



Inclusive Entrepreneurship Policies, Country Assessment Notes

Luxembourg, 2017



Acknowledgements

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FOREWORD

Inclusive entrepreneurship policies aim to offer all people an equal opportunity to create a sustainable business, whatever their social group. This is an important requirement for achieving the goal of smart, sustainable and inclusive growth set out in the Europe 2020 strategy. It is also a means to respond to new economic challenges, to create jobs and to fight social and financial exclusion. Among the key targets of inclusive entrepreneurship policies and programmes are women, youth, older people, the unemployed, migrants and people with disabilities, who all continue to face challenges in the labour market and are under-represented or disadvantaged in entrepreneurship activities. ‘The Missing Entrepreneurs’ series of publications of the Organisation for Economic Co-operation and Development (OECD) and the European Union discuss how public policies and programmes can support inclusive entrepreneurship. This includes refining regulatory and welfare institutions, facilitating access to finance, building entrepreneurship skills through training, coaching and mentoring, strengthening entrepreneurial culture and networks for target groups, and putting strategies and actions together for inclusive entrepreneurship in a co-ordinated and targeted way. Governments are increasingly recognising the challenge of inclusive entrepreneurship, but there is still much to do to spread good practice.

Women, youth and older people were more likely than the European Union average to be involved in starting a business or managing a new one that is less than 42 months old over the 2012-16 period. Approximately 6.5% of women were active business creation or new business management, as were 9.1% of youth and 6.8% of older people. National entrepreneurship priorities and objectives are outlined in the 4th National Action Plan to support SMEs, adopted in 2016. While a limited number of entrepreneurship initiatives are available for unemployed persons, support for other groups such as people with disabilities and seniors is not well developed. Key recommendations are to further improve the tailoring of existing programmes and initiatives to the needs of different population groups and to do more to foster of positive entrepreneurship culture with greater promotion of role models and greater use of the media.

This note is the second in a series of annual country assessments prepared by the OECD in collaboration with the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission on the state of inclusive entrepreneurship policies and programmes in each European Union Member State. Each note provides an overview and assessment of policies and programmes that support people from under-represented and disadvantaged groups in business creation and self-employment, and suggests policy actions to address gaps in the support system and to improve the quality of available support offers. The notes cover national-level policies and programmes and, where relevant, sub-national initiatives and actions by the non-governmental sector. The 2017 notes place a special focus on describing the characteristics of self-employment in each country.

The notes are part of a wider programme of work by the OECD and the European Commission that includes ‘The Missing Entrepreneurs’ publications, a series of Policy Briefs on specific target groups, policies and issues, country reviews of youth entrepreneurship and women entrepreneurship, and the production of online policy guidance. For more information please refer to: <http://www.oecd.org/employment/leed/inclusive-entrepreneurship.htm>.

TABLE OF CONTENTS

KEY MESSAGES.....	5
1. INCLUSIVE ENTREPRENEURSHIP OBJECTIVES AND TARGETS	5
2. KEY INCLUSIVE ENTREPRENEURSHIP INDICATORS.....	6
2.1. Labour market context.....	6
2.2. Self-employment and entrepreneurship rates.....	7
2.3. Barriers to business creation	9
2.4. Entrepreneurship performance.....	10
3. ASSESSMENT OF CURRENT AND PLANNED INCLUSIVE ENTREPRENEURSHIP POLICIES AND PROGRAMMES.....	11
3.1. Policy framework.....	11
3.2. Government regulations.....	12
3.3. Financing entrepreneurship.....	13
3.4. Entrepreneurship skills	14
3.5. Entrepreneurial culture and social capital.....	15
4. POLICY RECOMMENDATIONS	16
5. REFERENCES	17
ANNEX: METHODOLOGY.....	19

KEY MESSAGES

- No national objectives for entrepreneurship and self-employment are set for under-represented and disadvantaged groups. Also, only a limited number of entrepreneurship programmes and initiatives are available for unemployed persons, but there are none directly targeting other social groups such as people with disabilities and seniors.
- Approximately 8% of the active labour force is self-employed. (This figure increases to 9% if cross border workers are included). Self-employment has been declining slowly over the past decade, but its share of employment has been increasing. There are over 13 000 registered businesses that do not employ others, suggesting that many self-employed persons register their work activity as a business enterprise growing the activity.
- The national entrepreneurship and innovation policy is primarily geared towards high value, technology-based businesses and new start-ups. These high value creating industries which tend to have high barriers to entry and do not necessarily favour disadvantaged groups. In addition, the labour laws do not favour self-employment and access to finance for starting and growing a business (i.e. bank finance, venture capital and micro financing) is a constraining factor for all social groups. There is also limited understanding of the socio-demographic characteristics of self-employed.
- National Policy has focused on building entrepreneurship support systems and facilitating further diversification of the economy towards high value-added knowledge-based industries. As a result, there is an energetic eco-system for entrepreneurship and innovation. For the next stage of entrepreneurship policy development, key recommendations for policy development include: (i) extend and adapt generic entrepreneurship programmes and initiatives (e.g. Fit4entrepreneurship, Fit4Start) to the needs of different target groups; (ii) define specific policy objectives and targets for supporting key social target groups in business creation (e.g. women, youth); and (iii) improve outreach to migrant communities to promote entrepreneurship.

1. INCLUSIVE ENTREPRENEURSHIP OBJECTIVES AND TARGETS

In its 2017 National Reform Programme (NRP)¹, the Luxembourg government outlines a series of measures envisaged to enable “smart, sustainable and inclusive growth”.² These measures encompass priorities relating to: (i) education and training; (ii) R&D and innovation, (iii) efficient use of resources; and (iv) social cohesion and inclusion, as well as gender equality as a cross-disciplinary objective. These government priorities have been materialised through an array of measures, among which figure the establishment of a new legal framework for company creation, investments and work permits for immigrant workers to be attracted, activities to promote self-employment by providing support, training and guidance, as well as activities for disadvantaged population groups, and this with

¹ The National Reform Programme is presented in parallel with the Stability and Convergence Programme and sets out the country's budgetary plans for the coming three to four years.

