

Luxembourg - 14 October 2020

DE BUDGETSPLANG 2021

Draft Budgetary Plan



LE GOUVERNEMENT
DU GRAND-DUCHÉ DE LUXEMBOURG
Ministère des Finances

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

I. Introduction

In accordance with **Article 6 of Regulation No. 473/2013**, Luxembourg hereby presents its Draft Budgetary Plan for the year 2021.

The present **Draft Budgetary Plan is based on the most recent macroeconomic forecasts** produced independently by STATEC and it **draws upon the fiscal objectives presented in the draft budget 2021**. The Government submitted the draft budget 2021 to Parliament on 14 October 2020. Unless indicated otherwise, the budgetary figures are presented in accordance with the ESA2010 framework.

The Government has responded swiftly and appropriately to the economic, social and health crisis related to the spread of COVID-19. With a 6% decline in GDP in 2020, the impact on the Luxembourg economy is unprecedented. This is the deepest economic contraction in the country's history. Faced with this extraordinary situation, the Government has mobilized all the necessary resources to put in place a vast set of urgent measures aimed at ensuring the capacity of the health system, protecting household incomes, and meeting the liquidity needs of businesses and the self-employed. This bundle of measures was complemented by the "Neistart Lëtzebuerg" programme - a recovery plan for the Luxembourg economy - which encourages job retention, supports businesses in the most affected sectors and promotes a sustainable economic recovery. The total package of measures deployed by the Government amounts to around 11 billion euros (18.6% of GDP). To meet these challenges, the country has been able to take advantage of the favourable budgetary situation that the Government created during previous fiscal years.

In 2021, the fiscal policy will continue to be closely linked to the evolution of the COVID-19 health crisis and its impact on the Luxembourg economy. The budget strategy is focused on actions to promote economic recovery, maintain social cohesion and implement an ambitious climate policy. The Government is making every effort to promote a rapid return to qualitative, job-creating growth, and to ensure the economic and social success that the country has enjoyed in recent years.

The scale of the current crisis linked to COVID-19 calls for a cautious approach and Luxembourg **reiterates its commitment to ensuring sound and balanced public finances in a sustainable manner**, including through securing durably the country's AAA credit rating. In view of the significant uncertainties surrounding the macroeconomic forecasts as well as the recent increase in infections in many European countries, Luxembourg continues to follow a very cautious approach in its estimation of budgetary forecasts.

In this context, it should also be recalled that the European Commission has decided to **activate the general escape clause** for at least 2020 and 2021, so that Member States can deviate from the requirements of the Stability and Growth Pact to take all the necessary budgetary measures to combat the consequences of the COVID-19 crisis. By analogy, the conditions are also met for invoking the exceptional circumstances clause at the national level, provided for in Article 6(1) of the amended law of July 12, 2014 on the coordination and governance of public finances.

Pending the finalisation of the regulation on the Recovery and Resilience Facility, Luxembourg has not submitted a recovery and resilience plan in the framework of this Draft Budgetary Plan. The recovery and resilience plan will be developed in the coming months.

II. Macroeconomic forecasts

General economic trends worldwide are marked by the consequences of the current health crisis. The spread of COVID-19 and subsequent health measures, in particular the national lockdowns, have played a major role in plunging economies into a historic recession. The current economic situation is still strongly conditioned by the evolution of the health crisis. Macroeconomic forecasts are therefore characterised by a significant degree of uncertainty.

The economies of the **euro area** started being impacted at the end of the first quarter of 2020, followed by a more severe downturn during the second quarter. According to STATEC, the euro area will experience a 7.9% drop in real GDP and a 6.1% rebound in 2021. In the medium term, economic growth would return to its previous trajectory and should reach pre-crisis levels.

As in the rest of Europe, the health crisis has led to a sharp drop in economic activity in **Luxembourg**. In the second quarter, due to containment measures, estimates from STATEC show that Luxembourg's GDP had fallen by a historic 7.2% compared to the previous quarter. For the year 2020 as a whole, the economy is expected to contract by 6%, followed by a mechanical rebound of 7% in 2021. This represents a quasi-stagnation over these 2 years. In the following years, the growth rate is expected to slowly approach pre-crisis levels.

