and set targeted incentives to conduct social impact measurement. Guidance-based initiatives deliver guidance on social impact measurement approaches, which are tailored to the specific needs of the social and solidarity economy.

FURTHER READING ON THE SSE IN LUXEMBOURG

[STATEC: Panorama en chiffres de l'économie sociale et solidaire](#) | [STATEC: Rapport sur les entreprises sociales au Luxembourg](#) | [Portail de l'Économie Sociale et Solidaire](#) | [Eva Rückert and Francesco Sarracino: Assessing the social and solidarity economy in Luxembourg](#) | [David Hiez: Les coopératives au Luxembourg](#) | [European Commission: Social Enterprises and Their Ecosystems in Europe Luxembourg Country Report](#) | [EU Social Economy Gateway: Luxembourg](#)

DATA SOURCES

- Socio-economic data refer to 2022 unless stated otherwise, and relate to data downloaded as of 17 July 2023. Datasets used: GDP per capita, current PPP: OECD national accounts statistics, <https://doi.org/10.1787/na-data-en>; Labour force participation rate (15-64 year old): OECD Employment and Labour Market Statistics, <https://doi.org/10.1787/data-00310-en>; NEET (15-29 year olds, all levels of education): OECD Education at a Glance 2022, <https://doi.org/10.1787/19991487>; Poverty rate (after taxes and transfers, poverty line 50%): OECD Social and Welfare Statistics (database), <https://doi.org/10.1787/data-00654-en>; Gini coefficient (disposable income, post taxes and transfers): OECD Income Distribution Database, <https://www.oecd.org/social/income-distribution-database.htm>; Rural population (OECD): OECD, CFE Regions and Cities databases, <http://oe.cd/geostats>; Rural population (Luxembourg): World Bank, <https://data.worldbank.org/indicator/SP.RUR.TOTL.ZS?locations=LU>; Stakeholder engagement for developing regulations: OECD Better Life Index, <https://www.oecdbetterlifeindex.org/#/11111111111111111111>; Public social expenditures: OECD Social Expenditure Database (SOCX), <http://dotstat.oecd.org/Index.aspx?QueryId=26920>; Share of public procurement for social protection (in % of total general government procurements): OECD (2022), "Government at a Glance - 2021 edition", <http://dotstat.oecd.org/Index.aspx?QueryId=107598>; Public spending on incapacity: OECD (2022); Public spending on incapacity (indicator), <https://doi.org/10.1787/f35b71ed-en> (Public spending on incapacity refers to spending due to sickness, disability and occupational injury); Spending on education (primary to tertiary level, in % of GDP): OECD Education Statistics (database), <https://doi.org/10.1787/c4e1b551-en>; Participation in formal voluntary activities (% of people): Eurostat table [ilc_scp19], based on the 2015 EU-SILC ad-hoc module.
- SSE data were collected through OECD questionnaire circulated in May 2022. The data were provided by the government statistics service of Luxembourg STATEC.
- Further information on the methodology followed in the country fact sheets can be found [here](#).

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.



OECD
Global Action
Promoting
Social & Solidarity
Economy ecosystems

Centre for Entrepreneurship, SMEs, Regions and Cities
Local Employment and Economic Development (LEED) Programme
Social Economy and Innovation Unit



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