² http://ec.europa.eu/europe2020/europe-2020-in-your-country/luxembourg/national-reform-programme/index_en.htm

the transversal objective to foster inclusive entrepreneurship as a mechanism to increase employment rates and reduce high rates of crisis-related unemployment.

These measures have to be set against the objectives related to employment and social inclusion of the Europe2020 Strategy, being most relevant for inclusive entrepreneurship. The Europe 2020 employment rate target is 73% for women and men aged 20-64 years old by 2020 and stood at 73% in April 2017. The poverty rate target, which measures the population at-risk of poverty or exclusion, aims to reduce the number of persons under the threat of poverty or social exclusion by 3 000 by 2020. The government aims to reduce the number of persons at risk of poverty or social exclusion by 6 000 by 2020. Recent data underlines that this rate decreased steadily from 19% in 2013 to 16.4% in 2014 and 15.3% in 2015, which was below the EU average of 24.4% (Thill, 2017).

To advance these objectives, the investment priorities of the Operational Programmes for European Social Fund (ESF) funding for the 2014-20 have concentrated on groups that are disadvantaged in society. This includes young job seekers under 30 years old in the context of the Youth Guarantee strategy, including those from immigrant backgrounds, job seekers above 45 years, and further disadvantaged groups such as refugees. The Operational Programmes for ESF funding are divided into three priority areas: (i) support for sustainable professional integration, accounting for 54% of the financial envelope; (ii) strengthened social inclusion, with 20% of the financial envelope; and (iii) promoting the acquisition of new skills for another 20% of the financial envelope.

With this broad framework in mind, the government's national policies focus on efforts to support job seekers and reinforce their employability. This policy approach is well reflected in the employment measures that promote high quality, sustainable and inclusive jobs, and supports measures and actions designed to eliminate precariousness and poverty. Employment measures at the level of the National Employment Agency ADEM aim to enhance the integration into the labour market of vulnerable population groups exist, especially for the young, women, older people and people with disabilities.

Current entrepreneurship priorities and objectives are outlined in the 4th National Action Plan to support SMEs, which was adopted in March 2016. They aim at entrepreneurship promotion, SME friendly regulations, better access to finance and innovation in SMEs. While the plan places a considerable focus on innovation, growth and better regulation as regards the establishment of procedures, the promotion of women and youth entrepreneurship, as well as the involvement of stakeholders is also high at the agenda. No quantitative targets have been defined yet for self-employment and business creation by disadvantaged groups in entrepreneurship.

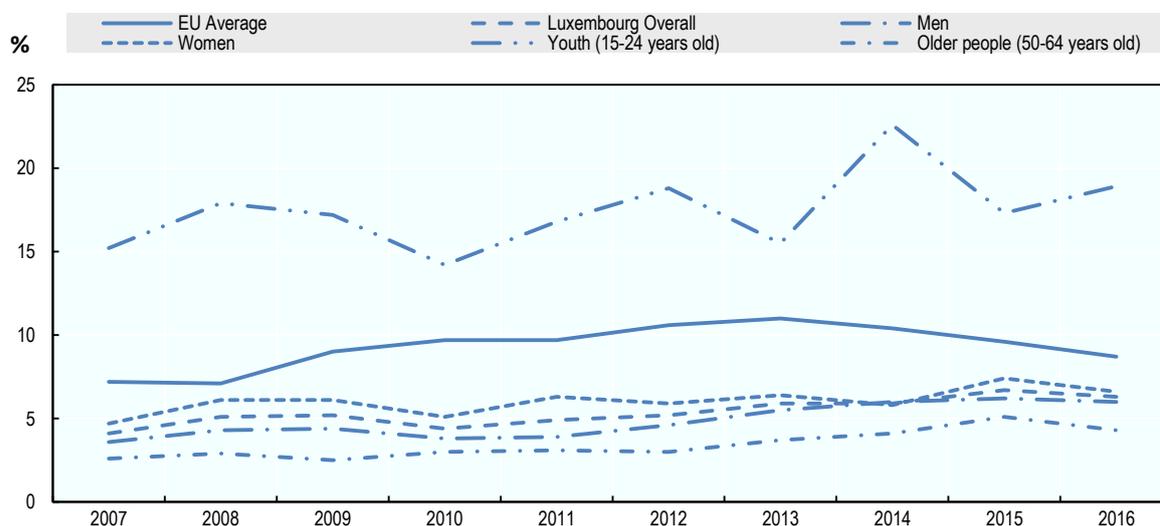
2. KEY INCLUSIVE ENTREPRENEURSHIP INDICATORS

2.1. Labour market context

Unemployment in Luxembourg decreased from 6.7% in 2015 and 6.3% in 2016 to 6.0% in May 2017 after it increased during the financial crisis (ADEM, 2017). This was well below the European Union average in 2016 (8.2%) (Figure 1). Youth unemployment increased to 18.9% in 2016 and has been higher than for other age groups. In most EU countries, the youth unemployment rate is double

the adult rate but in Luxembourg, it was nearly triple in recent years. Nonetheless, the picture is different if the unemployment ratio and the NEET rates are considered with Luxembourg figuring below the average for EU countries (STATEC, 2013).

