

Luxembourg - 14 October 2019

# DE BUDGETSPLANG 2020

DRAFT BUDGETARY PLAN



LE GOUVERNEMENT  
DU GRAND-DUCHÉ DE LUXEMBOURG  
*Ministère des Finances*

***Courtesy translation of the original French document.***

*In case of a discrepancy between the original version and the translated text, the original version shall prevail.*

**I. Introduction**

In line with article 6 of Regulation 473/2013, Luxembourg hereby presents its 2020 Draft Budgetary Plan (DBP).

The present DBP is based on the most recent macroeconomic forecasts independently produced by STATEC and it draws upon the fiscal objectives presented in the draft budget 2020 as tabled to Parliament on 14 October 2019 by the Government. Except stated otherwise, the budgetary figures are presented in accordance with the ESA2010 framework.

The fiscal policy stance for 2020 follows in the line of the Government's medium-term strategy as stated in its December 2018 coalition agreement.

Like the 2019 Budget, a proactive policy stance contributing to the qualitative development of the country in line with the political priorities set out in the December 2018 coalition agreement will continue to provide the foundation for the Government's policy actions.

## II. Macroeconomic forecasts

Overall **global economic trends** have worsened over the course of 2019. Uncertainties associated with the escalation of global trade tensions and the potential consequences of a *no-deal Brexit* continue to constrain the confidence in the markets and risk to weaken future growth.

As a result, the economic outlook in the **euro area**, has been revised downward. According to STATEC, the euro area would attain a real GDP growth rate of 1.1% in 2019, which represents a downward revision of 0.2 percentage points compared to the forecasts made in June 2019<sup>1</sup>. The impact is even more pronounced for 2020. Real GDP growth is expected to be limited to 1.1% which represents a downward revision of 0.4 percentage points.

While the **Luxembourg economy** managed to remain resilient throughout 2018, the economic context slightly moderated throughout 2019. The growth outlook is expected at 2.4% in 2019 and 2020. This represents a downward revision from the latest forecast in June 2019 of 0.2 and 0.3 percentage points, respectively. In fact, approaching autumn 2019, the economic context is marked by negative signals. The international context, particularly in Europe, is less optimistic in terms of economic activity. Nominal growth, meanwhile, should reach 3.8% in 2018 and 4.7% in 2019.

On the other hand, the **labour market** remains favourably oriented in 2019 with employment growth reaching 3.7%. In 2020, the pace of growth is expected to be limited to 3.2% driven in particular by the less favourable economic context. In 2019, unemployment rate is expected at 5.1%, while for 2020, the rate should slightly rise to 5.2%<sup>2</sup>.

Based on the common methodology applied to STATEC forecasts and macroeconomic data, potential growth for Luxembourg is estimated at 2.8% in 2019 and 2.7% in 2020. The output gap, which represents the difference between real GDP and potential GDP, stands at +0.9% in 2019 and +0.5% in 2020.

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<sup>1</sup> STATEC - Note de Conjoncture N° 1-2019.

<sup>2</sup> The planned revision of Regulations (EC) No 883/2004 and (EC) No 987/2009 on the coordination of social security systems may have a significant budgetary impact, not only in terms of the amount of unemployment benefits to be transferred by Luxembourg abroad, but also in terms of non-resident job-seekers registered at ADEM (National employment agency), which will have to take care of them in the same way as resident job-seekers.

### III. Budgetary objectives and policy

The medium-term budgetary strategy is anchored within the coalition agreement for the legislative period 2018-2023<sup>3</sup> and is globally a continuation of the previous Government's action.

The budgetary objectives as set out by the Government programme adhere to the following principles:

- i) *respecting the medium-term objective (MTO) during the whole legislative term;*
- ii) *making sure to keep public debt below 30% of GDP.*

Notably, the coalition agreement underlines that the Government “*will take the necessary measures to respect the budgetary trajectory, the Stability and Growth Pact and the two objectives cited above*”.

After closing the year 2018 with a surplus at central government level, the financial situation of the State is broadly positive and confirms the Government's prudent policy approach in managing public funds. In this context, the budgetary strategy for 2020 aims to maintain the positive trajectory of the previous years.

The **nominal general government balance**, based on the work leading up to the draft budget for 2020, remains in surplus at 1.2% of GDP. This corresponds to a lower positive balance in comparison to the one in 2019, which is estimated at +2.0% of GDP. This change can be explained by prudent tax revenue estimates and the implementation of a number of discretionary measures (see Table 5). In 2019, the central government is expected to reach a balance of -0.1% of GDP. By 2020, the balance is expected to decline to -1.0% of GDP.

Concerning **public expenditure**, its share in terms of GDP is expected to rise from 43.3% in 2019 to 43.9% in 2020. This underlines the Government's commitment to continue to invest, through the implementation of new measures, into the country's qualitative development through strengthening the sustainable development path and maintaining an ambitious pace of investment. The figures also include the pure accounting impact of the acquisition of a military aircraft scheduled for delivery in 2020<sup>4</sup>.

Regarding **public revenues**, forecasts have been updated based on developments and trends observed in 2019 and taking into account the latest macroeconomic projections. Revenues are estimated at 45.1% of GDP in 2020, which is slightly lower than in 2019 (45.3%

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<sup>3</sup> The coalition agreement can be found under the following link :

<https://gouvernement.lu/dam-assets/documents/actualites/2018/12-decembre/Accord-de-coalition-2018-2023.pdf> .

<sup>4</sup> Accounting impact of € 200 million has been recorded in the budget year 2020, the year of delivery of the military aircraft, while payments have been made gradually over the past 15 years.

of GDP). The evolution of public revenues can be explained essentially by estimates that could be qualified as prudent due to the strong developments recorded in 2019.

The **medium-term budgetary strategy**, going beyond 2020, is defined in the draft medium-term budget for 2019-2023. This draft law has been tabled to Parliament on 14 October 2019, in parallel with the draft budget for 2020, and presents the medium-term fiscal plan in line with chapter V of the directive 2011/85 on requirements for budgetary frameworks of the Member States.

**Public debt** is expected to drop from 20.0% of GDP in 2019 to 19.8% in 2020. As for the interest expenditure, this should decrease in 2020 in comparison to 2019 (from 0.3% to 0.2% of GDP). Moreover, the general government holds financial assets totalling around 42% of GDP of which about 31.6% of GDP stem from the *Fonds de compensation* in which Social security surpluses are set aside. Thus, in net terms, Luxembourg's financial situation continues to be positive to the extent that assets exceed liabilities.

With regards to the rules of the preventive arm of the **Stability and Growth Pact**, the following should be noted:

- The **revision of the MTO**, which refers to the period 2020-2022, has been made in the context of the 20<sup>th</sup> update of the Stability Programme, which has been transmitted to the European Commission in April 2019. The MTO **stands at -0.5% in 2019 and +0.5% in 2020**.
- **In 2020, Luxembourg continues to respect its MTO of +0.5% of GDP, while preserving a safety margin with respect to the minimal threshold.**

The structural balance is expected to move from +1.6% of GDP in 2019 to +0.9% in 2020. This decrease is mainly linked to the impact of the budgetary component on the structural balance, with general government balance moving from +2.0% of GDP to +1.2% of GDP. The output gap is expected to move from +0.9% in 2019 to +0.5% in 2020.

- Given that Luxembourg is overachieving its own MTO in 2019 and 2020, the Stability and Growth Pact preventive arm's expenditure benchmark does not apply in the case of Luxembourg.

#### **IV. Update of tables related to recommendations and targets set by the EU strategy for growth and employment “Europe 2020”**

Regarding the country-specific recommendations adopted in the context of the 2019 European Semester, as well as the objectives set out in the Union strategy for growth and employment “Europe 2020”, several specific policy measures and action plans have been adopted and implemented over the past several years.

Tables 8 and 9 summarise the main measures taken from the 2019 National Reform Programme and updates them. A fully updated version will be presented in April 2020, in conjunction with the 2020 National Reform Programme.

