de Budgetsplang

2025

LE GOUVERNEMENT
DU GRAND-DUCHÉ DE LUXEMBOURG
Ministère des Finances

Draft Budgetary Plan

October 2024

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.

1. Introduction

In accordance with Article 6 of EU Regulation No 473/2013, Luxembourg is presenting its Draft Budgetary Plan for the year 2025 (hereinafter the "DBP 2025").

The DBP 2025 is based on the most recent macroeconomic forecasts produced independently by STATEC[1] as well as on the budgetary guidelines presented in the draft budget for 2025, submitted by the government to the Parliament on 9 October 2024. Unless otherwise indicated, the budgetary data are presented in accordance with the European system of Accounts (ESA 2010).

After several years of crisis, the government intends to implement a modern and socially equitable fiscal and economic strategy to prepare the country for the future. To achieve this, it is relying on an ambitious investment strategy and reform programme, while ensuring a responsible and sustainable management of public finances.

The challenges posed by the dual sustainable and digital transition, as well as the new geopolitical realities, require resolute economic and budgetary policy decisions. The government is therefore committed to maintaining a high level of public investment throughout the legislative period in order to adequately address the structural challenges.

This DBP is aligned with the priorities of the 2023-2028 coalition agreement. The government will maintain an attractive economic environment, in particular through targeted reforms strengthening the country's competitiveness and promoting social cohesion, while respecting the international commitments made in the areas of energy and climate.

This DBP takes into account the latest measures included in the tax package "Entlaaschtungs-Pak" announced in July 2024, aimed at boosting the economy by increasing household purchasing power and strengthening the competitiveness of businesses.

[1] STATEC, Statnews no. 34 of 19 September 2024: https://statistiques.public.lu/en/actualites/2024/stn34-projections-moyen-terme.html

In light of the European economic governance reform (EGR), the government submits, for the first time, its Medium-Term Fiscal Structural plan (MTFSP) simultaneously with its Draft Budgetary Plan 2025 to the European authorities. The net expenditure path presented in these two documents is aligned and reflects the budgetary developments outlined in both the Draft Budget Act 2025 and the Draft Pluriannual Budget 2024-2028.

Public deficit will be -0.6% of GDP in 2024 and 2025, below the 3% threshold set under European budgetary rules.

The government thus reiterates its ambition to pursue a responsible and sustainable fiscal policy, guaranteeing a viable path for public finances, in order to maintain Luxembourg's 'AAA' credit rating.

2. Macroeconomic forecasts

Since 2023, global growth has slowed as a result of the energy crisis, linked to Russia's war in Ukraine, which has exacerbated inflationary pressures in European countries. The tightening of monetary policy that followed has impacted economic activity.

In a still unstable international environment, the economic situation in the eurozone in 2024 remains tense, despite a relatively buoyant global economy in the first half of the year and a first cut in key interest rates. **Economic growth** in the **eurozone** is likely to remain weak in 2024 (+0.8%), but a recovery is expected in 2025 (+1.7%).

The slowdown in activity in the financial sector has weighed on economic activity in **Luxembourg**, causing a slight decline in GDP of -1.1% in 2023. Since the start of the year, the upturn in activity in the sector suggests a real GDP growth of 1.5% in 2024, despite a construction sector that is still experiencing a slowdown. A rebound of 2.7% is expected in 2025, slightly lower than previously projected in May (+3.0%), notably in light of the overall deterioration in the medium-term outlook.

Despite the anticipated economic upturn, the expected recovery in the **labour market** is likely to remain below historical averages. Total domestic employment is expected to grow by just 0.9% in 2024 and 1.5% in 2025, while the unemployment rate will continue to rise, reaching 5.9% in 2024 and 6.0% in 2025.

Lastly, **inflation** is declining across Europe, mainly due to the easing of energy prices and the reduction in food prices. In Luxembourg, inflation fell to 1.7% year-on-year in August 2024 according to the national consumer price index (NICP), the lowest level recorded for over three years. STATEC's latest NICP forecasts predict an inflation rate of 2.3% for 2024 and 2.6% for the following year, notably in view of the partial lifting of the energy measures at the beginning of 2025.

3. Budgetary objectives

The draft State budget for 2025 and the coalition agreement for the 2023-2028 legislature[2] confirm the government's commitment to pursue a policy of economic recovery to build the Luxembourg of tomorrow, while ensuring a responsible and sustainable management of public finances.

In this context, the **government's budget strategy** aims to adjust the deficit and public debt trajectories over the entire legislative period, bringing expenditure growth below that of revenue as of 2024.

In view of the current short- and medium-term challenges, the government is continuing to strengthen the purchasing power of households and the competitiveness of businesses. Indeed, the extensive package of measures, the "Entlaaschtungs-Pak" (see box), announced in July 2024, aims to stimulate the economy and promote inclusive and sustainable growth by offering various reliefs and adjustments to personal and corporate taxation, in line with the political priorities and commitments made in the coalition agreement.

In addition, in order to address the challenges related to demographic changes and the dual sustainable and digital transition, the government aims at maintaining a high level of public investment, while allocating significant resources to fulfil its international commitments in the areas of defence, energy and climate.

This budgetary strategy is reflected in the figures presented in this Draft Budgetary Plan 2025. In fact, the **nominal general government balance** is expected to be halved compared to the figures presented in April 2024, with a deficit reduced to 0.6% of GDP in both 2024 and 2025, given the anticipated increase in revenues and the slowdown in expenditure growth.

This recovery is attributed to the improvement in the **central government balance**, which will see its deficit reduce from 1.7% of GDP in 2024 to 1.5% in 2025, supported by the phasing out of measures taken to address the energy crisis, in particular the abolition of subsidies on gas prices and the partial subsidy of electricity prices starting in 2025. In 2024, the central government balance is expected to remain in deficit at -1,421 million euros, but would decrease to -1,288 million euros the following year.

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[2] The government's coalition agreement can be viewed at the following link: https://gouvernement.lu/dam-assets/documents/dossier/formation-gouvernement-2023/accord-coalition.pdf

While the **local government balance** would show a positive balance of 20 million euros and 68 million euros in 2024 and 2025 respectively, the **social security** surplus would fall from 937 million euros in 2024 to 657 million euros the following year.

Regarding **public expenditures**, their growth rate is expected to decrease from 7.5% in 2024 to 5.8% in 2025. In particular, at the level of the central government, the growth rate of expenditures should be reduced by nearly half between 2024 and 2025, from 8.6% to 4.5%, thanks to the limitation of the evolution of the State’s operating costs and the impact of the lower inflation expected in 2025 on public spending.

Public investment, in particular linked to the dual sustainable and digital transition implemented notably through the recovery and resilience plan, but also in the field of mobility and healthcare, would remain significant and rise from 4.7% in 2024 to 4.8% in 2025.

As for **public revenues**, forecasts have been revised upward in view of the strong performance observed in recent years as well as STATEC’s latest macroeconomic projections.

While their absolute level would continue to rise, a slight slowdown in growth is expected in 2025. However, the scissors effect would turn positive, particularly at the central government level, from 2024 onwards, with revenue growth exceeding expenditure growth.

Indeed, the growth rate of revenues is set to fall from 9.3% in 2024 to 5.2% in 2025, mainly due to the effects of slowing inflation on tax revenues. While the high growth forecast for 2024 is driven by the good performance of current taxes on income and wealth (direct taxes), which are expected to rise by 10.8% driven by the exceptional performance of the private sector, particularly the financial sector, these are expected to fall to 4% in 2025. Revenues from taxes on production and imports (indirect taxes), meanwhile, are expected to continue to increase in absolute terms, while their growth rate would reduce from 8.8% in 2024 to 8.5% in 2025 as a result of various cyclical factors.

Public debt is expected to stabilise at 27.5% of GDP in 2024 and 2025, mainly as a result of a growing economy in 2025 and the substantial efforts made by the government to reduce expenditure growth, particularly at the central government level. This aims to ensure that their growth rate remains below that of revenues, thereby guaranteeing the sustainability of public finances. The interest burden related to debt financing would increase from 0.3% of GDP in 2024 to 0.4% in 2025.

It should be noted that Luxembourg holds significant financial assets, such as the reserve of the general pension scheme, including the working capital of the CNAP (*Caisse nationale d'assurance pension*), which represents 34.5% of GDP, as well as holdings in listed companies and assets of the FSIL (Luxembourg Sovereign Intergenerational Fund), representing 1.5% and 0.8% of GDP respectively. Thus, the public sector's financial position - on a net basis - continues to remain positive, as assets exceed liabilities.

Box: Entlaaschtungs-Pak measures

Announced in July 2024, the new "Entlaaschtungs-Pak" measures aim to boost household purchasing power and strengthen the competitiveness of businesses.

The scheme is based on a series of adjustments designed to reduce the tax burden on households while promoting social cohesion and combating poverty. Thus, the main beneficiaries of these measures are low-income households, single-parent families and young workers.

At the same time, the package aims to create a more favourable tax environment for businesses, investment and employment, in order to enhance the attractiveness of the country and of Luxembourg’s financial centre.

The tax measures in this new package are as follows:

- **Further adjustment of the tax scale by 2.5 index brackets.** This additional adjustment to the personal income tax scale will tangibly boost household purchasing power.
- **Adjustment to tax class 1a.** The tax-free amount for single parents, widowers and persons aged over 64 will be increased from 24,876 euros to 26,460 euros. The calculation formula applicable to tax class 1a will also be revised.
- **Increase in deductible interest charges on the acquisition of an existing home.** Debit interest charge will be fully deductible in the year of acquisition and in the year following the determination of the rental value of the property.
- **Introduction of a tax credit for overtime wages (CIHS)**. Cross-border employees who work paid overtime in Luxembourg will be entitled to a tax credit of up to 700 euros per year.
- **Elimination of the tax burden applicable to the minimum social wage for unskilled workers (CISSM).** Workers earning the minimum social wage for unskilled workers and belonging to tax class 1 will be exempt from tax thanks to a higher tax credit.
- **Increase in the single-parent tax credit (CIM).** The amount of tax credit for single-parent families will rise from 2,505 euros to 3,504 euros.
- **Increase in allowances for extraordinary expenses**. The allowance for expenses relating to dependent children living outside the household will rise from 4,422 euros to 5,424 euros.
- **Increase in the employee profit-sharing bonus (prime participative regime).** The amount of the partially tax-exempt profit-sharing bonus will increase from 25% to 30% of gross annual salary. In addition, a company will be able to distribute up to 7.5% (instead of 5%) of the previous year's positive result in order to retain its employees.
- **Adaptation of the impatriate regime.** 50% of the gross annual remuneration of impatriates will be tax-exempt, with a maximum ceiling of 400,000 euros, in order to attract highly qualified foreign talents.
- **Introduction of a bonus for young people under 30.** Young people under the age of 30 who receive a bonus of up to 5,000 euros as part of their first permanent employment contract in Luxembourg will be entitled to a tax exemption of 75% on this bonus to help them get started in working life, depending on the amount of their gross annual salary earned.
- **Reduction of corporate income tax.** The corporate income tax rate (IRC) will be reduced by one percentage point for businesses.
- **Exemption from subscription tax for actively managed ETFs**.