Figure 1. Unemployment rate, 2007-16



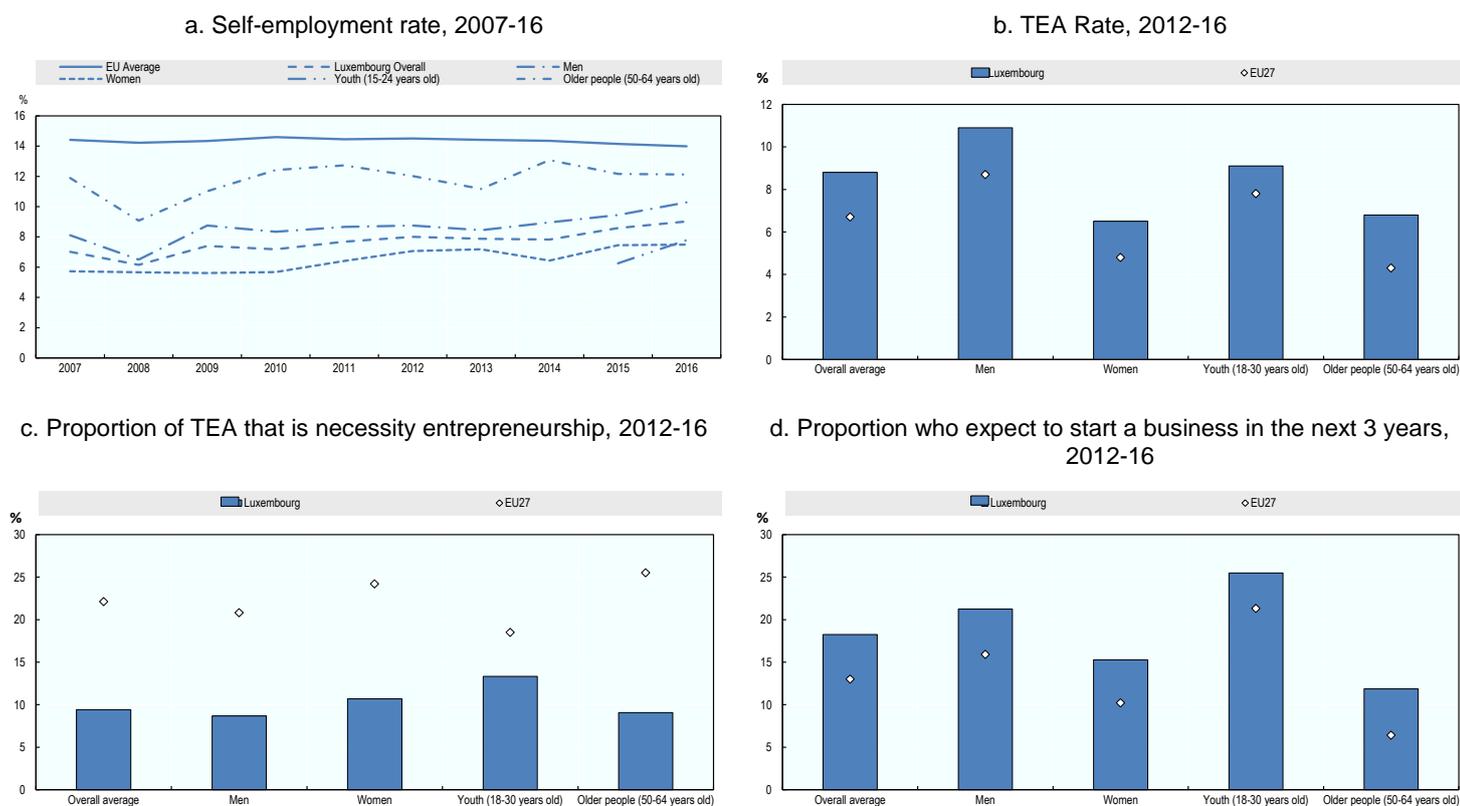
Source: Eurostat (2017), Labour Force Survey 2016.

2.2. Self-employment and entrepreneurship rates

The self-employment rate was below the EU average in 2016 (9.0% vs. 14.0%) (Figure 2a). The youth self-employment rate was nearly double the EU average in 2016 (7.8% vs. 4.1%). However, the self-employment rates for women and older people were below the EU average in 2016 (7.5% vs. 9.9% for women; 12.1% vs. 18.2% for older people). Nonetheless, the proportion of the working population who are self-employed has been trending upwards in Luxembourg over the past decade.

One explanation for the low level of self-employment could be that in Luxembourg there are many self-employed people who register their business in surrounding countries as they might have their principal location on the other side of the border. Thus the self-employment data may not pick-up all self-employed people. More non-residents from the surrounding Greater Region are opening their business than residents (Les Frontaliers, 2017).

Figure 2. Self-employment and entrepreneurship rates by target group



Note: The self-employment rate is defined as the proportion of those in employment who are self-employed. The TEA rate is the Total early-stage Entrepreneurial Activity rate, which is defined as the proportion of the population actively involved in pre start-up activities and those who have started a new business within the last 42 months. The proportion of TEA that is necessity entrepreneurship is the proportion of entrepreneurs involved in setting-up a new business or operating a business that is less than 42 months old, who were motivated to start their business because they had no better options for work. Data for panels b, c, and d were pooled for the period 2012-16. Responses were weighted to reflect the population in each year, but no weighting was used when pooling the time series data, i.e. all years have the same weight regardless of the sample size in each year. The EU27 average in panels b, c, and d covers all EU Member States except Malta.

Source: Panel a contains data from Eurostat (2017), Labour Force Survey; Panels b, c, and d contain data from the 2012 to 2016 Global Entrepreneurship Monitor household surveys that were tabulated for the OECD (2017).