# STATISTICAL ANNEX

## 1. Macroeconomic forecasts

Table 0. Basic assumptions

	Year 2018	Year 2019	Year 2020
Short-term interest rate (annual average)	-0.3	-0.3	-0.3
Long-term interest rate (annual average)	1.1	0.5	0.8
USD/€ exchange rate (annual average)	1.18	1.13	1.13
Nominal effective exchange rate	1.02	1.02	1.02
Euro area GDP growth	1.9	1.1	1.1
Growth of relevant foreign markets	2.5	2.7	3.4
Oil prices (Brent, USD/barrel)	71	65	63

Table 1.a. Macroeconomic prospects

	ESA code	Year 2018	Year 2018	Year 2019	Year 2020
		Level	rate of change	rate of change	rate of change
1. Real GDP (reference year = 2010)	B1*b	50815	3.1	2.4	2.4
2. Potential GDP		50193	2.2	2.8	2.7
3. Nominal GDP	B1*b	60053	5.7	3.8	4.7
<b>Components of real GDP</b>					
4. Private final consumption expenditure	P.3	15930	3.3	3.0	2.2
5. Government final consumption expenditure	P.3	8450	4.1	7.1	5.7
6. Gross fixed capital formation	P.51	9080	-5.9	6.7	3.7
7. Changes in inventories and net acquisition of valuables (% of GDP)	P.52 + P.53	...	0.7	0.2	-0.4
8. Exports of goods and services	P.6	99850	0.5	3.3	5.3
9. Imports of goods and services	P.7	83087	-0.3	4.2	5.8
<b>Contributions to real GDP growth</b>					
10. Final domestic demand		...	0.5	3.3	2.4
11. Changes in inventories and net acquisition of valuables	P.52 + P.53	...	1.0	-0.7	-0.7
12. External balance of goods and services	B.11	...	1.5	-0.3	0.8

Table 1.b. Price developments

	ESA code	Year 2018	Year 2019	Year 2020
		rate of change	rate of change	rate of change
1. GDP deflator (2005=1)		2.5	1.4	2.3
2. Private consumption deflator		2.2	2.1	1.5
3. NICP		1.5	1.9	1.7
4. HICP		2.0	1.6	1.7
5. Export price deflator (goods and services)		2.0	2.0	2.8
6. Import price deflator (goods and services)		2.3	2.2	2.6

Table 1.c. Labour market developments

	ESA code	Year 2018	Year 2018	Year 2019	Year 2020
		Level	rate of change	rate of change	rate of change
1. Employment, persons (in 1000 pers.) <sup>1</sup>		449	3.8	3.7	3.2
2. Unemployment rate (%) <sup>2</sup>		...	5.4	5.1	5.2
3. Labour productivity, persons <sup>3</sup>		...	-0.7	-1.3	-0.7
4. Compensation of employees (billion EUR)	D.1	30	7.2	7.1	5.4
5. Compensation per employee (1,000 EUR/year)		66	3.4	3.4	2.2

<sup>1</sup> Occupied population, domestic concept national accounts definition.

<sup>2</sup> Harmonized definition, Eurostat.

<sup>3</sup> Real GDP per person employed.

## 2. Budgetary targets

Table 2.a. General government budgetary targets broken down by subsector

	ESA code	Year 2019	Year 2020
		% GDP	% GDP
<b>Net lending (+) / net borrowing (-) (B.9) by sub-sector<sup>1</sup></b>			
1. General government	S.13	2.0	1.2
2. Central government	S.1311	-0.1	-1.0
3. State government	S.1312	...	...
4. Local government	S.1313	0.5	0.5
5. Social security funds	S.1314	1.7	1.6
6. Interest expenditure	D.41	0.3	0.2
7. Primary balance		2.3	1.4
8. One-off and other temporary measures		...	...
9. Real GDP growth (%)		2.4	2.4
10. Potential GDP growth (%)		2.8	2.7
11. Output gap (% of potential GDP)		0.9	0.5
12. Cyclical budgetary component (% of potential GDP)		0.4	0.2
13. Structural balance		1.6	0.9

<sup>1</sup> TR-TE=B.9.

Table 2.b. General government debt developments

	ESA code	Year 2019	Year 2020
		% GDP	% GDP
1. Gross debt <sup>1</sup>		20.0	19.8
2. Change in gross debt ratio		-1.1	-0.2
p.m.: Implicit interest rate on debt <sup>2</sup>		1.3	1.2

<sup>1</sup> As defined in amended Regulation 479/2009.

<sup>2</sup> Proxied by interest expenditure divided by the debt level of the previous year.

Table 2.c. Contingent liabilities

		Year 2018	Year 2019
		% GDP	% GDP
Public guarantees		6.7	...
Of which: linked to the financial sector <sup>1</sup>		6.0	...

<sup>1</sup> Including the credit line for the Single Resolution Fund.

### 3. Expenditure and Revenue Projections under the no-policy change scenario

**Table 3. General government expenditure and revenue projections at unchanged policies broken down by main components**

General government (S.13)	ESA code	Year	Year
		2019	2020
		% GDP	% GDP
<b>1. Total revenue at unchanged policies</b>	TR	45.3	45.1
<b>Of which:</b>			
1.1. Taxes on production and imports	D.2	11.7	11.7
1.2. Current taxes on income, wealth, etc.	D.5	17.2	16.6
1.3. Capital taxes	D.91	0.2	0.2
1.4. Social contributions	D.61	12.4	12.5
1.5. Property income	D.4	1.2	1.2
1.6. Other <sup>1</sup>		2.7	2.8
<b>p.m.: Tax burden (D.2+D.5+D.61+D.91-D.995)</b>		<b>41.4</b>	<b>41.1</b>
<b>2. Total expenditure at unchanged policies</b>	TE <sup>2</sup>	43.3	43.8
<b>Of which:</b>			
2.1. Compensation of employees	D.1	9.2	9.3
2.2. Intermediate consumption	P.2	3.8	3.8
2.3. Social payments	D.621 D.632	19.9	20.1
of which: Unemployment benefits <sup>3</sup>		0.7	0.7
2.4. Interest expenditure	D.41	0.3	0.2
2.5. Subsidies	D.3	1.2	1.1
2.6. Gross fixed capital formation	P.51	4.2	4.4
2.7. Capital transfers	D.9	1.2	1.2
2.8. Other <sup>4</sup>		3.5	3.5
<b>3. Financing capacity / requirements</b>		<b>2.0</b>	<b>1.3</b>

<sup>1</sup> P.11+P.12+P.131+D.39rec+D.7rec+D.9rec (other than D.91rec)

<sup>2</sup> TR-TE= B.9

<sup>3</sup> Includes cash benefits (D.621 and D.624) and in kind benefits (D.631, SEC2010: D.632) related to unemployment benefits.

<sup>4</sup> D.29pay + D.4pay (other than D.41pay) +D.5pay + D.7pay +P.52+P.53+K.2+D.8.

## 4. Expenditure and Revenue targets

Table 4.a. General government expenditure and revenue targets, broken down by main components

	ESA code	Year 2019	Year 2020
<b>General government (S.13)</b>			
<b>1. Total revenue target</b>	TR	45.3	45.1
Of which:			
1.1. Taxes on production and imports	D.2	11.7	11.7
1.2. Current taxes on income, wealth, etc.	D.5	17.2	16.6
1.3. Capital taxes	D.91	0.2	0.2
1.4. Social contributions	D.61	12.4	12.5
1.5. Property income	D.4	1.2	1.2
1.6. Other <sup>1</sup>		2.7	2.8
p.m.: Tax burden (D.2+D.5+D.61+D.91-D.995)		41.4	41.0
<b>2. Total expenditure target</b>	TE <sup>2</sup>	43.3	43.9
Of which:			
2.1. Compensation of employees	D.1	9.2	9.4
2.2. Intermediate consumption	P.2	3.8	3.9
2.3. Social payments	D.62 + D.632	19.9	20.1
of which Unemployment benefits <sup>3</sup>		0.7	0.7
2.4. Interest expenditure	D.41	0.3	0.2
2.5. Subsidies	D.3	1.2	1.2
2.6. Gross fixed capital formation	P.51g	4.2	4.4
2.7. Capital transfers	D.9	1.2	1.2
2.8. Other <sup>4</sup>		3.5	3.5
<b>3. Financing capacity / requirements</b>		2.0	1.2

<sup>1</sup> P.11+P.12+P.131+D.39rec+D.7rec+D.9rec (other than D.91rec).