<table>
<tr><th rowspan="2">“Entlaaschtungs-Pak” measures</th><th colspan="2">Budgetary impact in 2025</th></tr>
<tr><th>in millions of euros</th><th>as a % of GDP</th></tr>
<tr><td>Further adjustment of the tax scale by 2.5 index brackets</td><td>225</td><td>0,3%</td></tr>
<tr><td>Adjustment to tax class 1a</td><td>55</td><td>0,1%</td></tr>
<tr><td>Increase in interest deductibility for the year in which the rental value is set and the following year</td><td>40</td><td>0,0%</td></tr>
<tr><td>Introduction of an overtime tax credit (CIHS)</td><td rowspan="2">20</td><td rowspan="2">0,0%</td></tr>
<tr><td>Adaptation of the social minimum wage tax credit (CISSM)</td></tr>
<tr><td>Increase in the single-parent tax credit (CIM)</td><td rowspan="2">2</td><td rowspan="2">0,0%</td></tr>
<tr><td>Increase in allowances for extraordinary expenses due to children living outside the household</td></tr>
<tr><td>Adaptation of bonuses: prime participative regime, impatriate regime, bonus for young employees, etc.</td><td>23</td><td>0,0%</td></tr>
<tr><td>Reduction of corporate income tax (IRC)</td><td>56</td><td>0,1%</td></tr>
<tr><td>Exemption from subscription tax for actively managed ETFs</td><td>-</td><td>0,0%</td></tr>
<tr><td>Total</td><td>421</td><td>0,5%</td></tr>
</table>

Source: Ministry of Finance

4. Update of the table related to the recommendations received in the context of the 2024 European Semester

In July 2024, the ECOFIN Council approved the country-specific recommendations on the economic, social, employment, structural and budgetary policies of each Member State. Due to the European elections, formal adoption by the Council of the European Union has been postponed until October 2024.

Table 9 provides an update on the implementation of the 2024-2025 recommendations received for Luxembourg.

STATISTICAL ANNEX

1. Macroeconomic forecasts

Table 0. Basic assumptions

	Year 2023	Year 2024	Year 2025
Short-term interest rate (annual average)	3,4	3,6	2,2
Long-term interest rate (annual average)	3,3	3,1	3,0
USD/€ exchange rate (annual average)	1,08	1,09	1,10
Nominal effective exchange rate	0,95	0,95	0,95
Euro area GDP growth	0,6	0,8	1,7
Growth of relevant foreign markets	1,4	0,8	4,2
Oil prices (Brent, USD/barrel)	83	83	77

Table 1.a. Macroeconomic prospects

	ESA code	Year 2023	Year 2023	Year 2024	Year 2025
		Level	rate of change	rate of change	rate of change
1. Real GDP (reference year = 2015) (million EUR)	B1*b	63.875	-1,1	1,5	2,7
2. Potential GDP (million EUR)		65.712	1,8	1,5	1,7
3. Nominal GDP (million EUR)	B1*b	79.310	2,3	3,2	5,9
Components of real GDP					
4. Private final consumption expenditure (million EUR)	P.3	21.402	4,0	2,1	2,7
5. Government final consumption expenditure (million EUR)	P.3	11.688	2,5	4,4	3,5
6. Gross fixed capital formation (million EUR)	P.51	10.646	-1,0	-9,1	12,3
7. Changes in inventories and net acquisition of valuables (% of GDP)	P.52 + P.53	…	0,0	0,2	0,0
8. Exports of goods and services (million EUR)	P.6	131.185	-1,2	2,1	3,5
9. Imports of goods and services (million EUR)	P.7	111.045	0,2	1,7	4,4
Contributions to real GDP growth					
10. Final domestic demand		…	1,6	0,0	3,4
11. Changes in inventories and net acquisition of valuables	P.52 + P.53	…	0,2	0,2	-0,3
12. External balance of goods and services	B.11	…	-2,8	1,3	-0,4

Table 1.b. Price developments

	ESA code	Year 2023	Year 2023	Year 2024	Year 2025
		Level	rate of change	rate of change	rate of change
1. GDP deflator (2005=1)		1,24	3,4	1,7	3,1
2. Private consumption deflator		1,19	3,6	2,3	2,9
3. NICP		120,18	3,7	2,3	2,6
4. HICP		122,02	2,9	2,5	2,2
5. Export price deflator (goods and services)		1,28	4,1	1,7	2,3
6. Import price deflator (goods and services)		1,30	4,6	1,9	2,0

Table 1.c. Labour market developments

	ESA code	Year 2023	Year 2023	Year 2024	Year 2025
		Level	rate of change	rate of change	rate of change
1. Employment, persons[1] (in 1000 pers.)		513	2,2	0,9	1,5
2a. Unemployment rate[2]		16,1	5,2	5,9	6,0
2b. Unemployment rate[3]		16,2	5,2	5,9	6,0
3. Labour productivity, persons[4]		124,61	-3,2	0,6	1,2
4. Compensation of employees (billion EUR)	D.1	41,9	9,6	3,7	4,7
5. Compensation per employee (1,000 EUR/year)		82	7,4	2,8	3,2

[1] Occupied population, domestic concept national accounts definition.

[2] Harmonised definition, Eurostat.

[3] ADEM definition.

[4] Real GDP per person employed.

2. Budgetary targets

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

	ESA code	Year 2024	Year 2025
		% GDP	% GDP
Net lending (+) / net borrowing (-) (B.9) by sub-sector[1]			
1. General government	S.13	-0,6	-0,6
2. Central government	S.1311	-1,7	-1,5
3. State government	S.1312	…	…
4. Local government	S.1313	0,0	0,1
5. Social security funds	S.1314	1,1	0,8
6. Interest expenditure	D.41	0,3	0,4
7. Primary balance[2]		-0,2	-0,3
8. One-off and other temporary measures[3]		…	…
9. Real GDP growth (%)		1,5	2,7
10. Potential GDP growth (%)		1,5	1,7
11. Output gap (% of potential GDP)		-2,8	-1,9
12. Cyclical budgetary component (% of potential GDP)		-1,3	-0,9
13. Structural balance		0,7	0,2

[1] TR-TE=B.9.

[2] The primary balance is calculated as (B.9, item 1) plus (D.41, item 6).

[3] A plus sign means deficit-reducing one-off measures.

Table 2.b. General government debt developments

	Year 2024	Year 2025
	% GDP	% GDP
1. Gross debt[1]	27,5	27,5
2. Change in gross debt ratio	2,0	-0,1
Contribution to the gross debt ratio		
3. Financing requirements of the central government administration	1,8	1,6
4. Denominator effect	-0,8	-1,5
5. Others	1,0	-0,1
p.m.: Implicit interest rate on debt[2]	1,7	1,9

[1] As defined in amended Regulation 479/2009.

[2] Proxied by interest expenditure divided by the debt level of the previous year.

Table 2.c. Contingent liabilities

Measures	Date of adoption	Maximum amount (% of GDP)	Estimated take-up (% of GDP)
State guarantees (not COVID-19 and energy related)	…	16,0	8,6
of which to the financial sector [1]	…	*4,8*	*2,2*

[1] Including the credit line to the Single Resolution Fund.

3. Expenditure and revenue projections on a 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 2024	Year 2024
		% GDP	% GDP
1. Total revenue at unchanged policies	TR	49,3	49,7
Of which:			
1.1. Taxes on production and imports	D.2	11,9	12,2
1.2. Current taxes on income, wealth, etc.	D.5	19,4	19,6
1.3. Capital taxes	D.91	0,3	0,3
1.4. Social contributions	D.61	12,8	13,0
1.5. Property income	D.4	1,7	1,5
1.6. Other		3,2	3,1
p.m.: Tax burden (D.2+D.5+D.61+D.91-D.995)		44,4	45,1
2. Total expenditure at unchanged policies	TE	49,9	49,2
Of which:			
2.1. Compensation of employees	D.1	12,0	12,1
2.2. Intermediate consumption	P.2	4,9	4,9
2.3. Social payments	D.621	20,7	20,7
of which: Unemployment benefits		1,0	1,0
2.4. Interest expenditure	D.41	0,3	0,4
2.5. Subsidies	D.3	1,5	1,1
2.6. Gross fixed capital formation	P.51	4,7	4,7
2.7. Capital transfers	D.9	1,4	1,2
2.8. Other		4,3	4,1
3. Financing capacity / requirements		-0,6	0,5

4. Revenue and expenditure targets

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

	ESA code	Year 2024	Year 2025
General government (S.13)		% GDP	% GDP
1. Total revenue target	TR	49,3	49,2
Of which:			
1.1. Taxes on production and imports	D.2	11,9	12,2
1.2. Current taxes on income, wealth, etc.	D.5	19,4	19,1
1.3. Capital taxes	D.91	0,3	0,3
1.4. Social contributions	D.61	12,8	13,0
1.5. Property income	D.4	1,7	1,5
1.6. Other[1]		3,2	3,1
p.m.: Tax burden (D.2+D.5+D.61+D.91-D.995)[2]		44,4	44,6
2. Total expenditure target	TE[3]	49,9	49,8
Of which:			
2.1. Compensation of employees	D.1	12,0	12,1
2.2. Intermediate consumption	P.2	4,9	4,9
2.3. Social payments	D.62 + D.632	20,7	20,7
of which Unemployment benefits[4]		1,0	1,0
2.4. Interest expenditure	D.41	0,3	0,4
2.5. Subsidies	D.3	1,5	1,2
2.6. Gross fixed capital formation	P.51	4,7	4,8
2.7. Capital transfers	D.9	1,4	1,4
2.8. Other[5]		4,3	4,3
3. Financing capacity / requirements		-0,6	-0,6

[1] P.11+P.12+P.131+D.39+D.7+D.9 (other than D.91).

[2] Including those collected by the EU and including an adjustment for uncollected taxes and social contributions D.995), if appropriate.

[3] TR-TE= B.9.

[4] Includes cash benefits (D.621 and D.624) and in kind benefits (D.631, SEC2010: D.632) related to unemployment benefits.

[5] D.29+D.4 (other than D.41)+D.5+D.7+P.52+P.53+K.2+D.8.