The self-employed were concentrated in several sectors: Human health and social work activities (16.2%) and Professional, scientific and technical activities (13.2%) in 2016. The sectoral distribution of the self-employed has changed over the past decade. In 2008, the self-employed were concentrated in Professional, scientific and technical activities (20.2%) and Agriculture, forestry and fishing (18.5%). In terms of occupation, the vast majority of the self-employed were Professionals in 2016 (42.9%). This was followed by Service and sales workers (16.2%) and Technicians and associate professionals (13.2%). Furthermore, the self-employed in Luxembourg were more likely to have a tertiary education than the EU average in 2016 (45.7% vs. 34.6%), and also more likely than employees (41.6%).

Another measure of entrepreneurship activities in the Total early-stage Entrepreneurial Activity (TEA) rate, which measures the proportion of the population who are actively involved in starting a business or managing a new business that is less than 42 months old. Over the period 2012-16, the proportion of the population that was involved in early-stage entrepreneurship activities was above the

EU average (8.8% vs. 6.7%) (Figure 2b). Key population groups in Luxembourg were more active than the EU average during this period, including women (6.5% vs. 4.8%), youth (9.1% vs. 7.8%) and older people (6.8% vs. 4.3%).

It appears that the vast majority of these early-stage entrepreneurship activities can be considered “high quality” activities since very few people report that they are involved in entrepreneurship due to a lack of employment opportunities. Only 9.4% of entrepreneurs who were involved in setting-up a new business, or operating a business that is less than 42 months old, were motivated to start their business because they had no better options for work over the 2012-16 period, i.e. “necessity” entrepreneurship (Figure 2c). This was substantially lower than the EU average during the same period (22.1%). Youth entrepreneurs, however, were less likely to report being driven by necessity (13.3%), which might be due to recent efforts by the government to promote the self-employment of the young. However, women and older people were less likely than the EU average to be engaged in “necessity” entrepreneurship.

People in Luxembourg were more likely than the EU average during the 2012-16 period to expect to create a business over the next three years (Figure 2d). More than one-quarter of youth expected to start a business over the next three years, while 15.3% of women and 11.9% of older people did. These were all above the EU averages.

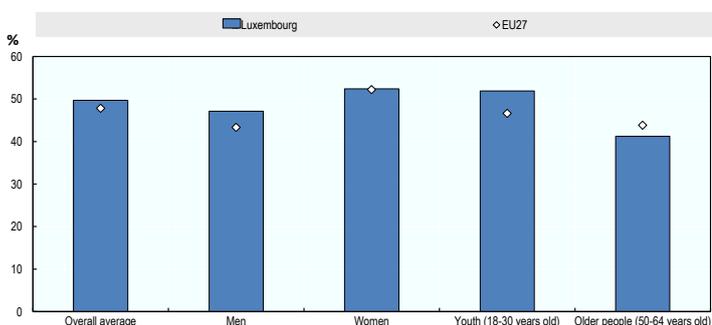
2.3. Barriers to business creation

Approximately half of the population indicated that a fear of failure was a barrier to business creation, which was about the same proportion as the EU average during the 2012-16 period (Figure 3a). Youth were the most likely group in Luxembourg to report this barrier (51.9%), while older people were the least likely (41.2%). All groups were approximately as likely as the EU averages to report this barrier.

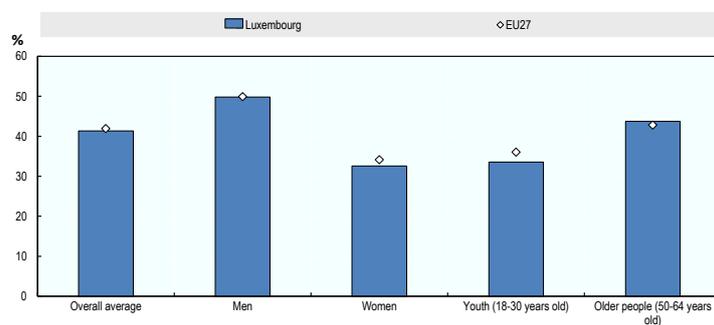
Similarly, people in Luxembourg were as likely as the EU average to report that they lacked the skills to start a business (Figure 3b). Less than one-third of women indicated that they had appropriate skills, which was approximately the proportion of youth.

Figure 3. Barriers to entrepreneurship by target group

a. Proportion who report that a fear of failure prevents them from starting a business, 2012-16



b. Proportion who perceive that they have the skills to start a business, 2012-16



Note: Data were pooled for the period 2012-16. Responses were weighted to reflect the population in each year, but no weighting was used when pooling the time series data, i.e. all years have the same weight regardless of the sample size in each year. The EU27 average covers all EU Member States except Malta.

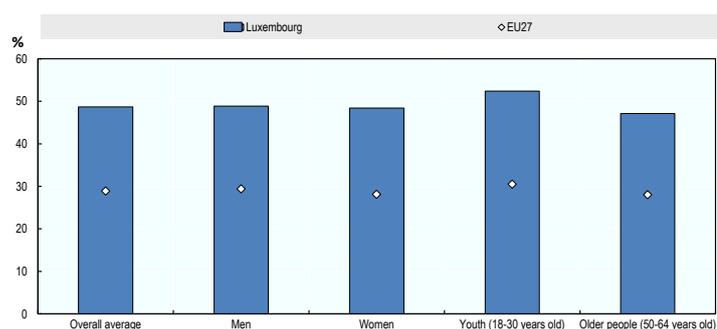
Source: GEM (2017), special tabulations of the Global Entrepreneurship Monitor’s household surveys from the 2012 to 2016.