<sup>2</sup> TR-TE= B.9.

<sup>3</sup> Includes cash benefits (D.621 and D.624) and in kind benefits (D.631, SEC2010: D.632) related to unemployment benefits.

<sup>4</sup> D.29pay + D.4pay (other than D.41pay) +D.5pay + D.7pay +P.52+P.53+K.2+D.8.

Table 4.b Amounts to be excluded from the expenditure benchmark

	ESA code	Year 2018	Year 2018	Year 2019	Year 2020
		Level	% GDP	% GDP	% GDP
1. Expenditure on EU programmes fully matched by EU funds revenue		77	0.1	0.2	0.2
2. Cyclical unemployment benefit expenditure		431	0.7	0.7	0.7
3. Effect of discretionary revenue measures		119	0.2	0.3	0.1
4. Revenue increases mandated by law		...	...	...	...

Tableau 4.c General government expenditure by function

### 4.c.i) General government expenditure on education, healthcare and employment

	2019		2020	
	% GDP	% of general government expenditure	% GDP	% of general government expenditure
Education	4.8	10.9	4.8	11.0
Health	5.0	11.3	5.0	11.3
Employment	1.1	2.6	1.2	2.7

### 4.c.ii) Classification of the functions of the Government

Functions of the Government	COFOG code	2019	2020
		% GDP	% GDP
1. General public services	1	4.9	5.0
2. Defense	2	0.5	0.5
3. Public order and safety	3	1.2	1.2
4. Economic affairs	4	5.5	5.5
5. Environmental protection	5	1.0	1.0
6. Housing and community amenities	6	0.8	0.8
7. Health	7	5.0	5.1
8. Recreation, culture and religion	8	1.3	1.3
9. Education	9	4.7	4.8
10. Social protection	10	18.5	18.7
11. Total expenditure	TE	43.3	43.9

## 5. Description of discretionary measures included in the draft budget

Table 5. Discretionary measures taken by Central government

List of measures	Detailed description	Target (Expenditure/Revenue component)	Accounting principle	Adoption Status	Budgetary impact	
		ESA code			2020	
					in MM	% GDP
<b>REVENUES</b>						
Measure pertaining to VAT	Adjustment of the VAT rate for services provided by writers, songwriters and performers.	D.2	Cash	Draft budget	-3	0.0
<b>TOTAL - Revenues</b>					<b>-3</b>	<b>0.0</b>
<b>EXPENDITURE</b>						
Increase in public expenditure pertaining to compensation of employees	Reinforcement of the public administration through the recruitment of new personnel	D.1	Cash	Draft budget	55	0.1
Increase in public operating expenditure	Expert fees, notably in the context of digitalisation	P.2	Cash	Draft budget	18	0.0
Public investments in various areas	Various construction projects	P.51	Cash	Draft budget	3	0.0
Subsidies to the benefit of private companies providing public transportation services pursuant to distribution agreements with the State	Adjustment of appropriations in light of real expenditure evolution, including a realistic reserve for annual unforeseen events related to school start; Reorganisation of the RGTR network through the set-up of a new visible numbering hierarchy for bus lines	D.3	Cash	Draft budget	21	0.0
Financing a number of climate-related projects	Investments in new windmill projects	D.9	Cash	Draft budget	13	0.0
Transfers to the sector of non-profit institutions serving households	Creation of new jobs in agreement-ruled sectors	D.7	Cash	Draft budget	3	0.0
Transfers in the context of applicants for international protection	Care of and support to applicants for international protection; providing help with a view to a return to the country of origin; extracurricular activities; damages caused to third parties; litigation costs; operating costs for shelters	D.7	Cash	Draft budget	4	0.0
<b>Total - Expenditure</b>					<b>117</b>	<b>0.2</b>
<b>TOTAL</b>					<b>120</b>	<b>0.2</b>

## 6. Divergence from latest Stability Programme

Table 6. Divergence from latest Stability Programme

	ESA code	Year 2018	Year 2019	Year 2020
		% GDP	% GDP	% GDP
<b>Target general government net lending / net borrowing</b>	B.9			
<b>20th update of the Stability Programme</b>		2.6	1.0	1.4
<b>Draft Budgetary Plan 2020</b>		2.7	2.0	1.2
<b>Difference</b>		0.1	1.0	-0.2
<b>General government net lending projection at unchanged policies</b>	B.9			
<b>20th update of the Stability Programme</b>		2.6	1.5	2.0
<b>Draft Budgetary Plan 2020</b>		2.6	2.0	1.3
<b>Difference</b>		0.0	0.5	-0.6

## 7. Methodological aspects

Table 7. Methodological aspects

Estimation technique	Phase of the budgetary procedure for which it has been used	Relevant feature of the model/technique used	Assumptions
<b>Macroeconomic forecasts</b>	For the purpose of the elaboration of the draft budget 2020	STATEC's macroeconometric model ("Modux")	External assumptions admitted for a certain number of variables (f.ex euro area growth, stock market development, etc.), with the help of an external partner.
<b>Output gap calculation</b>	For the purpose of the elaboration of the draft budget 2020	Integration of STATEC's macroeconomic forecasts into the European Commission's model	...
<b>Budgetary revenue estimation</b>	For the purpose of the elaboration of the draft budget 2020	Use of parametric equations and microeconomic information	Macroeconomic forecasts Microeconomic and historical data
<b>Budgetary expenditure estimation</b>	For the purpose of the elaboration of the draft budget 2020	Bottom-up estimations	Employment, inflation, salary indexation, population and other relevant data by expenditure category
<b>Impact of discretionary measures</b>	For the purpose of the elaboration of the draft budget 2020	Bottom-up estimations	...

**Table 8: The “2019-2020 country-specific recommendations” for Luxembourg**

Note: This table summarises the main measures taken from the National Reform Program and updates them. An updated version will be published in April 2020, in conjunction with the 2020 National reform Programme.

*The 2019-2020 country-specific recommendations for Luxembourg:*

- 1. Increase the employment rate of older workers by enhancing their employment opportunities and employability. Improve the long-term sustainability of the pension system, including by further limiting early retirement.*
- 2. Reduce barriers to competition in regulated professional business services.*
- 3. Focus economic policy related to investment on fostering digitalisation and innovation, stimulating skills development, improving sustainable transport, and increasing housing supply, including by increasing incentives and lifting barriers to build.*
- 4. Address features of the tax system that may facilitate aggressive tax planning, in particular by means of outbound payments.*

Recommendation N°	Liste of the main measures	Description direct contribution
<b>1. Increase the employment rate of older workers by enhancing their employment opportunities and employability. Improve the long-term sustainability of the pension system, including by further limiting early retirement.</b>		
<b>Older workers</b>	The law dated 20 July 2017 to combat long-term unemployment.	Encourage the return to employment of long-term unemployed persons, in particular older unemployed persons, through job creation assistance.
	Reform of the occupational reclassification system via the law dated 23 July 2015 (in effect since January 2016).	Provide additional incentives to delay retirement age by speeding up procedures, better safeguarding the rights of people in outplacement and providing the necessary conditions to prioritize internal redeployment and consequently job retention.
	Professionalization placement programmes for job seekers aged at least 45, those in an external reclassification procedure, or who have the status of disabled employee (in effect since January 1, 2016).	Offer the opportunity to job seekers to highlight their professional abilities within a company by means of an internship of a maximum duration of six weeks.
	Professional reinsertion contracts for job seekers aged at least 45, those in an external reclassification procedure, or who have the status of disabled employee (in effect since 1 January 2016).	Provide the opportunity for job seekers to improve their professional knowledge and skills within a company (maximum duration of 12 months).
	Reform the early retirement schemes (Law dated 30 November 2017): better targeting of employees who work hard and better assimilation of the working conditions of employees, while promoting the retention of older people in working life.	Abolish the early retirement-solidarity system and adapt other early retirement schemes.
	The national Strategy for lifelong learning (LLL).	Provide adults of all age guidance measures, validation of experience as well as training that helps to strengthen basic skills and professional skills.
	Pilot project <i>Luxembourg Digital Skills Bridge</i> (stops by the end of 2019 and will be evaluated by the Government).	Securing employment by supporting companies and their employees, whose activities will be radically affected by technological change towards a new organization of work, new functions and jobs, and by reinforcing skills to maintain employment.