Tableau 4.b General government expenditure by function

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

	2024		2025	
	% GDP	% of general government expenditure	% GDP	% of general government expenditure
Education	13,1	0,0	13,1	0,0
Health	1,2	0,0	1,2	0,0
Employment	0,0	0,0	0,0	0,0

4.b.ii) Classification of the functions of the Government

Functions of the Government	COFOG code	2024	2025
		% PIB	% PIB
1. General public services	1	5,9	5,9
2. Defense	2	0,6	0,6
3. Public order and safety	3	1,4	1,4
4. Economic affairs	4	6,5	6,5
5. Environmental protection	5	1,2	1,2
6. Housing and community amenities	6	0,6	0,6
7. Health	7	5,8	5,8
8. Recreation, culture and religion	8	1,4	1,4
9. Education	9	5,4	5,4
10. Social protection	10	21,1	21,1
11. Total expenditure	TE	49,9	49,8

5. Description of discretionary measures included in the draft budget

Table 5. Discretionary measures taken by general government

List of measures	Detailed description	ESA code	Accounting principle	Adoption Status	Budgetary impact 2025 in m	Budgetary impact 2025 % GDP
REVENUES						
Package of measures to boost household purchasing power and business competitiveness					**-421**	**-0,5%**
including	Further adjustment of the tax scale by 2.5 index brackets	D.5	Cash	Draft law	-225	-0,3%
	Adjustment to tax class 1a	D.5	Cash	Draft law	-55	-0,1%
	Adaptation of the social minimum wage tax credit (CISSM) and introduction of an overtime tax credit (CIHS)	D.5	Cash	Draft law	-20	0,0%
	Increase in the single-parent tax credit (CIM) and increase in allowances for extraordinary expenses due to children living outside the household	D.5	Cash	Draft law	-2	0,0%
	Adaptation of bonuses: prime participative regime, impatriate regime, bonus for young employees, etc.	D.5	Cash	Draft law	-23	0,0%
	Reduction of corporate income tax (IRC)	D.5	Cash	Draft law	-56	-0,1%
	Increase in interest deductibility for the year in which the rental value is set and the following year	D.5	Cash	Draft Grand-Ducal regulation	-40	0,0%
Other measures					**-50**	**-0,1%**
including	Scale tax credit (CIB)	D.5	Cash	Draft law	-10	0,0%
	Further increase in CO2 tax credit	D.5	Cash	Draft Budget	-10	0,0%
	CGDIS - New financing method	D.7	Cash	Draft Budget	-30	0,0%
Adjustment of excise duties					**20**	**0,0%**
including	Increase in excise duty on cigarettes, fine-cut tobacco and heating tobacco	D.2	Cash	Draft Budget	20	0,0%
Total - Revenues					**-451**	**-0,5%**
EXPENDITURES						
Employee remuneration	Reclassification Police: Staff remuneration Luxembourg Presidency of the Council of the European Union Other	D.1	Cash	Draft Budget	50	0,1%
Grants	Compensation mechanism (electricity price stabilisation) Innovation fund Other	D.3	Cash	Draft Budget	126	0,1%
Social benefits in cash	Cost-of-living allowance for low-income households Compensation for doctors in training Other	D.6	Cash	Draft Budget	48	0,1%
Other current transfers	Transposition of the wage agreement in the ASFT sector Trajectory Change Defence Effort Employment Fund Expenditure relating to the agreement sector State contribution to the cost of childcare measures Contribution to the compensation of administrative staff and national coaches of approved sports federations New aid scheme/renewable hydrogen production Other	D.7	Cash	Draft Budget	136	0,2%
Capital transfers	Military Support Fund Ukraine Application of legislation on aid to industrial companies State capital contribution to the cost of building basic public facilities Aid scheme for charging stations Treatment of sewage sludge Other	D.9	Cash	Draft Budget	109	0,1%
Operating costs	Historical research and archaeological work Other	P.2	Cash	Draft Budget	13	0,0%
Direct investment	Fonds du Rail + CFL expenditure Contribution to infrastructure costs for the IRIS2 control centre Construction of a new control tower at Luxembourg airport South storage and maintenance centre at Cloche d'Or Fast tram to Esch/Belvaux Other	P.5	Cash	Draft Budget	88	0,1%
Total - Expenditures[1]					**570**	**0,7%**
TOTAL					**-1.021**	**-1,2%**

[1] Totals may not add up due to rounding

6. Methodological aspects

Table 6. Methodological aspects

Estimation technique	Phase of the budgetary procdure for which it has been used	Relevant feature of the model/technique used	Assumptions
Macroeconomic forecasts	For the purpose of the elaboration of the draft budget	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.
Output gap calculation	For the purpose of the elaboration of the draft budget	Integration of STATEC's macroeconomic forecasts into the European Commission's model	National accounts for the years before 2024 Application of closure rule
Budgetary revenue estimation	For the purpose of the elaboration of the draft budget	Use of parametric equations and microeconomic information	Macroeconomic forecasts Microeconomic and historical data

7. Recovery and Resilience Facility (RRF) impact on programme's projections - Grants

Table 7. RRF impact on programme's projections - GRANTS

Revenue from RRF grants (% of GDP)	2020	2021	2022	2023	2024	2025
1. RRF GRANTS as included in the revenue projections	0,000	0,017	0,000	0,026	0,071	0,061
2. Cash disbursements of RRF GRANTS from EU	0,000	0,017	0,000	0,026	0,000	0,000

Expenditure financed by RRF grants (% of GDP)	2020	2021	2022	2023	2024	2025
3. TOTAL CURRENT EXPENDITURE	0,003	0,005	0,002	0,006	0,014	0,003
Compensation of employees D.1	0,000	0,000	0,000	0,000	0,000	0,000
Intermediate consumption P.2	0,003	0,003	0,002	0,006	0,014	0,003
Social payments D.62+D.632	0,000	0,000	0,000	0,000	0,000	0,000
Interest expenditure D.41	0,000	0,000	0,000	0,000	0,000	0,000
Subsidies, payable D.3	0,000	0,000	0,000	0,000	0,000	0,000
Current transfers D.7	0,000	0,002	0,000	0,000	0,000	0,000
4. TOTAL CAPITAL EXPENDITURE	0,001	0,000	0,002	0,045	0,083	0,071
Gross fixed capital formation P.51g	0,001	0,000	0,001	0,000	0,006	0,000
Capital transfers D.9	0,000	0,000	0,001	0,045	0,077	0,071

Other costs financed by RRF grants (% of GDP)[1]	2020	2021	2022	2023	2024	2025
5. Reduction in tax revenue	0,000	0,000	0,000	0,000	0,000	0,000
6. Other costs with impact on revenue	0,000	0,000	0,000	0,000	0,000	0,000
7. Financial transactions	0,000	0,000	0,000	0,000	0,000	0,000

[1] This covers costs that are not recorded as expenditure in national accounts

8. Net expenditure growth

Table 8. Net expenditure growth

	ESA Code	Year 2023	Year 2023	Year 2024	Year 2025
		Level (mio EUR)	% GDP	% GDP	% GDP
1. Total expenditure	TE	37.968	47,9	49,9	49,8
2. Interest expenditure	D.41p	236,7	0,3	0,3	0,4
3. Cyclical unemployment expenditure		-69,8	-0,1	0,0	0,1
4. Expenditure funded by transfers from the EU		82,1	0,1	0,1	0,1
4a. Of which: Investments (GFCF)					
5. National co-financing of EU programmes		45,1	0,1	0,1	0,1
6. One-off expenditure (levels, excl. EU funded)					
7. Net nationally financed primary expenditure (before DRM) (ne = 1-2-3-4-5-6)		37.674	47,5	49,3	49,2
8. DRM (excl. one-off revenue, incremental impact)		…	…	-0,5	-0,2
9. Net nationally financed primary expenditure (after DRM) (ne - drm = 7 - 8)		…	…	49,7	49,3
10. Nominal GDP growth (g) (growth rate)		…	…	3,2	5,9
11. Net expenditure growth (growth rate)		…	…	8,0	6,1

9. Implementation of the 2024-2025 country recommendations

Luxembourg has received the following recommendations for 2024 and 2025:

1. *Submit the medium-term fiscal-structural plan in a timely manner. Wind down the emergency energy support measures before the 2024/2025 heating season. Address the long-term sustainability of the pension system, in particular by limiting early retirement options and by increasing the employment rate for older workers. Accelerate the adoption of a comprehensive land use policy and a property tax reform and prioritise the development of large-scale district projects on government-owned land. Increase action to effectively tackle aggressive tax planning, in particular by ensuring sufficient taxation of outbound payments of interest and royalties to zero/low-tax jurisdictions.*

2. *Continue with the swift and effective implementation of the recovery and resilience plan, including the REPowerEU chapter once adopted, ensuring completion of reforms and investments by August 2026. Accelerate the implementation of cohesion policy programmes. In the context of the mid-term review, continue focusing on the agreed priorities, while considering the opportunities provided by the Strategic Technologies for Europe Platform initiative to improve competitiveness.*

3. *Improve the performance and equity of the school education system, including by adapting teaching to the needs of disadvantaged students and those from various linguistic backgrounds. Address labour shortages and skills mismatches in particular for the green transition.*

4. *Boost competitiveness by supporting business and greenfield investment, in particular in high R&D intensive activities. Reduce reliance on fossil fuels by investing in energy efficiency and renewable energy. Further promote the electrification of transport and invest in public transport networks and infrastructure.*

Disclaimer: The update of the table below is under the responsibility of the relevant ministerial departments.
N.B. In the remainder of this section, the abbreviation of some words has been maintained in French. In case of discrepancy between the original version and the translated text, the original version shall prevail.