2.4. Entrepreneurship performance

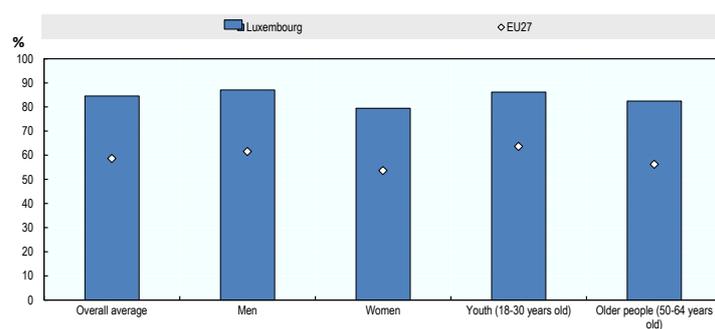
Entrepreneurs in Luxembourg were nearly twice as likely as the EU average to report that their business offered new products and services (Figure 4a). Remarkably, more than half of youth entrepreneurs reported this. Similarly, entrepreneurs from all population groups were more likely than the EU average to sell to foreign customers (Figure 4b). However, new entrepreneurs in Luxembourg were not likely to report that they expected to generate a lot of job creation through their business. Men and youth were about half as likely as the European Union average over the 2012-16 period to indicate that they expected to create at least 19 jobs over the next five years (Figure 4c). Women were, however, more likely than the EU average to expect this level of job creation. It is also one of the few EU countries where more women than men expected to create a high number of jobs. A 2006 study with the support of the Female Entrepreneurship Task Force FEFT underlined that women often develop small-scale business models as the necessary support is lacking and that they have difficulties in finding a good balance between entrepreneurship and motherhood (Sevrain and Radova, 2006). Recent policy efforts to increase the number of childcare facilities, to offer a certain amount of free hours of childcare, and enhance their overall quality may have a positive impact on the number of female self-employed in the long-term.

Figure 4. Self-employment and entrepreneurship activities by target group

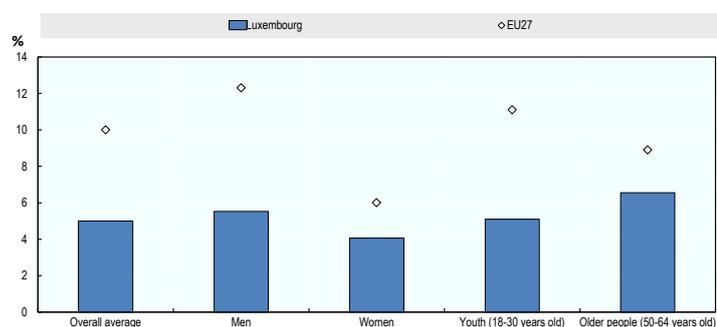
a. Proportion of new entrepreneurs whose products or services are new to all or some customers and who have few or no businesses offering the same products or services, 2012-16



b. Proportion who sell to customers in another country, 2012-16



c. Proportion of early-stage entrepreneurs who expect to create more than 19 jobs in 5 years, 2012-16



Note: Data were pooled for the period 2012-16. Responses were weighted to reflect the population in each year, but no weighting was used when pooling the time series data, i.e. all years have the same weight regardless of the sample size in each year. The EU27 average covers all EU Member States except Malta.

Source: GEM (2017), special tabulations of the Global Entrepreneurship Monitor's household surveys from the 2012 to 2016.

3. ASSESSMENT OF CURRENT AND PLANNED INCLUSIVE ENTREPRENEURSHIP POLICIES AND PROGRAMMES

3.1. Policy framework

Current entrepreneurship priorities and objectives of the Luxembourg government are outlined both in the 2014 government programme and in the 4th National Action Plan to support SMEs, which has been adopted in March 2016. The plan puts forward 99 measures on ten priority axes ranging from the promotion of an entrepreneurial spirit to adapting regulations to changing labour markets, better access to finance and setting up an environment conducive to research and innovation.³

While the action plan covers entrepreneurs and SMEs in general, it contains some objectives related to youth and women entrepreneurship. For youth, better promotion of entrepreneurship through the education system, role models and existing networks (such as the “*Jonk Entrepreneuren*” initiative) is highlighted. Support to women entrepreneurship is envisaged through better childcare facilities and better work and family reconciliation. These objectives are reinforced in the government’s National Action Plan of Equality (2015-18). The government further announces the promotion of employment measures that favour hiring disadvantaged and under-represented groups for SMEs, such as the elderly and people with disabilities.

Entrepreneurship and SME policy is co-ordinated by the Ministry of the Economy and implemented through a range of public and private actors and associations, including the national innovation agency Luxnnnovation, the Chamber of Commerce, the Chamber of Crafts, the Public employment service (ADEM) and the recently established one-stop shop “House of Entrepreneurship”.

The government promotes a positive climate for entrepreneurship and has undertaken a number of measures to foster self-employment and business creation. Overall, entrepreneurship policy is focused on supporting growth and innovation and initiatives are typically developed for the whole population of entrepreneurs. The government also has implemented a legal and constantly updated framework that stipulates R&D state aids to promote the creation of business: in 2016, 23 projects benefitted from various forms of state funding by the Ministry of the Economy. The programme “Fit4Start” is another funding and support source for by the Ministry of the Economy to help start-up businesses.

Youth benefits from increased attention to entrepreneurship education and training within schools and higher education. In secondary education, for example, the government recently presented a strategy on entrepreneurship promotion to implement so-called “entrepreneurial schools” based on conventions with three schools. For disadvantaged youth, projects such as “Build up your life”, and co-financed by the ESF, provide incentives to become self-employed. For disadvantaged seniors, ESF projects such as “SENIORS”, represent alternative routes to self-employment.

In a few concrete cases, support to entrepreneurship is provided to key target groups. For example, a wide range of incubators (10 in total) has emerged over the last five to seven years, some of which are becoming increasingly specialised in particular sectors of the economy (i.e. creative industries, construction, or fintech). One incubator, the “Future Lab”, targets students and young

³ <http://www.gouvernement.lu/5832314/4e-plan-action-PME.pdf>

people in particular. There are also several public and private networks and associations aiming at fostering entrepreneurship in particular sectors or supporting certain groups in particular.