<b>Long-term viability</b>	<p>Follow-up of the pension insurance reform that came into effect on January 1, 2013.</p> <p>Establishment of a "Pensions Group" (April 2016): The Pensions Group submitted its report to the Government in June 2018 after an in-depth analysis by the experts in this group and related discussions : <a href="https://gouvernement.lu/fr/publications/rapport-etude-analyse/igss/rapport-du-groupe-de-travail-pensions/2018/rapport-du-groupe-de-travail-pensions.html">https://gouvernement.lu/fr/publications/rapport-etude-analyse/igss/rapport-du-groupe-de-travail-pensions/2018/rapport-du-groupe-de-travail-pensions.html</a>).</p>	<p>Increase the effective retirement age by considering changes in life expectancy and adjust pensions to the pension plan's position in the national budget</p> <p>Check the consistency of the provisions introduced by the reform that came into force on 1 January 2013 on the basis of an actuarial opinion prepared by the IGSS and presented in December 2016, including the readjustment mechanism, and decide on the need for implementing possible modifications of the regime.</p>
	<p>Reform of the long-term care insurance system (Law dated 12 July 2017). (in effect since January 2018).</p>	<p>Greater individual focus on supplying quality services for meeting the daily needs of each person, bolstering quality through clear standards and criteria with adequate controls, a simplification of procedures and consolidation of the system in the light of societal changes and the respect for the fundamental principles of the 1998 Base Law.</p>
	<p><i>(please refer as well to the measures implemented by the government in the context of the national targets Europe 2020)</i></p>	
<p><b>2. Reduce barriers to competition in regulated professional business services.</b></p>		
	<p>Adaptation of the business establishment law (Law of 18 July 2018), in force since July 2018.</p>	<p>Simplify access to commercial related activities and services</p>
	<p>Global review of the business establishment law for the period 2018-2023.</p>	<p>Re-evaluate national requirements on the basis of the criteria laid down in the EU Directive 2018/958 on proportionality test.</p>
	<p>Draft law n°6795 amending the law dated 13 December 1989 on the organisation of the professions of architect and consulting engineer.</p>	<p>Remove regulatory restrictions in the business services sector.</p>
	<p>Draft analysis of the rules concerning accountants and certified accountants as a result of the planned changes in the business establishment law.</p>	<p>Remove possible regulatory restrictions in the business services sector.</p>
	<p>Project to establish a uniform analysis framework for a proportionality test before the adoption of new regulation of professions (Directive (EU) 2018/958 on a proportionality check) (Bill, deposit in September 2019).</p>	<p>To assess the proportionality of new provisions regulating the access and exercise of regulated professions.</p>

**3. Focus economic policy related to investment on fostering digitalisation and innovation, stimulating skills development, improving sustainable transport, and increasing housing supply, including by increasing incentives and lifting barriers to build.**

	(please refer as well to the measures implemented by the government in the context of the national targets Europe 2020)	
<b>Digitalisation and innovation</b>		
	Creation of a Ministry of Digitalisation. The ministry was created on December 5, 2018 by the formation of the new government emerged from the elections of 2018. <a href="https://digital.gouvernement.lu/fr/le-ministere.html">https://digital.gouvernement.lu/fr/le-ministere.html</a>	Foster digital development in important areas of the economy, develop new strategies and improve the various administrative processes at the internal level of state administrations.
	Creation of "Haut Comité à la Transformation digitale". The High Committee will be created during the period 2019-2020 under the chairmanship of the Ministry of Digitalization.	Foster the digital transformation with the representatives of the worker unions, employer organisations and other ministries in Luxembourg. The dialogue between the different actors will reinforce the implementation, the appropriation as well as the opportunities and challenges to be seized respectively to be reduced.
	National Action plan for Digital Inclusion	The Ministry of Digitalization will coordinate the implementation of a National Action Plan for Digital Inclusion. To do this, a working group was set up in September 2019
	Initiative « <i>Digital Luxembourg</i> » ( launched in 2014). <a href="https://digital-luxembourg.public.lu/">https://digital-luxembourg.public.lu/</a>	Stimulate Luxembourg's digital transformation through five key areas: government, skills, policies, infrastructure and the ecosystem.
	Continuous modernisation of the one-stop shop « <i>Guichet.lu</i> » and <i>MyGuichet</i> (2019). <a href="https://guichet.public.lu/fr.html">https://guichet.public.lu/fr.html</a>	Simplify exchanges between state administrations and citizens by providing quick and easy access to all information, steps and administrative services offered by Luxembourg public bodies.
	Initiative <i>Fit4Digital</i> .	Help SMEs in the context of the digital transformation and to integrate digital tools in order to further strengthen their competitiveness.
	Initiative « <i>Letzshop</i> » (In 2018). <a href="https://letzshop.lu">https://letzshop.lu</a>	To allow businesses in the Luxembourg commerce sector to present themselves and sell online.

	Support provided by the SNCI in the context of companies' investment efforts in the area of digitalisation and industry 4.0	Encourage the digitalisation of the economy
	Implementation of new support measures and additional support in line with the needs of SMEs (5th SME Plan, 2019).	Encourage the digitalisation of the economy, in particular SMEs.
	Law on the promotion of RDI (June 2017).	Support companies of all sizes and at different levels of the innovation chain in their RDI approach, and encourage the establishment of collaborative research between companies and public stakeholders.
	The Smart Specialisation strategy (2017).	Propose the implementation of specific action plans for priority sectors: Industry 4.0; clean technologies, including sustainable construction, and sustainable mobility; health technologies, and ICT that are all in line with the principles of a circular economy; Identify the instruments necessary for their implementation and propose annual monitoring as well as evaluations based on performance indicators.
	Adaptations at the level of the fiscal law (2018): - decrease of the corporate income tax rate, - increase of the rates at the level of the tax allowance for investment, - widening of the tax bonus for the acquisition of software as well as for cars with zero emissions, - new tax regime for intellectual property.	Strengthen investment and innovation in the business community.
	Establishment of several financing programs, such as BRIDGES, <i>Industrial Fellowships</i> , <i>Industrial Partnership Block Grant</i> as well as JUMP et KITS.	Strengthen university, research and business cooperation.
	Initiative <i>Fit4Start</i> . <a href="https://www.fit4start.lu/">https://www.fit4start.lu/</a>	Support startups in the launch phase.
	ICT seed fund "Digital Tech Fund" dedicated to innovative companies supported by public and private funds.	Support start-ups in the digital field.
	New innovation strategy based on data, broken down into 3 axes: - strengthen the digital infrastructure (notably through the implementation of HPC Meluxina, part of the EuroHPC project); - support the industrial sector in the process of digital integration with in particular the setting up of a digital innovation hub as a one-stop shop for industrial companies, the support of testbeds, - Creation of a legal and financial environment favourable to the development of a data driven economy based on trust. (development in the first half of 2019)	Support the emergence of data economy based on sustainability and trust by focusing on priority economic sectors by indicating a clear vision, the state of the art and concrete actions to implement.