Status of measure	Date	List of main measures	Description of the direct contribution
1.1 submit the medium-term fiscal-structural plan in a timely manner			
In progress	10/2024	The Medium-Term Fiscal-Structural Plan (MTFSP) covers a period of 5 years and is submitted to the European authorities by 15 October 2024 at the latest. In accordance with Regulation (EU) 2024/1263, the MTFSP respects the reference criteria for the public debt and deficit, while incorporating the sustainability risks up to 2038. The requirements set out in the regulation concerning reforms and investments are also met.	
1.2 wind down the emergency energy support measures before the 2024/2025 heating season			
In progress	01/2025	Energy support measures will be discontinued from 1st January 2025, with the exception of the measure to stabilise electricity prices, which remains temporarily justified, as electricity prices continue to be high compared with pre-crisis levels. The government is therefore continuing to support households by covering half of the increase forecast for 2025, i.e. 30%. This gradual approach will ensure a progressive adjustment for households, so that electricity prices remain comparable to those in neighbouring regions. Furthermore, in the context of decarbonisation through electrification, the success of the measures currently included in the integrated national energy and climate plan (NEPC) to achieve climate objectives depends on an attractive electricity price compared with the price of fossil fuels and non-renewable energy sources.	Gradual discontinuation of energy measures, taking account of energy prices and the energy transition.
Adopted	2024	Renewal, for 2024, of the energy bonus for low-income households (measure of the tripartite agreement of 3 March 2023 “Solidaritéitspak 3.0”).	
Adopted	01/01/2025	Renewal and increase of Tax credit equivalent (ECI, équivalent crédit d’impôt) (€84 -> €90) as of 1.1.2025 The tax credit equivalent (ECI) will be maintained for beneficiaries of the REVIS and RPGH, with an increase to €90 starting as of January 1, 2025.The ECI is paid to each beneficiary under the amended Social Inclusion Income Act of 28 July 2018 (REVIS). This tax credit equivalent will also be paid to each beneficiary of the allowance for the severely disabled (RPGH). The amount is €90 as of 1.1.2025.	
Adopted	01/01/2025	2.7% adjustment to the amounts of the Social Inclusion Income (REVIS) and the allowance for the severely disabled (RPGH) on 1st January 2025.	
In progress		The State’s contribution to financing the additional cost of energy products and electricity for approved facilities for the elderly will be extended until 31 December 2025 (draft law 8423).	Compensation for the additional costs associated with energy price increases for managers of

			accommodation facilities for the elderly, supervised housing and psycho-geriatric centres. In return, the managers commit not to increase accommodation or daily rates until December 31, 2025.
1.3 address the long-term sustainability of the pension system, in particular by limiting early retirement options and by increasing the employment rate for older workers			
Long-term viability			
In progress		A broad consultation with civil society on the long-term sustainability of the old age pension system will begin in autumn 2024. This consultation is part of the 2023-2028 coalition programme and a more detailed timetable will be presented when the consultative work begins. In response to the previous Government's request in this area (see implemented measure), the Economic and Social Council published its opinion on the general pension insurance scheme on 17 July 2024: https://ces.public.lu/dam-assets/fr/avis/protection-sociale/regime-general-assurance-pension.pdf The IGSS also published updated demographic and financial projections for the general scheme on 12 July 2024: https://igss.gouvernement.lu/fr/publications/apercus-et-cahiers/cahiers-statistiques/202407no18.html	Global consultation on the long-term viability of the old-age pension system.
In progress		The coalition agreement foresees to align the rules for combining income from a professional activity (salaried or self-employed) with an early retirement pension (before the age of 65). This measure targets self-employed activities in addition to the rules for combining income from employed activities, which had already been revised by the reform of the general pension insurance scheme that came into force on 1st January 2013. The measure will make it easier for people receiving an early retirement pension to remain in work.	Increasing the retention in employment of people receiving an early retirement pension (combination of early retirement pension and work). This will also facilitate the intergenerational transmission of professional knowledge.
Implemented	01/01/2018	Long-term care (LTC) insurance reform (Law of July 12, 2017), in effect since January 2018. The LTC Insurance Evaluation and Control Administration's latest biennial report 2020-2022, on benefit quality, was submitted on June 30, 2022: https://gouvernement.lu/fr/actualites/toutes_actualites/communiques/2022/06-juin/30-rapport-aec.html In addition, every two years the IGSS conducts an analysis of the appropriateness of the flat-rate pricing introduced with the latest reform.	Better individualize the provision of quality services that meet the daily needs of each person, reinforce quality through clear standards and criteria with appropriate controls, simplify procedures and consolidate the system in the light of societal developments, while respecting the fundamental principles of the 1998 Basic Law.

		From a financial point of view, the long-term care insurance scheme has a positive balance, and reserves have increased in recent years. Forecasts also indicate that the scheme will be in financial equilibrium in the medium term.	
Older workers			
Implemented	01/08/2017	Law of July 20, 2017 on combating long-term unemployment, in force since August 2017.	Encourage the return to work of the long-term unemployed, particularly the older unemployed, by helping them to create their own jobs.
Implemented	01/11/2020	Career reclassification reform (Law of July 24, 2020), in force since November 1, 2020.	Provide additional incentives to delay the retirement age by speeding up procedures, better safeguarding the rights of outplacement workers, and creating the necessary conditions to encourage internal redeployment and thus job retention.
Implemented	01/01/2016	Professionalization training course for jobseekers aged 45 or over or those undergoing external reclassification, or who have the status of disabled employee, in force since January 2016.	To give jobseekers the opportunity to demonstrate their professional skills within a company (internship lasting up to 6 weeks).
Implemented	01/01/2016	Reinsertion-employment contract for jobseekers aged at least 45 or those undergoing external reclassification, or who have the status of disabled employee, in force since January 2016.	To offer jobseekers the opportunity to improve their professional knowledge and skills within a company (maximum duration 12 months).
Implemented	01/12/2017	Reform of early retirement schemes (Law of November 30, 2017): better targeting of employees doing difficult work and taking better account of employees' working conditions, while promoting the retention of older people in working life, in force since December 2017.	Abolish early retirement solidarity and adapt other early retirement schemes.
Implemented		National strategy for lifelong learning (LLL).	Provide adults of all ages with guidance, validation of prior experience and training to reinforce basic and professional skills.
1.4 accelerate the adoption of a comprehensive land use policy and a property tax reform and prioritise the development of large-scale district projects on government-owned land			
Announced	11/06/2024	A 10-point action plan has been put in place, containing environmental measures, administrative simplification measures and land use reforms. • The "silence means consent" principle: this principle will be introduced at both the municipal and State level, in areas where it does not conflict with European law. *De minimis* thresholds for building permits and state authorisations will be introduced this year. In this regard, no authorisation will be required for small-scale works such as the installation of a new window or a small photovoltaic system. • Merging the General Development Plan (PAG) and the Specific Development Plan (PAP): Currently, the two procedures take an average of 12 months; by merging them into a single procedure, timelines can be reduced to a maximum of 8 months. If a PAP project	This action plan will support the construction sector and private individuals by accelerating administrative procedures, among other things.

		requires a specific amendment to the PAG, this will also be done as part of a single procedure. For around a quarter of smaller projects, a completely new simplified PAP procedure will be introduced, which will be even shorter. Given that discussions about the infrastructure of a new neighborhood often take a long time, a legal deadline of 6 months will be introduced. • A national standard for construction: by 2025, a standard national construction regulation with uniform rules will be introduced. Municipalities will continue to define urban planning details to best reflect the character of their localities. • Creation of a new commission: to eliminate conflicting imposed by the state on individuals, a new commission will be created, comprising representatives from the Inspection du Travail et des Mines (ITM), the Corps Grand-Ducal d'Incendie et de Secours (CGDIS) and the Ministère de la Famille. This commission will serve as a single point of contact for builders and will also provide joint advise on future construction projects to avoid disagreements. In the same vein, there are plans to integrate the National Public Service Safety Service into the ITM. • Centralisation of authorisation procedures: all authorisation procedures will be centralised and digitised on a single platform. In line with the "*Once only*" principle, individuals will only need to enter your details once. The platform will also provide a personalised list of the necessary steps required for the specific project. This large-scale project will be completed over the next 24 months. • Land consolidation: the legislative amendments required for land consolidation were tabled in Parliament in the summer of 2024. Today, a single owner can block the construction of an entire neighbourhood and put his own interests above those of the community. With this measure, the Ministry of the Interior will be able to move the land of such an owner so that the project can get under way. • Management of Construction Waste: more flexibility will be allowed in the management of construction debris to reduce transport distances between landfill and construction sites. • Simplification of environmental procedures: environmental procedures will be simplified without neglecting nature protection. By adopting this holistic approach, the number of environmental studies and compensation measures that an individual builder must carry out will be considerably reduced. In this regard, the introduction of the "Natur auf Zeit" principle has been introduced in urban areas in summer 2024. This will allow landowners to let hedges and shrubs to grow without fearing that their project will become unfeasible or	

		more costly. Such biotopes will no longer require compensation in urban areas. In return, 10% of a new residential area must be reserved for green spaces. This will help to make urban areas greener and improve the quality of life. • The "One-time compensation" principle: this is a simple solution for compensating the hunting grounds of various protected animals in the construction zone in general, without the contractor having to carry out a study. The hunting area will then be compensated on state-owned land with low agricultural potential. Additionally, the use of pesticides will be prohibited on these fields. • Increased threshold for environmental impact screening: the threshold at which an environmental impact screening must be carried out for a new construction project is raised from 2 to 4 hectares. By removing this preliminary screening requirement, weeks or even months of procedures can be saved.	
In progress		Introduction of the draft law 8082/00 on property tax, land mobilisation tax and tax on the non-occupation of dwellings.	
In progress		The “Baulandvertrag” and ministerial reparcelling are two other projects designed to speed up land mobilisation. They are still pending.	
In progress		Article 29bis of the Local Planning Act - will be proposed to the Parliament by the end of 2024. In order to boost the supply of available housing, the government has set up ambitious housing acquisition programmes aimed at creating a total of 2,876 housing units, including affordable rented, affordable sale and low-cost sale housing units. The government continues to support the development of new large-scale neighbourhoods with a view to sustainable development in order to tackle the shortage of affordable housing. (i.e. “NeiSchmelz” project in Dudelange, “Wunnen mat der Wooltz” project in Wiltz, “Elmen” project in Kehlen).	Affordable housing & large-scale neighbourhood development
Adopted	21/06/2023	The new Territorial Development Master Plan (PDAT) defines the Government’s strategy for territorial development in the Grand Duchy of Luxembourg between 2035 and 2050.	The PDAT pursues three objectives, including: (1) concentrating development in the most appropriate locations, (2) reducing the artificialization of land and (3) strengthening cross-border consultation, which takes on a whole new role in the PDAT in view of the growing interdependence of the Grand Duchy of Luxembourg within the Greater Region. As soon as the PDAT is adopted, the strategy will be implemented through various instruments (land use plans, sectoral master plans, the State-Municipalities Agreement, nature parks) and also