3.2. Government regulations

The government of Luxembourg has introduced a number of regulatory measures aimed at supporting new entrepreneurs. For example, the introduction in 2016 of the new “1-1-1” law reduced the steps involved in the registration process for starting a business and allows single entrepreneurs to start a business. This new law will allow for the creation of an enterprise in one day at the cost of EUR 1. Another important measure was the introduction of the online platform “*Guichet unique*” that explains how to start a business.⁴ A new publicly funded “House of Entrepreneurship” has been set up in 2016 as a one-stop shop for all support needs related to starting a business. This initiative was implemented because it was perceived that although the support infrastructure for start-ups was strong, it was rather fragmented and sector-related with many different private and public agencies involved. The introduction of the “House of Entrepreneurship” aims at reducing some of the fragmentation of support being offered. These are significant steps in reducing the administrative burden for start-ups and will be disproportionately beneficial for entrepreneurs from under-represented and disadvantaged groups, as well as from potential entrepreneurs from other European countries.

A dialogue is under way to introduce changes to the Labour Code to allow for more flexible work schedules and home-based work. One of the major reforms in this area is the already implemented reform of parental leave in 2017, which allows for more flexibility and balance private and work life more efficiently.⁵ The government further implemented employment measures at the level of ADEM (i.e. the “Fit4Entrepreneurship” initiative) that make it easier for SMEs to employ people from disadvantaged groups of society, such as older people, long-term jobseekers or people with disabilities. In particular, the recruitment of refugees is reinforced at the level of ADEM and at the level of private refugee organisations such as for example the project “Connections” by ASTI.⁶

The government announced in its 2016 SME Action Plan to undertake an analysis of barriers for self-employment in the social security system compared to employees and to take steps that secure equal benefits for self-employment and employees.

The SME action plan further outlines that support to women entrepreneurship in particular shall be provided through an extension of childcare facilities and a reinforcement of childcare quality allowing for better work and family reconciliation. This contributes to allow women with children to return to the labour market and to combat shortages of skilled labour in SMEs.

A 2015 STATEC study based on data from the Global Entrepreneurship Monitor (GEM) concluded that immigrants (especially high-skilled immigrants) are willing to open businesses in Luxembourg.⁷ A recent change of the immigration law in 2016 introduced two new categories of work permits with the objective to encourage entrepreneurship in Luxembourg: a resident permit for investors and a residence permit within the framework of a business plan for companies from out of the EU. Moreover, for students who have completed their degree in Luxembourg, the same law

⁴ www.guichet.public.lu

⁵ <http://www.guichet.public.lu/entreprises/fr/ressources-humaines/conges/situation-perso/conge-parental/index.html>

⁶ <http://www.asti.lu/2016/05/17/connections-preparer-les-demandeurs-dasile-ainsi-que-les-refugies-au-monde-du-travail>

⁷ <http://www.statistiques.public.lu/fr/publications/series/economie-statistiques/2015/81-2015/index.html>

stipulates that they are eligible for a residence permit as self-employed or employees after graduating, and that is to be introduced in Luxembourg.

3.3. Financing entrepreneurship

The government has a transversal objective to provide access to finance for entrepreneurs. Loans and state aids are available, and a long experience in helping start-ups provides for a good collaboration between companies, banks and public and private actors. A positive climate of social peace has contributed to business creation in Luxembourg.

Focus is placed on innovation and high-growth firms. To this end, new loan instruments for SMEs were introduced by the “*Société nationale de crédit et d’investissement*” (SNCI) to strengthen research development and innovation in companies. Despite a general focus on innovation, entrepreneurs and SMEs in Luxembourg profit from several grants that are open to the whole population, including key social groups of inclusive entrepreneurship. Unemployed, who have been unemployed for at least six months and have been working for at least six years in Luxembourg and who wish to set up a company benefit within the first six months of activity from a grant by the National Employment Agency ADEM equal to their entitlement to unemployment benefits during this period. The aid is provided in a single payment made by the Ministry of Labour and Employment after the request got approved. Employers can benefit from financial incentives by the National Employment Agency ADEM if they intend to recruit jobseekers from disadvantaged population groups.

The Ministry of the Economy supports business creation and self-employment through the programme “Fit For Start”, which provides a grant of EUR 50 000 in combination with a rigorous 16 weeks coaching programme in which a coach is assigned to the new entrepreneur and training is provided to cover product development, market strategies, sales, and growth and investment planning.⁸ Participating start-ups are, however, required to contribute EUR 10 000 of own equity capital in order to co-finance the programme. Companies who wish to receive training and advice outside of the programme can apply at the Ministry of the Economy for a grant or interest subsidy of 50% of their trainings costs encountered. Payment is usually made in one instalment after the training has been finalised.

In line with the overall policy objectives on entrepreneurship, new financing mechanisms enacted by the government focus on supporting innovative and high-growth entrepreneurship. One of the recent initiatives has been the creation of the “Luxembourg Future Fund” of EUR 150 million that aims to attract and develop entrepreneurial activities with a focus on innovation and with the objective to contribute to the economic diversification of the country. Another is the “Luxembourg Business Angel Network”, which is a non-profit organisation that supports entrepreneurial activities through the development and management of private investors that are partnered with high-growth SMEs in Luxembourg. The network has close links to the Ministry of the Economy and Chamber of Commerce, which allow for better promotion and matchmaking.