	Analysis of the introduction of tax measures to encourage investments of individuals in innovative companies	Promote investments in innovative companies.
	Strengthening the principle of matching funds, introduced for the first time in the multiannual agreements 2018-2021 in order to stimulate the participation of public research organizations in the Horizon 2020 European Framework Program, to broaden and to generalize for a more dynamic collaboration between the public and private sectors.	Encourage private investment in research projects at higher levels of technological maturity.
	Creation of the <i>Luxembourg Science Center</i> Asbl, 6 experimental stations co-financed by FEDER.	Encourage and promote research for everyone, get young people engaged through school visits
	Creation of the <i>Luxembourg Clinical and Translational Research Center</i> , co-financed by FEDER.	Encourage and make the link between basic research and applied research through the creation of a joint entity bringing together researchers from the Luxembourg Institute of Health (LIH) and the Luxembourg Hospital Center (CHL).
<b>Skills development</b>		
	Implementation of a "Skills strategy"	Align training with the skills needs of different economic sectors and guide people to the right training throughout life.
	Update of the digital skills strategy.	To overcome the lack of digital skills and digital specialists in Luxembourg
	Creation of an accreditation agency.	Promote the quality of vocational training and ensure transparency in the vocational training market.
<b>Sustainable transport</b>		
	Promoting the use of public transport and sustainable mobility: "MoDu 2.0" strategy.	Develop a public transport infrastructure efficient way to reduce GHG emissions and traffic congestion through a decrease in individual transport.
	Commissioning of a tramway in Luxembourg-city (first section inaugurated at the end of 2017).	Develop an efficient and sustainable public transport that takes into account the economic and demographic development of the capital and the country.
	Deployment of public charging stations "Chargy" since the beginning of 2017 and installation of quick charge charging stations on motorway service areas.	Promote electric mobility.

	Free national trains, trams and buses by the first quarter of 2020.	Promote the use of public transport.
	Development of a telematic information system in real time for public transport.	Make mobility more comfortable, more efficient and more economical.
	Replacement of tax deductions for zero or low-emission vehicles in January 2019 by direct and higher financial assistance.	Promote zero or low-emission vehicles (electric cars, hybrid plug-ins or hydrogen fuel cells).
	Implementation of the "Plan Sectoriel Transports (PST)" that is framing the strategy « MoDu 2.0 ».	To provide a regulatory framework for the strategy's measures for the reservation of corridors for rail and road infrastructure.
	Increase in excise duties on petrol (1ct) and excise duties on diesel (2ct) (2019).	Reduce greenhouse gas emissions.
	Agreement in principle by the Parliament for the financing of about thirty new projects in connection with the financing of major infrastructure projects carried out by the State, including transport (Fonds des routes, Fonds du Rail etc.). (2019)	Improve sustainable transport.
<b>Housing supply</b>		
	<p>Creation of public housing at moderate price:</p> <ul style="list-style-type: none"> <li>- complete overhaul of the amended law of 25 February 1979 concerning housing assistance and the housing subsidy system (with increased resources in order to to increase the supply of affordable rental housing) ;</li> <li>- boosting the creation of social housing and affordable housing;</li> <li>- mobilisation of building plots;</li> <li>- reinforcement of the means in place to increase the supply (land use plans, communal development, nature protection);</li> <li>- new "Pacte logement 2.0" "State-communes" aiming to better support municipalities wishing to implement a housing development strategy;</li> <li>- increase in urban quality, quality of life and social cohesion in the neighborhoods, as well as an improvement in quality in construction and energy quality, as well as in habitat biology in general;</li> <li>- fight against land speculation and improve price transparency in the rental market.</li> </ul>	Increase housing supply.

	Establishment of special support within the Ministry of Housing, in order to support the municipal action in the acquisition and servicing of land, the creation of housing, the sale or lease of land / housing and rental property management.	Advise the municipalities to carry out housing projects under their own management.
	Analysis of the effects of the pre-emption right of the State, municipalities and public promoters and simplification and adaptation of the system if necessary.	Mobilise land
	Additional financial incentives for municipalities to recognise their continued commitment to the creation of social housing and affordable housing.	Increase housing supply
	Creation of a new fund dedicated to the acquisition of land available for housing, funded by the state budget.	Increase housing supply
	Property tax reform related to the overhaul of the "new generation" general development plans (PAG).	Countering land speculation and increasing housing supply.
	Observatory for spatial development: To establish a qualitative overview of the reserves of construction land in the municipalities by actively involving the actors of the municipal level who have a good knowledge of the field and who allow a qualitative assessment of surfaces p. ex. their current allocation, the state of their equipment, the obstacles to their development or their availability over time, which are essential information for action and to develop development strategies and targeted measures to mobilize the reserves.	Mobilise the reserves of construction land.
<b><i>4. Address features of the tax system that may facilitate aggressive tax planning, in particular by means of outbound payments.</i></b>		
	Transposition of several directives on administrative cooperation (DAC 1, 2, 3, 4 and 5 (2018)) that are integrating the generally accepted standards of fiscal transparency and finalisation of the transposition of the DAC Directive 6 (automatic exchange of information on potential cross-border aggressive tax planning schemes) by the end of 2019.	Intensify administrative cooperation between tax authorities at European and international level for the automatic exchange of effective tax information with the aim of effectively combating tax fraud and tax evasion.
	Fight against tax avoidance practices through the transposition of the ATAD 1 directive (2018) and the forthcoming transposition of the ATAD 2 directive (end of 2019), complementing the anti-tax avoidance provisions of the ATAD 1 directive.	Put in place mechanisms to fight effectively against aggressive tax planning and tax evasion practices within the EU and beyond.

	Ratification of the Multilateral Convention to Implement Tax Treaty Measures to Prevent BEPS ("Multilateral Instrument" or "MLI") (2019).	Fight against the abuse of double taxation treaties, against treaty shopping and against the erosion of the Luxembourg tax base.
	Legislative adaptations of the Luxembourg tax law concerning two legislative provisions whose interpretation by taxpayers may have favored the introduction of practices leading to base erosion and profit shifting, or even lead to situations of non-taxation of certain income. Both amendments strengthen the average level of protection against aggressive tax planning in the internal market.	On the one hand, these two measures lead to the fact that Luxembourg requires from a taxpayer to prove that the other State also recognises a permanent establishment before granting an exemption on the basis of the convention applicable to double taxation, and, on the other hand, to eliminate the tax-free exchange or conversion of a convertible loan for participations or equity.
	Implementation of certain administrative mechanisms of enhanced control vis-à-vis jurisdictions included in the list of non-cooperative jurisdictions of the Code of Conduct (corporate taxation) on the basis of a circular (2018).	Provide enhanced control mechanisms vis-à-vis jurisdictions listed on the list of non-cooperative jurisdictions for tax purposes.
	Preliminary analyses, including the continuation of a constructive dialogue with the European Commission, to identify the need to put in place the necessary measures to put an end to any possible aggressive tax planning practices that would still exploit certain provisions of the national tax system, including and in particular with respect to outgoing payments.	Initiate analysis on possible future actions in the fight against aggressive tax planning.

Note: For further details please refer to 2019 National Reform Programme (april 2019) : <https://odc.gouvernement.lu/fr/publications.html>

**Table 9 : « Europe 2020 National Objectives” for Luxembourg**

Note: This summary table contains an update of the main measures related to the “Europe 2020 National Objectives” derived from the 2019 National Reform Programme. For further detail please refer to the 2019 National Reform Programme.