			through various pilot projects, such as the conversion of the Foetz commercial zone and the creation of a green belt around the Agglo-Centre.
Implemented	12/07/2023	The "Raum+" methodological tool has been developed and made available to municipalities by the Ministry of Housing and Spatial Planning, the Spatial Development Observatory and the Housing Observatory to assess and list land reserves in the Grand Duchy of Luxembourg.	The "Raum +" methodological tool can be used to establish a territorial, quantitative and qualitative overview of land reserves. An update is planned for the 2nd half-year of 2024 and a new platform (version 2) is currently being developed.
1.5 increase action to effectively tackle aggressive tax planning, in particular by ensuring sufficient taxation of outbound payments of interest and royalties to zero/low-tax jurisdictions			
Announced		Transposition of the directive on administrative cooperation DAC 8.	Guarantee administrative cooperation between tax authorities at European and international level and enable tax fraud and evasion to be combated effectively, particularly with regard to crypto-assets and electronic money.
Announced		Implement the agreement on a "Subject to tax rule" as part of the work on Pillar Two, by renegotiating some of its international bilateral agreements.	The implementation of this agreement should also help to combat tax planning practices, particularly in the context of outgoing payments.
Announced		Active participation in work at global level to address the tax challenges raised by the digitisation of the economy (pillar 1) and to resolve other remaining issues relating to base erosion and profit shifting, and to ensure that multinational companies are subject to a minimum level of taxation (pillar 2) ("BEPS 2.0").	Put an end to tax-planning practices that allow multinationals to transfer their profits to low- or no-tax jurisdictions, and ensure that the profits of all economic operators are taxed regardless of their sector of activity.
Implemented	22/12/2023	Law of 22 December 2023 on effective minimum taxation for multinational enterprise groups and large national groups.	Introduce a minimum effective tax rate of 15% on the profits of multinational companies in order to curb the race to the bottom and aggressive tax planning by incorporating the model rules on Pillar 2 of the international reform of the taxation of multinational companies adopted by the OECD Inclusive Framework on 14 December 2021.
Adopted		Implementation of certain administrative mechanisms for enhanced control vis-à-vis jurisdictions included on the Code of Conduct's list of non-cooperative jurisdictions (corporate taxation) by means of a circular (2018).	Provide for enhanced control mechanisms in relation to jurisdictions on the list of non-cooperative jurisdictions for tax purposes.
Adopted		Adjustments to two legislative provisions whose interpretation by taxpayers may have led to tax base erosion and profit shifting, or even to the non-taxation of certain income (2018).	Contribute to strengthening the level of protection against aggressive tax planning within the internal market.
Implemented	21/12/2018 20/12/2019	Transposition of ATAD 1 and ATAD 2 directives containing anti-avoidance provisions.	Effectively combat tax evasion.

Implemented		Ratification of the Multilateral Convention on the Implementation of Tax Treaty Measures to Prevent BEPS (2019).	To specifically strengthen Luxembourg's legal framework in the fight against aggressive tax planning structures using treaty shopping.
Implemented		Transposition of several directives on administrative cooperation (DAC 1, 2, 3, 4, 5 and 6).	To guarantee administrative cooperation between tax authorities at European and international level and to effectively combat tax fraud and evasion.
Implemented		Transposition of the directive on administrative cooperation DAC7. Law of 16 May 2023 on the automatic and mandatory exchange of information declared by Platform Operators.	To guarantee administrative cooperation between tax authorities at European and international level and enable tax fraud and evasion to be combated effectively.
Implemented	10/02/2021	Application of enhanced control mechanisms vis-à-vis jurisdictions included on the list of non-cooperative jurisdictions in the Code of Conduct (corporate taxation). (Law of 10 February 2021 amending the amended Law of 4 December 1967 on income tax).	Putting an end to tax planning practices that would still exploit certain provisions of the tax system in relation to outgoing payments. With the aim of stepping up the fight against tax evasion and avoidance, the proposed measure specifically targets certain transactions, particularly financial transactions, carried out with affiliated companies established in countries or territories considered uncooperative for tax purposes. It makes an effective contribution to the global promotion of tax transparency, fair taxation and the implementation of anti-BEPS measures. Limiting the deductibility of certain expenses thus helps to combat certain aggressive tax-planning structures that result in outbound interest and royalty payments made by Luxembourg-based companies to jurisdictions that are considered uncooperative escaping tax, or being taxed at a low level, to the extent that such payments are not subject to any taxation, or are only taxed at a low level, in such jurisdictions.
2.1 continue with the swift and effective implementation of the recovery and resilience plan, including the REPowerEU chapter once adopted, ensuring completion of reforms and investments by August 2026			
In progress		Implementation of the Recovery and Resilience Plan (RRP) in accordance with the milestones and targets set out in the Council Implementing Decision of 9 December 2022. The reforms and investments set out in the Luxembourg Recovery and Resilience Plan are being implemented in parallel with the Government's investment programme and are in line with the ambitions to focus on the twin green and digital transition as well as social cohesion and resilience.	Significant progress was made during 2024 on the three pillars of the Recovery and Resilience Plan: social cohesion and resilience, green transition and digitalisation, innovation and governance. At the time of writing, more than half of the milestones and targets for the RRP projects have been achieved (self-assessment by the coordinating authority). A second request for payment to the European Commission is scheduled for the second half of 2024. Implementation of the RRP is therefore on track.

In progress		Luxembourg's REPowerEU chapter was approved by the European Commission on 23 July 2024 and adopted by the Council on 23 September 2024. The REPowerEU chapter is now an integral part of the amended Recovery and Resilience Plan.	The investments selected as part of REPowerEU have already been adopted at national level and their implementation has already begun.
2.2 accelerate the implementation of cohesion policy programmes			
Adopted		The managing authorities of the European funds (ESF, ERDF and JFT) have formally submitted the partnership agreement and the respective operational programmes. In December 2022, the European Commission adopted all the documents.	The Partnership Agreement (joint ESF-ERDF document) and the operational programmes (including the JTF) were adopted by the European Commission in December 2022. As of 16 September 2021, the ERDF Managing Authority confirms that 16 projects have been approved for a total amount of EUR 19.7 million, i.e., 93.4% of the total financial allocation. It should be noted that the axes dedicated to the production of renewable energy, sustainability and energy efficiency, as well as the Just Transition Fund, are 100% approved. A second call for projects, targeting the RDI axis, will be published on 21 September 2021.
2.3 in the context of the mid-term review, continue focusing on the agreed priorities, while considering the opportunities provided by the Strategic Technologies for Europe Platform initiative to improve competitiveness			
Announced		Mid-term evaluation of the implementation of the ERDF operational programme and unlikely use of the STEP measure.	The Luxembourg ERDF Managing Authority has decided to call on an external expert for the mid-term review. However, it is of the opinion that the "STEP" option, which allows 100% funding of projects, particularly in the IT field, should not be used, given that more than 90% of the financial allocation has already been committed by 31/12/2023. In addition, on 21 September, a 2nd call for projects was launched, which will enable the entire financial allocation for the 2021-2027 programming period to be committed. There is therefore no need to use this "STEP" option, and the Managing Authority will continue to provide co-financing in accordance with the traditional scheme, i.e. co-financing of 40% for projects under the traditional ERDF programme and 50% for projects under the "Just Transition Fund".

3.1 improve the performance and equity of the school education system, including by adapting teaching to the needs of disadvantaged students and those from various linguistic backgrounds			
Implemented		Creation of 6 accredited European schools since 2016.	Offering diversified language courses that better match the diverse profiles of students. Alongside these schools, the school system also offers international streams. The first pupils at a state-run European school in Luxembourg, the École internationale de Differdange et d'Esch-sur-Alzette (EIDE), passed the European Baccalaureate this year. With a success rate of 97.8%, this is a very positive first assessment of the school offer, which is undoubtedly the most important innovation in education policy in recent decades.
Announced		Development of international provision: In the Esch/Alzette and Dudelange conurbations, two new accredited European schools will be created. In addition to the Gaston Thorn international school, which will continue to develop over the coming years, a second accredited European school will be established in the greater Luxembourg City area over the next few years.	
Implemented		International streams leading to the International Baccalaureate or A-Levels diplomas, German-Luxembourg High School. New offer of a French-speaking international stream of the International Baccalaureate in the south of the country, 1,957 children are enrolled in basic schools offering an international programme, 4,163 pupils for secondary education in schools offering the international programme.	
Announced		A "one-stop shop" for inclusive education.	While new digital solutions have already been put in place to make the transmission of information on pupils with special educational needs more fluid and efficient, a one-stop shop, both physical and online, will be launched in 2025 to facilitate access to information on inclusive education. Run by the Service national de l'éducation inclusive (SNEI), this service will simplify administrative procedures and provide information on the players involved in caring for pupils with special educational needs. Aimed primarily at parents and students of legal age, it will also provide essential support for education professionals.
Announced		To promote a healthy lifestyle among schoolchildren and ensure that all children have adequate access to preventive medicine, the Ministry of Health and Social Security will present a plan to transform "school medicine" into "school health".	
Announced		Introduction of a multilingual education programme in the early childhood sector (2017). The multilingual education programme will be scientifically supported and continuously evaluated. This will be done in conjunction with literacy in German and, where appropriate, French from cycle 2 of basic education.	Introduction of a multilingual education programme in the early childhood sector, enabling every child aged 1 to benefit from 20 hours of free childcare a week, and to be offered high-quality language support.
Announced		The parenting forums are aimed at parents from pregnancy onwards and throughout the various stages of their children's lives. There are currently eight parenting forums in operation, with a further one due to open by the end of 2024. Six additional parenting forums will be set up by 2028 to cover all regions of the country.	Parenting forums are a place for parents to exchange ideas, get information and receive support.

			These are welcoming meeting places where parents are supported and strengthened in all aspects of their parenting.
Announced		Adaptation of the basic education syllabus. As of 2019, the seven national curriculum committees have begun initial discussions with a view to drawing up a new syllabus. The 2025 curriculum is an important step towards digital skills and interdisciplinary themes that are of great importance to society (environment and sustainable development, living together in a multicultural society, media and critical thinking, creativity, etc.). A new Section I, with a solid introduction to new technologies, but also an emphasis on general culture and creativity for students, offers teaching adapted to the pursuit of specialised higher education. A new R section focusing on policy and sustainable development has been introduced for the 2023-2024 academic year.	Modernisation of the teaching syllabus to meet the skills required in the 21st century.
Announced		In close collaboration with municipalities, the number of places in early education will be increased to ensure access to this level of education. In this way, every child can benefit from the advantages of this offer at a crucial time in their development.	
Announced		The concept of a second teacher in cycle 1 will be developed and implemented to enable better differentiation in the classroom and give children the best possible start. Given the tight situation with regard to the recruitment of teachers, this introduction will take place gradually.	
Announced		Greater flexibility in language teaching in secondary education is envisaged, with more flexible provision and more choice for pupils. As part of a structured dialogue with school partners, programmes, methodology and assessment will be analysed and evaluated in order to identify the pitfalls to be avoided and the points to be adapted as part of an overall concept of language learning for secondary education.	
Announced		School guidance will be better adapted to the needs of the school population, and the development and promotion of the Maison de l'orientation as a central platform for guidance will be continued. The Guidance Centre will need to strengthen its links with the guidance units in the lycées and with the regional departments of basic education. Personalised assessment and guidance tools will be developed to provide simple and relevant feedback at decisive stages in a pupil's school career. Each student will be able to benefit from a guidance procedure at the end of which a training or employment project will be established ("Kein Abschluss ohne Anschluss"). Internship placements for ESC students will be offered. Extension of anti-school drop-out measures.	