While access to finance is generally not perceived as a barrier for mainstream entrepreneurship, no financial mechanisms are available to support disadvantaged and under-represented groups in entrepreneurship. Existing initiatives focus on innovative SMEs and require either matching funds from the companies or investments upfront which are reimbursed at a later stage. Entrepreneurs from under-represented and disadvantaged groups may have difficulties in providing large sums of money upfront, which may discourage them from starting an entrepreneurial activity. The number of more

⁸ <http://www.luxinnovation.lu/Services/Soutien-aux-start-up-innovantes/Fit-4-Start/Programme-et-contenu>

small-scale supports mechanisms for financing self-employment is required to be reinforced such as the “MICROLUX” initiative.⁹ Use should be made of the microfinance support for vulnerable groups and micro-enterprises offered through the EU Programme for Employment and Social Innovation (EaSI).

3.4. Entrepreneurship skills

Business consultancy and support is provided to all start-ups and entrepreneurs by the “House of Entrepreneurship”, the “House of Training”, the Chamber of Trade, the Luxembourg School for Commerce (LSC), Luxinnovation and the Chamber of Crafts, including personalised advice and support for business creation and the application process to obtain a business permit and group counselling sessions.

A significant programme offering coaching and early start-up funding to SMEs in Luxembourg is the “Fit4Start”¹⁰ initiative. Over a cycle of 16 weeks, the programme supports start-ups through workshops and individual coaching days, covering subjects such as product development, client identification and company investment and growth. The programme also offers free access to the incubator co-working space.

Entrepreneurship for young people is promoted and strengthened through the “Junior Chamber International Luxembourg” and the Association of Young Entrepreneurs (“*Jonk Entrepreneuren*”). The mission of the “Junior Chamber International Luxembourg” is to provide young people with development opportunities. Members, aged between 18 and 40 years old, can engage in various projects according to their interests, including for entrepreneurship. “*Jonk Entrepreneuren*” is a publicly supported non-profit organisation founded in 2006 with the objective of developing an entrepreneurial culture in Luxembourg and to promote self-employment. The association offers 11 programmes in entrepreneurship education at each level of education from primary school to higher education. In 2015, more than 9 600 young people participated in the programs of the association with the support of more than 350 business volunteers from different sectors.

Entrepreneurship education is further strengthened through the ESF funded “Youth Start – Entrepreneurial Challenges project”, which developed practical experiential learning programmes at the compulsory school level in Austria, Luxembourg, Portugal and Slovenia. The Programme is designed to be flexible in its application and encourages teachers to use “Youth Start” Entrepreneurial modules with their students. The University of Luxembourg recently created a professional Master of “Entrepreneurship and Innovation” (MEI).¹¹

There are also some business plan competitions and incubators which offer training and coaching activities to young entrepreneurs, notably to competition winners. These initiatives target however largely high-tech businesses and are of private nature. Examples include the CYEL awards,¹² the “*Prix créateur d’entreprise*”¹³ in the crafts sector, the Lux Future Lab and the PWC Accelerator Project.

⁹<http://www.microlux.lu>

¹⁰<https://www.luxinnovation.lu/innovate-in-luxembourg/performance-programmes/fit-4-start>

¹¹https://www.uni.lu/formations/fdef/master_in_entrepreneurship_and_innovation_professionnel

¹² <http://www.cyel.lu>

¹³ <http://createur.cdm.lu/fr>

The initiative “Fit4Entrepreneurship” supports unemployed interested in self-employment and registered with the public employment service ADEM for at least six months with coaching and mentoring. The programme has been developed in partnership with the Ministry of Labour, the public employment agency ADEM) and the Chamber of Commerce with the financial support of the European Social Fund. Trainers come from the “House of Entrepreneurship” initiative. The first edition of the programme in 2015-16 led to 37 jobseekers who created a business out of 125, and an additional 48 jobseekers who completed the programmes were able to secure employment.

There are no target group-specific entrepreneurship trainings for seniors, migrants, or people with disabilities although that they can benefit from all other training courses and guidance offered by the above-mentioned organisations. Women, for example, can benefit from over 20 informal and private networks and associations partially covering business counselling and mentoring, such as the “Mumpreneurs Luxembourg Association”¹⁴ or “Girls in Tech”.¹⁵ Disadvantaged target groups in all age categories can benefit from training organised by ADEM or tailor-made and sector-specific professional training courses offered within the “House of Training”.

3.5. Entrepreneurial culture and social capital

The promotion of an entrepreneurial culture is driven by a high number of non-profit and private associations, with some of them having a specific focus on key target groups of inclusive entrepreneurship.

There are approximately 20 public and private networks, associations and initiatives related to women entrepreneurship. Opportunities for social capital development and exchange for women-only groups are well developed and there is some media attention to the activities of women. Examples of prominent networks for women are the “Network – Connecting Women” in Luxembourg and the “Federation of Women Entrepreneurs” in Luxembourg. The Network brings together women business leaders and professionals residing in Luxembourg and the surrounding regions, but is open to women of all nationalities. The network provides networking opportunities, promotes personal and career development among its members, and encourages social, cultural and philanthropic activities. Established in 2004, the “Federation of Women Entrepreneurs” in Luxembourg aims to promote equal economic opportunities for women and men in Luxembourg. To this end, it encourages women to take on leadership roles across the different sectors of the economy, helps them to grow their network in Luxembourg and abroad, and seeks to influence those in power to pass laws encouraging female entrepreneurship.

Youth entrepreneurship is promoted through the Youth Chamber, notably through the yearly organisation of the Creative Young Entrepreneur Luxembourg Award (CYEL), which aims to promote new businesses that contribute in strengthening the local economy. It aims also to promote entrepreneurship spirit and support entrepreneurs in their business and on their target markets.

In secondary education, the government presented in 2017 a strategy on entrepreneurship promotion to implement so-called “entrepreneurial schools” with three schools taking presently the lead. In terms of higher education, the University of Luxembourg created a professional Master of “Entrepreneurship and Innovation” (MEI). More broadly, guidance and counselling activities for the young have been set up through the “Orientation House” (*Maison de l’Orientation*) which includes

¹⁴ <http://mumpreneurs.lu>

¹⁵ <https://girlsintech.org>

representatives from ministerial agencies and the BIZ structure at ADEM (the *Berufsinformationszentrum*).