National objectives	List of principles measures	Description of measures
<p>National employment objective <b>73% for 2020</b></p>	<p>Implementations of a skills strategy</p> <p>Creation of an accreditation agency.</p> <p>Pilot project <i>Luxembourg Digital Skills Bridge</i> (stops by the end of 2019 and will be evaluated by the Gouvernement).</p> <p>Multiplication of job seeker training initiatives: partnerships with major training institutes.</p> <p>Law of 15 December 2016 reinforcing the principle of equal pay for men and women.</p> <p>Parental leave reform (effective from 1 December 2016).</p> <p>Personalised path as part of the reform of the ADEM (fully rolled out in December 2015).</p>	<p>Align training with the skills needs of different economic sectors and guide people to the right training throughout life.</p> <p>Promote the quality of vocational training and ensure transparency in the vocational training market.</p> <p>Securing employment by supporting companies and their employees, whose activities will be radically affected by technological change towards a new organization of work, new functions and jobs, and by reinforcing skills to maintain employment.</p> <p>Provide targeted training to address the skills gaps in the job market and provide a specific employment perspective.</p> <p>Increase the employment rate of women by facilitating the integration of women into employment.</p> <p>Promote the reconciliation of family and professional life.</p> <p>Qualitatively improve support for job seekers within ADEM by personalising monitoring of job seekers’ actions.</p>

	<p>Launch of the interactive "Job Board" platform (March 2016).</p> <p>" Entreprises, partenaires pour l'emploi" programme bringing together the Union of Luxembourg Enterprises (UEL), the Government and ADEM (2018-2020).</p> <p>Expansion of the "Guarantee for Youth" programme to young people up to 30 years old.</p> <p>Draft law 7265 on the regulation of internships.</p> <p>Development of ADEM's language training offer, both internally and externally.</p> <p>Assessment of the skills of refugee jobseekers.</p> <p>Measures and actions favouring the 2014-2020 European Social Fund Operational Programme.</p> <p><i>(see also the measures implemented by the Government under country specific recommendation No. 1)</i></p>	<p>Increase chances of meeting between employers and job seekers.</p> <p>Adapt ADEM's offers, including training, to the needs of companies.</p> <p>Offer young people up to the age of 30 high quality service for their integration into professional life, for their return to school, for an apprenticeship, a qualifying formation or support in developing a personal and professional project.</p> <p>Introduce a high-quality transparent framework that facilitates the transition between the worlds of education and work while ensuring the quality of internships and the legal safety of the various stakeholders.</p> <p>Offer job seekers with a migration background language courses.</p> <p>Identify skills already acquired and refer job seekers to appropriate training schemes in order to fill the gaps in their skills profile.</p> <p>Develop the sustainable professional integration of young people under 30 years old, people far removed from the labour market and job seekers and employees over 45 years of age.</p>
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<p>National R&amp;D objective  <b>2.3-2.6% for 2020</b>  (0.7% to 0.9% for the public sector)</p>	<p>1. <u>For the public research sector</u></p> <p>Reinforcement of the <i>performance-based-funding</i> in the multiannual conventions.</p> <p>Introducing the principle of matching funds</p> <p>Creation of a “Comité de coordination de l’enseignement supérieur et de la recherché”.</p> <p>Bilateral partnerships between scientists based in Luxembourg and abroad.</p> <p>Project « <i>EuroHPC</i> ».  Project « <i>Data Analytics Platform</i> » to define the configuration of the <i>EuroHPC</i>, co-financed by FEDER.</p> <p>Development of an environment conducive to the growth of scientific and technological employment:</p> <ul style="list-style-type: none"> <li>- Programmes ATTRACT and PEARL</li> <li>- Programme INTER Mobility</li> <li>- PRIDE</li> <li>- Etc.</li> </ul> <p>Minimum representation of 40% of the under-represented sex in the Board of Governors of the University of Luxembourg, the boards of directors of public research centres and the FNR, quantified objectives in the performance contracts, etc.</p> <p>Financing programme FNR JUMP.</p> <p>KITS competitive funding programme.</p>	<p>Link some of the additional funding to the achievement of predefined goals.</p> <p>Encourage private investments in public research projects.</p> <p>Contribute to better coordination of higher education and research bodies.</p> <p>Optimise transnational cooperation and competing actions.</p> <p>Develop and stimulate the use of supercomputers for the digitization of the industry and the economics of data.</p> <p>Develop the labour market for researchers.</p> <p>Promote gender equality and integrate gender into research content.</p> <p>Make innovative research results of public research institutions more attractive to potential investors by providing financial support.</p> <p>Provide competitive funding to public research institutions to attract and integrate knowledge transfer agents.</p>
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	<p>Definition of an "open science" policy for scientific data and publications.</p> <p>Increased participation of scientific actors in (bi-) multinational collaborations and in particular in the European ERASMUS + programs, Horizon 2020, and the next Horizon Europe Framework Program.</p> <p>2. <u>For the private research sector</u></p> <p>Law on the promotion of RDI (June 2017).</p> <p>Development of a data-driven innovation strategy to support the emergence of an economy based on sustainability and trust.</p> <p><i>HPC and big data enabled applications</i>: implementation of a HPC competence center.</p> <p>« Industry 4.0 »: project initiated by the <i>cluster Materials and production technologies</i>.</p> <p>National Composites Centre Luxembourg: regroups a research platform, an NGO in charge of enlivening the sector and an <i>Industrial Advisory Group</i>.</p> <p>Development of the « <i>Joint research programme</i> »: first project calls will be launched in 2020.</p>	<p>Maximise the use of scientific results</p> <p>Reinforce the international dimension of research.</p> <p>Encourage companies of all sizes to cooperate with public and private actors in innovating with services and products, as well as in production processes.</p> <p>Coordinate innovation policies and infrastructure to ensure a secure, trust-based data economy</p> <p>Provide companies with the computing power needed to process their data in a trusted environment.</p> <p>Raise awareness among companies and guide them towards the exploitation and the valuation of data.</p> <p>Promote cooperation between public and private actors in the field of composite materials.</p> <p>Promote long-term PPP relations between research and technology and industry organizations and increase the attractiveness of Luxembourg as a recognized hub dedicated to technological research.</p>
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	<p>Establishment of the Institute of Intellectual Property Luxembourg (2014, fully operational in early 2016).</p> <p>Initiative « <i>Luxembourg cluster initiative</i> »: <i>materials and manufacturing, ecoinnovation, biohealth, ICT, automobility, wood, creative industries.</i></p> <p>Programme <i>Fit4Start</i>.</p> <p>Programme <i>Fit4Innovation</i>.</p> <p>Programme <i>Fit4Digital</i>.</p> <p>Programme <i>Fit4Circularity</i>.</p> <p>Projects « <i>Attract</i> » and « <i>Prospect</i> » by Luxinnovation, co-financed by FEDER.</p> <p>Creation of the <i>Luxembourg Science Center</i> Asbl, 6 experimental stations co-financed by FEDER</p> <p>Creation of the <i>Luxembourg Clinical and Translational Research Center</i>, co-financed by FEDER.</p>	<p>Foster the development of intellectual property for the needs of the economy, bringing together national and international skills to form a coherent set and make them available to economic and institutional players as a growth driver.</p> <p>Diversify the economy, while focusing on a limited number of specific sectors.</p> <p>Support start-ups by providing coaching and financing.</p> <p>Support SMEs and encourage them to innovate.</p> <p>Support the digital transition of companies.</p> <p>Diversify the economy, while focusing on a limited number of specific sectors, supporting SMEs, fostering knowledge transfer between PRCs and industry.</p> <p>Encourage and promote research for everyone, get young people engaged through school visits.</p> <p>Encourage and make the link between basic research and applied research through the creation of a joint entity bringing together researchers from the Luxembourg Institute of Health (LIH) and the Luxembourg Hospital Center (CHL).</p>
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<p>National goal to reduce greenhouse gas emissions reduction of non-ETS emissions by <b>20% compared to 2005 (emissions of about 8,117 Mt CO<sub>2</sub>-equivalent by 2020)</b></p>	<p>Second Action Plan to reduce carbon dioxide emissions: replaced by the end of 2019 by the National Energy and Climate Plan 2021-2030 (NECP).</p> <p>Promoting the use of public transport and sustainable mobility: “MoDu 2.0” strategy.</p> <p>Commissioning of a tramway in Luxembourg-city (first section inaugurated at the end of 2017).</p> <p>Implementation of the “Plan Sectoriel Transports (PST)” that is framing the strategy “MoDu 2.0”.</p> <p>Free national trains, trams and buses by the first quarter of 2020.</p> <p>Development of a telematic information system in real time for public transport.</p> <p>Agreement in principle by the Parliament for the financing of about thirty new projects in connection with the financing of major infrastructure projects carried out by the State, including transport (Fonds des routes, Fonds du Rail etc.). (2019)</p>	<p>In accordance with the Regulation (EU) 2018/1999, prepare the final version of the NECP by drawing up a list of policies and measures to achieve the objective, announced in the draft NECP, of GHG emission reductions outside the ETS of 50-55% by 2030 compared to 2005. The NECP will be accompanied by a longer-term vision and objectives (2050) for a decarbonisation of the Luxembourg economy.</p> <p>Develop an efficient public transport infrastructure in order to reduce GHG emissions and traffic congestion through a decrease in individual transport.</p> <p>Develop an efficient and sustainable public transport that takes into account the economic and demographic development of the capital and the country.</p> <p>Provide a regulatory framework for the strategy's measures with a view to the reservation of corridors for rail and road infrastructure.</p> <p>Promote the use of public transport.</p> <p>Promote the use of public transport by rendering mobility more comfortable, more efficient and more economical.</p> <p>Improve sustainable transport.</p>
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	<p>Electrification of the bus network of the City of Luxembourg: acquisition of 10 buses (+15 optional buses) co-financed by FEDER</p> <p>Replacement of tax deductions for zero or low-emission vehicles in January 2019 by direct and higher financial aid.</p> <p>Increase in excise duties on petrol (1ct) and excise duties on diesel (2ct) (2019).</p> <p>Implementation of the “Plan Sectoriel Logement” (PSL).</p> <p>Gradual strengthening of energy performance requirements for new residential buildings (since 2017 mandatory energy class AA for new construction).</p> <p>Package “Climate bank and sustainable housing allowance”:</p> <ul style="list-style-type: none"> <li>- Climate Bank</li> <li>- « <i>PRIME House</i> »</li> <li>- Sustainability certification system for new housing (LENOZ)</li> </ul> <p>Progressive reinforcement of the energy performance requirements for new functional buildings (eg for 2020, the calculation methodology for energy efficiency will be modified in the light of new technical developments).</p> <p>Industry: EU emissions trading scheme (ETS), setting up an energy audit system for large companies and promoting eco-technologies.</p> <p>Climate pact with the municipalities.</p>	<p>Improve sustainable urban transport and promote electric mobility.</p> <p>Promote zero or low-emission vehicles (electric cars, hybrid plug-ins or hydrogen fuel cells).</p> <p>Reduce GHG emissions.</p> <p>Reserve areas to accommodate housing projects and prescribing sustainability criteria to be taken into account when implementing priority housing projects.</p> <p>Increase the energy performance requirements for new residential buildings.</p> <p>Promote sustainable construction, sustainable energy sanitation of existing residential buildings and the development of renewable energies in the housing sector.</p> <p>Increase energy performance requirements for new functional buildings.</p> <p>Reduce GHG emissions.</p> <p>Reduce GHG emissions and energy costs in municipal areas, stimulate local and regional investments, ensure better air quality (introduced</p>
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	<p>Law of 17 April 2018 on spatial planning.</p> <p><i>Shared space</i> in Dudelange, co-financed by FEDER.</p> <p>Geothermal feasibility study in Dudelange carried out by the <i>Fonds de Logement</i>, co-financed by FEDER.</p> <p>Projects of <i>MyEnergy: Infopoints</i> and promotion of a sustainable energy transition, co-financed by FEDER.</p> <p>Pilot Project of the Public Buildings Administration « Lycée technique pour professions de santé à Ettelbruck », co-financed by FEDER.</p>	<p>in 2017) and integrate the concept of circular economy (introduced in 2018).</p> <p>Provide the entire population with optimal living conditions through the development and sustainable development of all parts of the national territory; Guide and concentrate territorial development in the most appropriate places of the national territory; Observe and monitor territorial developments and coordinate sectoral, inter-municipal, national, cross-border and international sectoral policies that have an impact on territorial development; Ensure a rational use of the soil as well as a targeted and coherent urban development and encourage municipalities to develop common strategies.</p> <p>Reduce urban traffic, improve sustainable urban transport and promote sustainable mobility.</p> <p>Reduce GHG emissions and promote renewable energy.</p> <p>Reduce GHG emissions, promote the energy efficiency of existing residential buildings and the development of renewable energies in the area of housing and sustainable construction.</p> <p>Reduce GHG emissions, promote the energy efficiency of public buildings and the development of renewable energies and sustainable construction.</p>
<p>National Renewable Energy Objective <b>7.47% on average for 2017/2018</b> <b>11% for 2020</b></p>	<p>National Energy and Climate Plan 2021-2030 (NECP)</p> <p>National Action Plan for Renewable Energy.</p>	<p>(for memory, see above)</p> <p>Achieve the national objective of Luxembourg set by the Directive 2009/28 / EC.</p>