		Spearheading the fight against early school leaving, the Socio-Professional Integration Centres (Centres d'insertion socio-professionnelle - CISPs) provide young people with academic, but above all socio-educational, support to strengthen their social, emotional and possibly professional skills. The Ministry wishes to set up more CISPs in different regions of the country in direct collaboration with regional secondary schools and managers in the child and family support sector. The CISPs provide skills development in areas of learning determined by the real needs of the labour market as expressed by the professional chambers. The start of the 2024/2025 school year will see the opening of a "relaunch class" with 20 of the 40 places available at the "Jongenheem" CISP in Bertrange for pupils aged 13 to 16. There are plans to extend the CISP network to all regions of the country over the next few years.	
Announced		Work launched on reforming the preparatory route	The preparatory pathway prepares pupils who have not attained the basic skills at the end of basic education for entry into general secondary education and/or vocational training. Pupils can progress at their own pace and take the time they need to pass the modules. In recent years, the linguistic heterogeneity of the student population in the preparatory stream has increased, as has the diversity of their support needs. In view of these findings, it is necessary to rethink the preparatory route, as announced in the government programme. The preparatory work will be launched during the 2024/2025 school year. Prior to this, a dialogue has been initiated with the management of the lycées offering the preparatory route, and a survey of the regents of the preparatory route classes has been undertaken to identify the improvements needed to provide better support for pupils on the preparatory route. The results of the survey, in which the vast majority of regents took part, will be presented after the autumn break. Following these results, working groups will look at the linguistic profile of pupils, practical learning and guidance.
Adopted	13/07/2023	A bill has been tabled to raise the age of compulsory schooling to 18 and create new projects such as alternative schooling structures. To allow time to develop these structures. Compulsory schooling up to the age of 18 will apply to pupils who have not reached the age of seventeen by 1st September 2026. A pilot project involving the Ministry, secondary schools and socio-professional integration centres (CISP) aims to create	Help to further reduce the school drop-out rate and ensure better integration into the world of work.

		alternative learning centres. The aim is to enable young people with learning difficulties or who have dropped out of school to obtain official certification for the skills they have acquired even though they have not yet obtained the final diploma. The training programmes in the CISPs must be based on the regular programmes and the CISP's partner secondary school must carry out the assessment of the students.	
Adopted	14/07/2023 (Entry into force of the law)	Towards better integration of newly-arrived pupils into schools; improving and systematising procedures for welcoming and guiding foreign pupils. Creation of an integration and school reception service.	Helping to reduce the impact of social and cultural background on pupils' academic performance and enhancing their personal skills.
In progress		Revision of the law on state financial aid for higher education, provided for in the 2023-2028 government programme	Regular adjustment of State financial aid to allow students access to higher education regardless of their financial resources.
Implemented		Free school books for secondary school children since 2018.	Introduction of free school books for secondary school children from 2018 to reduce the impact of inequalities on pupil performance and promote equality of opportunity.
Implemented		Creation of 8 centres of expertise for children with special needs.	Major structural reform in the area of children with special needs, with the creation of 8 skills centres.
Implemented		Additional resources for ESEBs in education	To support schools in caring for pupils with special educational needs and to enable them to react more quickly, the post of assistant for pupils with special educational needs (assistant pour élèves à besoins éducatifs spécifiques - A-EBS) has been introduced in basic education. The first 50 agents are currently being recruited for this school year. They will be assigned to the regional departments of basic education. Support teams for pupils with special educational needs (équipes de soutien des élèves à besoins Éducatifs spécifiques - ESEB) in secondary education will be strengthened at the start of the 2024/2025 school year by 30 full-time equivalent posts, so that all lycées will have an ESEB by the end of this school year.
Implemented		Decentralisation of skills centres	For the start of the 2024/2025 school year, the Centre pour enfants et jeunes présentant un trouble du spectre de l'autisme (CTSA), located in Leudelange, will be opening nine new classes, spread across the north, east and south of the country. One class will be opened in Echternach, two classes in Differdange, one class in Esch-sur-

			Alzette, three classes in Mondercange, one class in Mersch and one class in Remerschen. In 2025, the Centre for Intellectual Development (CDI) will open a Wohnschule in Mondercange for 12 pupils. Another Wohnschule will open in Echternach in 2025. The aim of the Wohnschule is to prepare young people and young adults with special needs for a life that is as independent as possible, by practising the activities of daily life in situations that are as close to reality as possible.
Implemented		Introduction of a quality assurance system in the non-formal education sector. Strengthening the quality control system: The existing Complaints and Monitoring Unit will be expanded to better fulfil its role of monitoring education and care facilities in the event of complaints. In this context, the role of regional agents will be redefined. Innovation and quality development will take the form of a partnership with the children and youth sector.	
Implemented		Increase in the total number of places available in education and childcare services and in parental assistance for children aged between 0 and 12 (from 24,648 places in 2009 to 61,958 places).	
Implemented		A 20% increase in staff numbers over the last 3 years for the Educational and Psycho-social Department, which deals with mental health, pupil inclusion and the integration of new arrivals.	
Implemented		From 2022-2023, free childcare in education and care services and with parental assistants for all children in basic education during school periods.	
Implemented		Free meals at primary school for all children during school weeks and for those attending an education and care service; at secondary school for children below a certain income threshold who have made a request.	
Implemented	01/09/2022	From the start of the 2022-2023 school year, all children and young people up to the age of 18 will be able to take a large proportion of their music, spoken word and dance lessons free of charge at music teaching establishments in the municipal sector.	To offer all children and young people the best possible opportunities for the future.
Implemented		From the start of the 2022-2023 school year, free homework help will be introduced nationwide in basic education. Thanks to a new digital tool (digital class diary), parents, teachers and educators will be able to discuss their child's homework.	
Implemented		From the start of the 2022-2023 academic year, launch of a pilot French-language literacy project in four basic schools.	Take greater account of the country's cultural, linguistic and social diversity.

In progress		Promoting inclusive education in state schools: Teams to support pupils with special needs, which have long been a feature of the basic education landscape, will also become widespread in lycées. 37 public lycées (out of 39) have already been given additional human resources (100 FTE posts) to create these teams. Since the reforms in 2017 and 2018, the Ministry of Education has created more than 700 new posts, doubling the resources for children with special needs compared with 2014/2015.The results of an evaluation of inclusive education in Luxembourg were presented on 23 January 2023. The evaluation revealed a high level of involvement and dedication on the part of all groups of staff working with pupils with special needs. The new system is well accepted by those involved in education. The evaluation of the scheme identified six areas for improvement. The most important of these are reducing the time taken to provide care and better informing the players involved about how the system works. A draft bill has been drawn up that already takes into account the key aspects of the evaluation.	Inclusive education.
3.2 *labour shortages and skills mismatches in particular for the green transition*			
Announced	07/2023	Co-financing of the development of a methodology and training software (“HP-Ready Check”) for a simplified assessment of the suitability of existing buildings for the installation of a heat pump; project carried out by the Chambre des Métiers and application integrated into the Chambre des Métiers training courses.	Co-financing by the Ministry for the Environment, Climate and Biodiversity (Climate and Energy Fund) of the development of a methodology and a digital training tool (“HP-Ready Check”) for a simplified assessment of the suitability of existing buildings for the installation of a heat pump.
Announced		The government aims to gradually develop medical training at the University of Luxembourg. To this end, the bachelor’s degree in medicine will be evaluated with a view to a possible extension of the range of courses on offer.	To help reduce the shortage of healthcare workers by training more healthcare professionals in Luxembourg.
Announced		Creation of a legal basis for higher vocational training, as provided for in the 2023-2028 government programme	Raising the profile of vocational training and responding to the needs of the labour market in terms of higher vocational training, enabling the recognition of higher vocational training recognised abroad.
In progress		A portal dedicated to attracting and welcoming talent is currently being developed.	Attracting international talent.
In progress		The government will introduce a tax scheme to encourage individuals to invest in innovative start-ups in the field of the dual transition to sustainability and digital technology. The government will strengthen the employee profit-sharing bonus (prime participative regime) and the impatriate scheme to support the recruitment and retention of talent. Employee participation in the capital of the companies that employ them will be encouraged.	
In progress		Immigration laws will be adapted, in particular to facilitate and accelerate the procedures for obtaining visas for workers from third countries.	

		Access to the labour market will be simplified and the introduction of a system of temporary residence permits known as “work and travel visas” will be studied. A portal mentioned above will consolidate all the necessary information for potential candidates and interested companies.	
In progress		The government will be expanding and adapting continuing training, managed by the National Institute of Public Administration (INAP). The aim is to digitalise all administrative procedures, making them more accessible, even for people who are less familiar with digital technology. AI, with pilot projects and the use of *chatbots*, will play a key role. The government will increase investment in infrastructure and technical skills.	
In progress		Pilot project in collaboration with the Dutch-Flemish accreditation agency NVAO to establish a national framework for micro-credentials.	Strengthening the quality of university continuing education with a view to upskilling and reskilling.
Implemented	07/2023	Co-financing of the development of a sector-based, multi-annual training plan for subjects relating to environmental protection, energy efficiency and the energy transition (decarbonisation and renewable energies) by the Centres de Compétences du Génie Technique du Bâtiment (CdC-GTB). (Project co-financed by the Climate and Energy Fund and the ERDF / Just Transition Fund).	Agreement between the Ministry for the Environment, Climate and Biodiversity, the Ministry for the Economy (DG Energy), Climate and Energy Fund and the Competence Centres (CdC-GTB) for the development of a sectoral and multi-annual training plan for subjects related to environmental protection, energy efficiency and energy transition (decarbonisation and renewable energies).
Implemented	07/2023	Co-financing of the national public counterpart for the “Heat pump training” project submitted by the Chambre des Métiers as part of the European ESF+ programme “Investing in the future”.	Co-financing by the Ministry of the Environment, Climate and Biodiversity (Climate and Energy Fund) for the development of “heat pump” training courses.
Implemented	09/2024	From the start of the 2024/2025 academic year, the range of BTS (higher technician diploma) courses available in Luxembourg will be expanded to include two new courses: the Applied Artificial Intelligence BTS and the Automated Industrial Production BTS.	
Implemented	09/2024	Reform of training leading to health professions and introduction at the University of Luxembourg of four bachelors in specialised nursing sciences from the start of the academic year 2023-2024 and a bachelor in nursing sciences - Nurse responsible for general care from the start of the academic year 2024-2025.	To help reduce the shortage of healthcare workers by training more healthcare professionals in Luxembourg.
4.1 boost competitiveness by supporting business investment and greenfield investment, in particular in high R&D intensive activities			
Announced		The corporate income tax rate (IRC) will be reduced by one percentage point: from 17% to 16% for companies with taxable income of over €200,000 and from 15% to 14% for entrepreneurs and small businesses with taxable income of up to €175,000. There is a smoothing mechanism between these two income levels. As a result, from 2025, the overall tax rate for businesses will be 23.87% in 2025 instead of 24.94% in 2024.	