The US embassy in Luxembourg is supporting youth entrepreneurship through a Youth Entrepreneurship Contest with the aim of promoting entrepreneurial spirit in schools in Luxembourg. Within the contest, selected students learn the basics of creating a start-up, from developing an idea to putting together a business plan. Prizes will be awarded for the best business pitches. The top five students are invited each year to attend the Free Enterprise Leadership Challenge, a one-week entrepreneurship camp in the United States.

Media attention to entrepreneurship is generally high. This has been especially the case since the creation of the new online magazine “Silicon Luxembourg”, which publishes success stories of start-ups in Luxembourg and includes special features on entrepreneurial individuals, including women and people with disabilities. It also provides information on entrepreneurship trainings and events. Other media sources with regular articles on entrepreneurship are *Entreprises* magazine and “Paperjam”.

Various non-governmental organisations focus on awareness-raising for the needs of people with disabilities (e.g. CARITAS).

4. POLICY RECOMMENDATIONS

Entrepreneurship policies and programmes in Luxembourg tend to favour support for innovative and high tech start-ups. With the exception of some tailored youth entrepreneurship supporting initiatives, no target-group specific support is offered as all groups are eligible to receive support and funding. To strengthen inclusive entrepreneurship policies and programmes, the following recommendations are put forward:

1. *Extend and adapt generic entrepreneurship programmes and to the needs of different target groups.* Tailored modules should be developed for current entrepreneurship training programmes and more efforts are needed to use targeted outreach methods to ensure that various population groups (e.g. migrants, the unemployed) are aware of available support offers. For example, the programme “Fit4entrepreneurship” could be extended beyond its current eligibility to also include unemployed persons and seniors in transition to new career path.
2. *Define specific policy objectives and targets for supporting key social target groups in business creation.* Encourage an inclusive culture of entrepreneurship with an enhanced focus on the target groups of inclusive entrepreneurship. More role models for Luxembourgish entrepreneurs from under-represented and disadvantaged groups (in particular female, disabled, and seniors) could be promoted. More media attention could be given to young people, disabled, senior entrepreneurs and unemployed persons who have moved into self-employment.
3. *Improve outreach to migrant communities to promote entrepreneurship.* Policy makers should partner with non-government organisations that work with migrant communities to

strengthen the available entrepreneurship support programmes, including training, coaching and mentoring.

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ANNEX: METHODOLOGY

Each note was prepared by a national expert in co-operation with the OECD Secretariat. Information was collected through desk research and interviews (i.e. telephone, face-to-face, email) with key stakeholders and government representatives. The information was then verified by government partners, programme managers and other inclusive entrepreneurship stakeholder groups through email exchanges and one-day seminars in selected countries.

The notes are based on an assessment framework that was developed by the OECD Secretariat. The assessment framework provided a common analytical framework and report structure for the 28 notes that are in this series.

The framework contains 5 pillars:

1. Policy framework

- Is there an entrepreneurship strategy or action plan that explicitly covers the promotion and support of entrepreneurship for people in under-represented and disadvantaged groups?
- Is there a mechanism for co-ordinating inclusive entrepreneurship policy actions across relevant national ministries, and with regional and local governments and civil society organisations?
- Is there a systematic monitoring and evaluation process for the policies, programmes and schemes that promote and support entrepreneurship for people in under-represented and disadvantaged groups?

2. Government regulations

- To what extent are entrepreneurs from under-represented and disadvantaged groups treated equally with employees by social security schemes?
- Do measures exist that temporarily cover the loss of state income supports (e.g. unemployment benefits, disability allowances) for entrepreneurs amongst under-represented and disadvantaged groups when they start a business?
- Do measures exist to support under-represented and disadvantaged entrepreneurs in dealing with administrative procedures for entrepreneurship amongst under-represented and disadvantaged groups (e.g. information provision, support with administrative requirements)?
- Are there any entrepreneurship policy initiatives or schemes to address group-specific institutional challenges related to dependents (e.g. childcare, eldercare)?

3. Financing entrepreneurship

- Are there grants for business creation offered to support entrepreneurs from under-represented and disadvantaged groups?
- Is microcredit for business creation available to support entrepreneurs from under-represented and disadvantaged groups?

- Are there loan guarantee schemes for business creation to support entrepreneurs from under-represented and disadvantaged groups?
- Are there self-financing groups for business creation to support entrepreneurs from under-represented and disadvantaged groups?
- Are there public policy schemes that encourage and support business angel networks to support entrepreneurs from under-represented and disadvantaged groups?
- Are there schemes that encourage and support crowdfunding and peer-to-peer lending to support entrepreneurs from under-represented and disadvantaged groups?
- Is financial literacy training offered to support entrepreneurs from under-represented and disadvantaged groups?

4. Entrepreneurship skills

- Are there entrepreneurship training initiatives for entrepreneurs from under-represented and disadvantaged groups?
- Do high potential entrepreneurs from under-represented and disadvantaged groups have access to one-to-one or group coaching and mentoring?
- Are there public initiatives that provide information on available support programmes or on business start-up procedures for entrepreneurs from under-represented and disadvantaged groups?
- Are there business consultancy and advisory services for entrepreneurs from under-represented and disadvantaged groups?
- Are there business incubators for entrepreneurs from under-represented and disadvantaged groups?

5. Entrepreneurial culture and social capital

- Is entrepreneurship actively promoted as an employment opportunity amongst under-represented and disadvantaged groups through the education system, media, role models, etc.?
- Are there public policy actions that attempt to build specific business networks for entrepreneurs amongst under-represented and disadvantaged groups?