	<p>- <u>Development of renewable energies on national territory</u></p> <p>Energy performance of residential buildings</p> <p>Energy performance of new residential housings</p> <p>New financial instruments: national and European competitive bidding procedures (call for tenders) for the development of new electricity production facilities using solar photovoltaic energy (Grand-Ducal Regulation of 24 April 2017 amending, among others, the amended Grand-Ducal Regulation of 1 August 2014 on the production of electricity based on renewable energy sources)</p> <p>Draft Grand-Ducal Regulation to amend the amended Grand-Ducal Regulation of 1 August 2014 relating to the production of electricity based on renewable energy sources (table to Parliament in mid-2018).</p> <p>- <u>Ratio of biofuels in fuels sold at the national level</u></p> <p>Achieve a ratio of 10% by 2020 (2018: 5.7%).</p> <p>- <u>Electric mobility</u></p> <p>Electric mobility: monitoring the deployment of 800 public charging stations for cars powered by an electric motor as well as for chargeable hybrid electric cars (plug-in hybrid cars) : current deployment status of 34,6%.</p> <p>Evaluation of strategies for implementing a fast charging infrastructure on service areas on motorways and development of a clear and coherent framework for non-publicly accessible charging (e.g. at home or at the workplace).</p>	<p>(for memory, see above)</p> <p>(for memory, see above)</p> <p>Developing of renewable energies on national territory</p> <p>Improve the existing framework to enable accelerated deployment of renewable energy facilities</p> <p>Regulate the blending of biofuels in domestically delivered fuels by gradually increasing the share of biofuels.</p> <p>Develop electric mobility.</p> <p>Develop electric mobility.</p>
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	<ul style="list-style-type: none"> <li>- <u>Use of cooperation mechanisms</u></li> </ul> <p>Conclusion of two cooperation agreements on statistical transfers of energy produced from renewable sources to meet the objectives of Directive 2009/28 / EC: in achieving its objectives, Luxembourg was the first EU Member State to sign two statistical transfer agreements with Lithuania and Estonia in 2017, in addition to its national effort. Both agreements provide for the mandatory transfer of a minimum volume of renewable energy and an option for transferring maximum quantities in 2018-2020. For 2018, Luxembourg will acquire renewable energy amounting to 1.100 GWh from both countries.</p>	Develop renewable energy.
<p>National energy efficiency objective National indicative target for <b>2020: final energy consumption of 49,292 GWh (4,239.2 ktoe)</b></p>	<p>National Energy and Climate Plan 2021-2030 (NECP)</p> <ul style="list-style-type: none"> <li>- <u>Energy performance of buildings</u></li> </ul> <p>(Note: See national goal for reduction of greenhouse gases). Increase the energy performance of new and existing buildings.</p> <ul style="list-style-type: none"> <li>- <u>Voluntary agreements with industrial companies</u></li> </ul> <p>Voluntary agreements in the industrial sector (2017-2020).</p> <ul style="list-style-type: none"> <li>- <u>Smart electricity and natural gas meters</u></li> </ul> <p>Monitoring the widespread deployment of shared smart metering by gas and electricity network operators since July 2016. The replacement of at least 95% of old electricity meters will extend until 31.12.2019. Regarding natural gas, the replacement of at least 90% will extend until 31.12.2020.</p>	<p><i>(for memory, see above)</i></p> <p>Refinement of the rules concerning the energy performance of almost zero-energy residential buildings and reform of calculation rules for administrative buildings.</p> <p>Increase the commitment of companies to improve energy efficiency and the implementation of new or renewable energy sources.</p> <p>Increase energy efficiency.</p>