		For small businesses, the rate falls from 22.80% in 2024 to 21.73% in 2025.	
Announced		Setting up a science and technology park dedicated to collaborative research activities involving innovative companies, start-ups and public research.	
Announced	10/2024	Luxinnovation has announced the launch of a new programme, Fit 4 Digital - AI, dedicated to artificial intelligence. The new programme, *Fit 4 Digital - AI,* will enable companies to carry out a diagnostic of their capacities and opportunities for adopting artificial intelligence solutions, and to define a detailed, costed action plan for implementing the solutions identified in this assessment.	
Announced		The government aims to promote the country as a *Start-up Nation* by entering into international partnerships and implementing a roadmap to develop the start-up ecosystem.	
Announced		The government will assess the advisability of creating a technology transfer agency. To this end, a working group will be set up to develop a coherent approach to the transfer of intellectual property from research institutions to start-up companies.	
In progress		A draft act to renew the aid schemes for research, development and innovation has been submitted to parliament in September 2023. This bill provides for the introduction of a new system of aid for research, development and innovation, to replace the current system of aid in this area. The bill will also make it possible to organise calls for projects with a view to granting aid to research and development projects in line with the strategic guidelines adopted to diversify and transform the Luxembourg economy in line with the objective of green and digital transition. Projects selected following these calls for projects will be eligible for larger amounts of aid.	
Implemented		The Fonds National de la Recherche (FNR) has set up various funding instruments to support research and innovation collaborations between public research institutions and the private sector, e.g. the JUMP and KITS programmes, aimed at facilitating technology transfer, or the BRIDGES, Industrial Fellowships and Industrial Block Grant (IPBG) programmes, aimed at supporting research and innovation collaborations between public research institutions and Luxembourg or international companies.	
4.2 reduce reliance on fossil fuels by investing in energy efficiency and renewable energy			
Announced		The State will set up a mechanism for pre-financing small-scale photovoltaic installations so that households no longer need to advance the full cost of the installation, but only the part of the bill remaining after subtracting the subsidy.	

Announced		A strategy for decarbonising the state administration will be drawn up in cooperation with all the players concerned. The strategy will aim to make the State administration climate neutral by 2040, and will cover in particular the State's and public establishments' buildings, vehicle fleet and public procurement in general.	
Announced	2025	On 1er January 2025, the Institut luxembourgeois de Régulation (ILR) and the network operators will introduce a new tariff structure on the electricity market in order to respond to changes in the use of the network in the context of the energy transition, by proposing a fairer tariff structure which, in the long term, will encourage consumers to adopt greater flexibility in the use of the networks and to make better use of the existing networks.	
In progress		Speeding up authorisation procedures for energy production facilities based on renewable energy sources, such as photovoltaic installations, wind turbines and heat pumps, and standardising the conditions to be met at authorisation level.	Accelerate and, where necessary, simplify authorisation procedures on the basis of Council Regulation (EU) 2022/2577 of 22 December 2022 Establishing a framework to accelerate the deployment of renewable energies. Revision of the RBVS (Règlement-type sur les Bâtisses, les Voies publiques et les Sites) to adapt it to the requirements of decarbonisation (heat pumps) and the accelerated deployment of renewable energies, with the aim of harmonising the requirements with the regulations in force at municipal level. A manual setting out all the procedures to be followed for the various technologies has been published, and will serve as a tool for both private individuals and project developers.
Adopted	17/07/2024	Update of the Integrated National Energy and Climate Plan (PNEC) for the period 2021-2030.	The update of the integrated national energy and climate plan was notified to the European Commission in July 2024. Luxembourg - Final updated NECP 2021-2030 (submitted in 2024) - European Commission (europa.eu)
Adopted	17/07/2024	"Klimabonus Wunnen": in the context of the update of the PNEC, this state aid scheme sees the gradual introduction of pre-financing arrangements to facilitate access to low-carbon solutions for all citizens.	These pre-financing arrangements should help to speed up energy renovations, especially for low-income households who are unable to advance the cost of the work while waiting for part of it to be reimbursed.
Adopted	20/08/2021	Preparation and publication of the *Network Development Plan* by Creos Luxembourg S.A.	Provide a comprehensive overview of the existing electricity infrastructure and planned modifications and upgrades to the high-voltage network.

			A new version of the plan, covering the period between 2024 and 2034, is currently being drawn up by the transmission system operator.
Adopted	16/12/2022	In its 2021-2027 Operational Programme, the ERDF has made provision for the co-financing of green projects, i.e. projects investing in renewable energy and energy efficiency, as well as sustainable urban mobility. The ERDF Operational Programme was adopted on 16 December 2022.	Promoting renewable energy production, energy efficiency and sustainable mobility. It should be noted that the axes dedicated to renewable energy production, sustainability and energy efficiency (6 projects) as well as the Just Transition Fund (4 projects) are 100% funded. The list of projects can be consulted at www.feder.lu.
Adopted	28/09/2022	Agreement on an additional support package in response to the very specific national context arising from the automated wage indexation system in Luxembourg (https://gd.lu/5zSB3f). Among other things, this agreement contains additional aid to encourage the transition to renewable energies and energy renovation: • increase the replacement bonus to 50%, increasing the "*Klimabonus*" financial aid granted in the case of the replacement of an existing fossil-fuel boiler or an existing electric heater combined with an improvement in the energy performance of the heating system by a heating installation based on renewable energy (heat pump, hybrid heat pump and wood-fired boiler); measure valid for all installations ordered between 1st November 2022 and 31 December 2023; • 25% supplement on the "*Klimabonus*" financial aid granted for solar photovoltaic installations provided that the applicant undertakes to operate the installation in self-consumption mode or as part of an energy community; measure valid for all orders placed between 1st January 2023 and 31 December 2023; • From 1st October 2024, financial support for photovoltaic installations will be reduced to 50% of the actual costs for installations ordered from 1st October 2024, with a ceiling of €1,250 per kW peak. • 25% supplement on "Klimabonus" financial assistance for sustainable energy renovation; valid for all applications for an agreement in principle made between 1st November 2022 and 31 December 2023; • application of the reduced VAT rate of 3% to new photovoltaic installations for which the invoice is issued after 1er January 2023; • suspension of the reduction in remuneration for new photovoltaic installations from 1st January 2023;	Reduce the consumption of fossil fuels by decarbonising heating systems and, implicitly, reducing dependence on them, and promote the production of renewable energy and energy efficiency.

		• stabilisation of the price of electricity in 2023 at the 2022 level for category A supply points through a negative contribution financed by a contribution from the State. The measure has been renewed for 2024 and for 2025 for category A, it is planned to stabilise half of the increase planned for this year, i.e. 30%; • Introduction of a measure to mitigate price rises for households that heat with pellets. Pellet prices are soaring due to the high demand for pellets and the scarcity of fossil fuels. The price of pellets has doubled or even tripled in recent months (from €200-250 to €500-600/tonne). The measure expires on 31 December 2024. On 10 January 2024, the Government Council adopted a draft law and a draft Grand Ducal regulation aimed at extending by 6 months the "top-ups" of the "Klimabonus Wunnen" financial aid scheme, i.e. until 30 June 2024, for the promotion of sustainability, the rational use of energy and renewable energies in the housing sector, introduced following the tripartite negotiations at the end of 2022. As part of the update of the PNEC, a renewal of the "top up" granted for energy renovation and the replacement of a fossil-fuel boiler has been adopted for the remaining duration of the support programme (projects initiated by the end of 2025).	
Adopted		Adoption of the draft law introducing a social measure in the photovoltaic sector by the Government Council. This bill aims to accelerate the development of photovoltaic installations in housing occupied by low-income households, and to enable tenants of such housing to benefit from photovoltaic installations in self-consumption mode, thereby reducing their energy bills.	
Adopted		Adoption of the draft law on the establishment of hydrogen transport networks by the Government Council. In the context of establishing a framework for the transport of hydrogen in, to and through Luxembourg with the aim of accelerating the rapid and effective development of the European renewable hydrogen market and reaping its benefits for the energy transition, this bill establishes an initial regulatory framework for the planning, development, implementation and operation of the hydrogen transport infrastructure in Luxembourg, including interconnections with neighbouring countries.	
Adopted		Adoption of the Energy Transition draft law by the Government Council. This bill establishes a regulatory framework to accelerate energy efficiency and the development of renewable energies in France, and to facilitate European cooperation in the field of renewable energies. It incorporates the objectives set out in the Integrated National Energy and Climate Plan (PNEC), with the overall aim of achieving climate neutrality	

		by 2050. Among other things, the bill introduces new measures, such as the obligation to construct new industrial buildings and parking areas in such a way that they are ready for photovoltaic installations. With the publication of the new Directive (EU) 2023/1791 of the European Parliament and of the Council of 13 September 2023 on energy efficiency, the Energy Transition Bill is now being adapted by means of government amendments, which will be introduced in the coming months to transpose certain new European obligations or revised existing European provisions, such as those relating to energy management systems, energy audits and data centres.	
Adopted	09/06/2023	Entry into force of the Act of 9 June 2023 amending: 1° the amended law of 1st August 2007 on the organisation of the electricity market; 2° the amended law of 1st August 2007 on the organisation of the natural gas market.	
Adopted	29/09/2023	Adoption by the Government Council on 29 September 2023 of the draft Grand Ducal regulation on the energy data platform.	
In progress	23/08/2023	Draft law on the establishment of hydrogen transport networks.	Establishment of a legal framework for transporting large volumes of renewable hydrogen. The granting of at least one authorisation to a hydrogen network operator. Planning, development and implementation of a hydrogen network in Luxembourg.
Announced	28/09/2023	Draft law on energy transition.	The bill establishes a framework for improving energy efficiency, developing renewable energies on national territory and, as far as renewable energies are concerned, also for the context of European and international cooperation.
In progress		Refining the solar cadastre.	Simplifying and speeding up the exploitation of the potential of solar energy.
In progress		Study on the deployment of photovoltaic installations and wind turbines along motorways, and for wind turbines in particular, installation in business parks and near forests with low ecological value.	A study is underway into the feasibility of installing photovoltaic panels/parks or wind turbines along motorways. In the case of wind turbines in particular, they should be sited in areas used by small businesses or industry and close to forests with low ecological value.
In progress		Public procurement will be activated in a coordinated and consistent manner, at national and municipal level, giving priority to social, circular and decarbonised criteria to guide and support participating companies in their energy transition, circular economy and innovation strategies. The government will carry out an analysis of the effectiveness of the law on public procurement.	

In progress		Implementation of the biogas strategy, a strategy drawn up in 2022, as planned by the PNEC in 2020. The strategy was published in June 2023.	Making the most of livestock manure and harnessing the potential of bio-waste and green waste.
In progress	2024	New very high voltage 380 kV interconnection infrastructure between Germany and Luxembourg.	In cooperation with German transmission system operator Amprion, Creos plans to build a 380-kV extra-high-voltage line from Bertrange to Aach (Germany) via Bofferdange, as well as a 380/220/110-65-kV transformer station around Bofferdange/Altlinster. Eventually, the existing infrastructure, which dates back to the 1960s, will no longer be able to safely meet the country's ever-increasing electricity needs, due to strong economic and demographic growth. This new construction project will modernise the network, guarantee national security of supply and improve the quality of life of the entire population.
In progress	2025-2027	Co-financing of the energy renovation of low-income single-family homes in the municipality of Differdange, up to 50% by the ERDF via the Just Transition Fund, also to combat fuel poverty.	Energy efficiency in residential buildings.
Implemented	01/07/2021	Entry into force (July 2021) of the Grand Ducal regulation of 9 June 2021 on the energy performance of buildings.	To make it virtually impossible for new buildings (residential and commercial) to be equipped with a fossil-fuel boiler. From now on, the benchmark for all new buildings will be heat pumps (i.e. for all new buildings for which planning permission is sought from 1st January 2023).
Implemented	07/04/2022	Extension of the "*PRIMe House*" state aid programme, now called "Klimabonus", beyond 31 December 2021.	Extension of the "PRIMe House" programme, which will be called "Klimabonus" for the scheme from 2022; this is a financial aid scheme designed to promote sustainability, the rational use of energy, the decarbonisation of heating systems and the use of renewable energies in the housing sector.
Implemented	27/09/2021	Publication and implementation of the hydrogen strategy.	Accompany the progress of the energy transition in certain sectors that are difficult to decarbonise by direct electrification. Start with the implementation of the seven measures of the hydrogen strategy, including the regular consultations of the H2 Taskforce. An update of the hydrogen strategy is planned for 2025.
Implemented		Annual publication of a call for tenders (latest: 19 July 2024) for the construction and operation of photovoltaic solar power plants.	5e call for tenders for the installation of large-scale photovoltaic power plants of 200 kW - 20 MW.
Implemented		Publication of a call for tenders (22 October 2022) for the construction and operation of agrivoltaic solar power plants.	A call for tenders for so-called "agrivoltaic" photovoltaic power plants aimed at installing

			photovoltaic panels in agricultural areas with a view to ensuring continued agricultural use and improving the ecological quality of the area concerned. The call for tenders resulted in 52 MW by the end of 2023, to be installed by 2025. In the event of a positive evaluation of this pilot call for tenders.
Implemented		Publication of a call for tenders (31 October 2022, 15 July 2023 and 19 July 2024) with a view to obtaining investment aid for the construction and operation of photovoltaic solar power plants.	Investment aid for the construction and operation of photovoltaic power plants based on the principle of "on-site consumption", or self-consumption.
Implemented		On 19 July 2024, two invitations to tender were launched for large-scale photovoltaic installation projects, namely the 6e invitation to tender based on a 15-year market premium contract, and the third invitation to tender based on investment aid, including for the first time an innovative package for façade-integrated photovoltaic panels and lightweight modules. For 2030, the update of the PNEC for the period 2021-2030 forecasts renewable electricity production based on photovoltaic energy of 1,112 GWh.	
Implemented	29/09/2020	Promoting the exploitation of solar energy potential by extending the scope of guaranteed tariffs.	Promote the use of photovoltaic energy by extending the scope of guaranteed tariffs in the 30 to 200 kW categories to all beneficiaries and by adjusting feed-in tariffs.
Implemented	15/09/2023	Speeding up authorisation procedures for energy production facilities based on renewable energy sources, such as photovoltaic installations, wind turbines and heat pumps, and standardising the conditions to be met at authorisation level (see circular to municipalities no. 2023-119 of 15 September 2023).	Revision of the RBVS (Standard Regulations on Buildings, Public Roads and Sites) and certain standard texts for PAPs, in order to adapt them to the requirements of decarbonisation (heat pumps) and the accelerated deployment of renewable energies, with the aim of harmonising the requirements in the regulations in force at municipal level.
Implemented	2024	Extension of the Voluntary Agreement (VA) on improving energy efficiency and decarbonisation in Luxembourg industry for the period 2024 to 2028.	Decarbonisation is taken into account in the new AV with the introduction of a decarbonisation index, which complements the energy efficiency index (the use and in particular the self-consumption of renewable energy is also taken into account).
4.3 further promote the electrification of transport and invest in public transport networks and infrastructure			
Announced		Continued deployment of public charging points for electric cars.	Continued deployment of public charging points for electric cars (700 installed). In January 2021, the first of 88 public fast-charging stations were installed.

Announced	31/03/2022	Introduction of an aid scheme for the purchase of clean vehicles for goods transport.	
Adopted	22/04/2022	Preparation and presentation (April 2022) of the National Mobility Plan (Plan national de mobilité - PNM 2035), proposing an overall concept capable of managing 40% more journeys than in 2017 and implementing the approaches recommended by the Modu 2.0 strategy.	The strategy of the PNM 2035 will be transposed into the “transport” sectoral master plan, making it possible to reserve the land required for transport infrastructure projects. The modification of the TSP in general will be preceded by a modification of the TSP on the territory of the Nordstad municipalities in order to establish legal and planning certainty and to guarantee the reservation necessary for the realisation of transport infrastructure projects in the Nordstad conurbation.
In progress		The government is committed to continuing to develop and better connect the rail network and will examine the possibilities for double-tracking all existing railway lines, in particular the section between Sandweiler/Contern and Oetrange on the line from Luxembourg to Wasserbillig, as well as the section between Ettelbruck and Troisvierges-frontière on the northern line. Existing railway lines will be better linked, and the construction of new railway lines will be studied.	
In progress		Adaptation of the national rail network to TEN-T Regulation (EU) 2024/1679 of 13 June 2024.	Studies in progress.
In progress	10/2024	Adaptation of the “Klimabonus Mobilitéit” from 1st October 2024 for: - maintain the subsidy for the purchase of a 100% electric or hydrogen fuel cell car at a maximum of €6,000; - determine the amount awarded on the basis of environmental and social criteria; - to increase the car ownership period, required to qualify for a subsidy, from one to three years. A €1,500 bonus for used 100% electric cars over three years old will also be introduced.	This adaptation is also linked to the desire to target aid at those who need it most, in order to give them access to vehicles that do not emit CO2.
In progress		Establishment of the Transport Sector Plan (Plan Sectoriel Transports - PST) as a framework for the “MoDu 2.0” strategy.	Transposition of the PNM 2035 into the “transport” sectoral master plan, making it possible to reserve the land required for transport infrastructure projects.
In progress		Acquisition of 5 100% electric buses by the Syndicat intercommunal TICE, 50% co-financed by the ERDF via the Fonds pour une transition juste. Agreement signed on 20 October 2023. Delivery and implementation scheduled for the last quarter of 2024.	Sustainable public transport.

In progress		Acquisition of 8 buses equipped with a fuel cell (hydrogen) by the Syndicat intercommunal TICE, 50% co-financed by the ERDF, via the Just Transition Fund. Pilot project in Luxembourg. Agreement signed on 20 October 2023. Delivery and implementation scheduled for the last quarter of 2024.	Sustainable public transport.
In progress		Pursuing the "*no-emission*" objective by 2030 by putting electric buses into service on the national RGTR bus network.	Via the REACT-EU measure, the ERDF is co-financing the overhaul of the RGTR electric bus network to the tune of EUR 35 million.
Implemented		Promoting the use of public transport and sustainable mobility: the "MoDu 2.0" strategy.	To develop an efficient public transport infrastructure with a view to reducing greenhouse gas emissions and traffic congestion by reducing individual transport.
Implemented		Work continues on bringing a *tramway* into service in Luxembourg City. Order for new railway rolling stock.	To develop efficient and sustainable public transport that takes account of the economic and demographic development of the capital and the country as a whole.
Implemented		Entry into force of an aid scheme for businesses investing in charging infrastructure for electric vehicles: - Axis 1 allows aid for charging infrastructures to be granted following a competitive tendering process; - Axis 2 allows aid to be granted for charging infrastructures, reserved for SMEs. The law also provides for the organisation of the "Chargy" and "SuperChargy" networks to be adapted in line with the new European legislative framework.	
Implemented		Reorganisation of the RGTR national bus network, part-financed by the ERDF via React-EU, to the tune of EUR 35 million.	Prioritise and optimise regional bus routes, improve services on Sundays and public holidays and improve evening frequencies.
Implemented		Acquisition of 10 100% electric buses by the City of Luxembourg, 40% co-financed by the ERDF.	Sustainable public transport.
Implemented		Subsidy programme for electric charging points.	Promoting electromobility by introducing intelligent recharging solutions. A programme to subsidise publicly accessible electric charging points is being studied, and a bill will be drafted to provide financial assistance covering up to 50% of the capital cost.
Implemented		New financial aid scheme for the installation of home electric charging points.	Supporting the transition to electric mobility and guaranteeing the autonomy of electric vehicles in Luxembourg. The amount allocated is between EUR 750 and EUR 1,650, depending on the type of installation,

			and may not exceed 50% of the purchase price (excluding VAT).
Implemented		National free travel on trains, *trams* and buses in the first quarter of 2020.	Promoting the use of public transport.
Implemented		Development of a near-real-time telematic information system for public transport.	Making mobility more pleasant, more efficient and more economical.
Implemented		Introduction of a CO_2 tax on fossil fuels of €20 per tonne of CO_2.	Reducing greenhouse gas emissions and protecting the climate.
Implemented		Increased subsidies for electric vehicles, quadricycles, motorbikes, mopeds, bicycles and pedal-assist cycles.	Encouraging sustainable mobility.
Implemented		Ambitious investment in rail infrastructure between 2018 and 2023 amounting to EUR 1.7 billion.	
Implemented	09/03/2022	Extension of the "*Clever fueren*" financial aid scheme for a further 24 months until 31 March 2024.	
Implemented	30/07/2022	Entry into force of the Act of 26 July 2022 on the aid scheme for businesses investing in charging infrastructure for electric vehicles.	Enable the implementation of support measures for companies that invest in charging infrastructure for electric vehicles.

LE GOUVERNEMENT
DU GRAND-DUCHÉ DE LUXEMBOURG
Ministère des Finances