	<ul style="list-style-type: none"> <li>- <u>Investment strategy for the renovation of the national building stock</u></li> </ul> <p>Investment strategy for the renovation of the national building stock</p> <ul style="list-style-type: none"> <li>- <u>Implementation of the "Third Industrial Revolution" study (2016)</u></li> </ul> <p>Follow-up of the implementation of specific projects on the "Energiezukunft Lëtzebuerg" thematic platform</p> <p>Integration of new concepts, such as individual and collective self-consumption within an energy community, or the national computer platform for energy data: Reform of the amended Act of 1 August 2007 on the organization of the electricity market introduced in the legislative procedure in early 2018.</p>	<p>Mobilise investments in the renovation of the national building stock for residential and commercial use, both public and private, according to the directive 2012/27 / CE.</p> <p>Thematise all the strategic aspects of energy transition in the medium and long term, as well as the implementation of the "Internet of Energy" in Luxembourg.</p> <p>Integrate new concepts into the organization of the electricity market. Promote the self-consumption of renewable electricity and the exchange of energy.</p>
<p>National school dropout rate goal <b>Sustainably maintain school dropout rates below 10%</b></p>	<p>Multilingual education program for 1-4-year-olds and improved access to education and reception facilities by offering 20 free hours a week from the age of 1 year (autumn 2017).</p> <p>Reforms in secondary education defining the contours of a more modern high school, closer to its staff and students and better prepared to face the challenges of modern society (2017).</p> <p>Development of the European and international school offer in public education.</p> <p>Offer of introductory classes / vocational orientation and initiation courses.</p>	<p>Support young children in their language development and prepare them for the multilingual context of society and school.</p> <p>Promote the diversity of academic studies and the autonomy of high schools, with a view to increasing the chances of success for all students.</p> <p>Take into account the needs of pupils with an immigration background and families who settle in Luxembourg for a fixed period.</p> <p>Reintegrate minor or adult students into the school system or vocational training.</p>

	<p>Creation of a Mediation Service (September 2018).</p> <p>Initiatives «<i>Together against mobbing</i>» and «<i>Stop-mobbing</i>».</p> <p>Professional introduction courses in various trades (CIP)</p> <p>Measures offered by the Psycho-Social and School Support Center (CePAS) and the Psychosocial and School Support Service (SePAS).</p> <p>Interventions of Local Youth Units (ALJ) in high schools.</p> <p>Relay Classes or Mosaic Classes.</p>	<p>Deal with individual cases of students whose schooling is at risk, inter alia, by the inadequate implementation of existing resources or because of flaws in the education system or in its legislation.</p> <p>To overcome the phenomenon of "mobbing", the latter being more and more often identified as triggering a failure, or even dropping out of school.</p> <p>Prevent school dropout by addressing minor students who do not meet the requirements to get access to higher classes of general secondary education or vocational training.</p> <p>Fight against school dropout by offering diversified measures, including spaces for students at risk of dismissal or dropping out in the form of support programmes adapted to the abilities and needs of the young person or the class, such as individual interviews, real-life professional situation, and the layout of the school path in the class of origin.</p> <p>Intervene according to the logic "before-during-after", i.e. establish contact with at-risk students prior to the alleged drop-out, be available to accompany them during a possible period of inactivity until they return to school.</p> <p>Prevent dropping out of school with a temporary individualized care plan of 6-12 weeks.</p>
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	<p>Cultural projects aimed primarily at pupils in the general secondary school preparation pathway who are experiencing academic difficulties.</p> <p>National School for adults (second chance school).</p> <p>Implementation of the "upskilling pathways" training course to bolster skill levels in adult education.</p> <p>National Centers for Vocational Training.</p>	<p>Fight against the resistance developed by students in their relationship to school and learning.</p> <p>Take charge of 16-30-year olds who have dropped out of school without recognised certification or who do not find an apprenticeship.</p> <p>Offer formal training that gives access to upper secondary education and vocational training (5th grade), develop the basic skills (literacy, numeracy, digital skills) of the adult population, and develop the linguistic integration of IPR, BPI and newcomers.</p> <p>Offer guidance and vocational training to young adults who do not have the skills necessary to access the labor market and / or who have left school prematurely.</p>
<p>National objective higher education  <b>Ensure that with the onset of 2020, 66% of the labour force between the ages of 30 and 34 receive university education and earn university degrees.</b></p>	<p>Create a nourishing environment for the expansion of the offer of public and private higher education programmes in Luxembourg and the development of a "culture of quality" in the sector</p> <p>Participation in the OECD project "Improving the performance of higher education systems".</p> <p>Development of university medical studies: Launch of a Bachelor in Medical studies (first cycle) scheduled for 2020.</p> <p>Strengthening the financial resources of higher education and research in Luxembourg (increase from €72 million in 2009 to 184.9 millions in 2019).</p>	<p>Increase the level of training of the population in order to better match the peoples' qualifications with requirements on the labour market.</p> <p>Feed reflections on the development of a national strategy for higher education, aiming in particular at a better coherence between higher education and the labor market.</p> <p>Contribute to sustainably maintaining the number of doctors in Luxembourg.</p> <p>Increase the R &amp; D capacity in higher education as well as the number of students.</p>

<p>National poverty goal Supporting the European Council's conclusions by increasing measures, including those focusing on the employment rate of women and single-parent families, to achieve an <b>employment rate of 73% in 2020</b>. <b>Reduce the number of people at risk of poverty or social exclusion by 6,000 by 2020.</b></p>	<p>Introduction of free supervision of students from the fundamental school in childcare centres during school weeks.</p> <p>Adaptation of the cost of living allowance.</p> <p>Parental leave reform aimed at making periods more flexible and creating real replacement income (effective 1 December 2016).</p> <p>Pursuit of the policy of offering socio-educational facilities for children aged 0-12 years.</p> <p>Implementation of the social inclusion income (REVIS) by the Law of 28 July, 2018, which will replace the guaranteed minimum income mechanism (RMG) from 1 January, 2019.</p> <p>Adaptation of the minimum wage (SSM), of the REVIS and the income for heavily disabled people (RPGH).</p> <p>Renewal of the cost of living allowance and adaptation of the eligibility criteria for 2019.</p> <p>Social Welfare Act - non-repayable financial relief by the Social Welfare Offices and Third Party Insurance System (€3.6 million euros of non-repayable financial assistance in 2018)</p>	<p>Improve the reconciliation of family and professional life.</p> <p>Fight the "working poor" phenomenon and proceed to better targeted social transfers.</p> <p>Promote the reconciliation of family and professional life, in particular with a view to the financial independence of parents.</p> <p>Increase the employment rate of women and single-parent families; break the cycle of intergenerational transmission of poverty; promote social inclusion and social cohesion in a multicultural society.</p> <p>The Guaranteed Minimum Income mechanism (RMG) has been revised through four objectives: to implement a social inclusion approach; to establish a consistent system of stabilisation, social activation and professional reintegration policies; act against poverty affecting children and single-parent families; implement administrative simplification measures. Favoriser l'inclusion sociale.</p> <p>Promote social inclusion.</p> <p>Promote social inclusion</p> <p>Reduce situations of material deprivation and promote social inclusion.</p>
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	<p>Continued implementation of the national strategy against homelessness and housing-related social exclusion (2013-2020).</p> <p>Housing assistance: Entry into force of the Law to revise rent subsidies (2018).</p> <p>European Fund for Aid to the Most Deprived (FEAD): Food aid and / or basic material assistance to the neediest (2015).</p> <p>National Integration Action Plan, with the objectives of welcoming and providing social support for applicants seeking international protection and the integration of all non-Luxembourg residents in the territory and the three cross-cutting areas that are the access to information and interaction, the quality of services as well as national and international cooperation and coordination.</p>	<p>Reduce homelessness and social exclusion related to housing.</p> <p>Increase the number of potential beneficiaries who can obtain rent subsidies.</p> <p>Respond to distress situations relating to food and basic materials goods.</p> <p>Promote the integration of all non-Luxembourgers.</p>
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Note: For further details please refer to 2019 National Reform Programme (april 2019) : <https://odc.gouvernement.lu/fr/publications.html>