At the beginning of 2020, **inflation (NICP)** was still growing by 2%, supported in particular by the index tranche paid in January 2020 and a rise in electricity prices. However, the introduction of free public transport and, with the beginning of the crisis, the oil price shock considerably slowed the price index. As a result, inflation has been revised downwards for the year 2020 and is expected to increase by only 0.9%. In 2021, pressure on prices would remain relatively low and inflation is expected to rise by 1.3%. In the medium term, inflation is expected to converge towards the 2% rate.

With regards to the **labour market**, the creation of new jobs remains positive, despite a significant decline during the lockdown phase. Annual employment growth is expected to reach +1.9% in 2020 and to maintain a similar growth rate in 2021. This positive increase is mainly due to short-time working, which has cushioned the shock of the containment measures that has weighed on many sectors. The unemployment rate should rise from 5.4% in 2019 to 6.5% in 2020. This trend is expected to continue in 2021, with the unemployment rate rising to 7.1%.

Based on the European Commission's calculation method applied to STATEC's forecasts and macroeconomic data, **potential growth** for Luxembourg is estimated at 2.7% in 2020 and 2021. The output gap, which represents the difference between real GDP and potential GDP, is expected to be -7.9% in 2020 and -4.1% in 2021.

The macroeconomic forecasts of international institutions such as the OECD and the IMF are broadly in line with the national forecast.

III. Budgetary objectives and policy

Thanks to the prudent management of public finances during the previous years, **Luxembourg can take advantage of a favourable starting position before the crisis.** The applicable criteria of the Stability and Growth Pact have been met without interruption since the end of the last crisis and the country is one of the few countries with a AAA rating from all rating agencies, given its low level of public debt and sound public finances.

Thus, **the government has sufficient financial leeway** to implement unprecedented measures to contain the pandemic and protect the economy. Tables 8 and 9 in the appendix provide an overview of the measures launched by the government to date. The overall envelope dedicated to these support measures has not yet been exhausted, thus providing additional room for manoeuvre if conditions so require. The total package of measures budgeted by the Government since the beginning of the crisis has reached €11 billion (18.6% of GDP).

Following the proclamation of the crisis in March 2020, the Government introduced ambitious measures based on two axes: **health and social protection of the population on the one hand, and easing the economic burden of the crisis on businesses on the other.** Strengthening the capacity of the health system was a top priority in order to protect the population as best as possible. In addition, the package of measures aimed to maintain employment and the purchasing power of employees and to support businesses and the self-employed by strengthening their liquidity situation, thereby laying the necessary foundations for a rapid, qualitative and sustainable recovery. The initiatives include direct aid for firms of all sizes, employment and social security measures, deferrals or reimbursements of tax and social security payments, and the provision of additional public guarantees.

Subsequently, the Government introduced the package called the "Neistart Lëtzebuerg", which focuses on a sustainable and inclusive recovery of the Luxembourg economy. The actions are notably structured around the following three priorities: **encouraging employment, supporting companies in the most affected sectors and promoting a green economic recovery.**

Fiscal policy for 2021 will continue to be conditioned by the consequences of the health crisis. More specifically, the budget strategy supports the continuity of the actions that lay the necessary foundations for a sustainable economic recovery while pursuing the priorities set out in the government programme. Thus, it is planned to maintain an attractive and sustainable environment through an **ambitious investment programme**, which targets the economy, society and the environment. Despite the uncertainties surrounding the macroeconomic development, the government intends to return to balanced public finances as soon as conditions permit. Regarding the tax plan, the Government is introducing a series of measures to promote social equity, ecological transition and the long-term competitiveness of Luxembourg's economic place.

In 2020, the **nominal general government balance** is expected at -7.4% of GDP, a significant drop from the positive balance of 2.4% in 2019. In 2021, the balance will improve and reach a less pronounced deficit of 2.7% of GDP. This improvement would stem from the economic recovery expected in 2021 and the dissipation of the budgetary impact of a number of support measures related to the current crisis. The sharp deterioration of the general government balance originates mainly in the **central government**. As a result of the crisis and discretionary measures, the central government balance alone would fall to -5.1 billion euros or -8.6% of GDP in 2020. Although the balance is estimated to remain negative in 2021 (-2.5 billion euros or -3.9% of GDP), it will show an improvement of 2.6 billion euros compared to the previous year.

As for **public revenues**, a decline of -5.5% is expected in 2020. This decrease is mainly conditioned by the abrupt deterioration of economic activity in 2020, which has impacted almost all sources of government revenue. This exceptional decline is assumed to be reversed in 2021, with growth of +7% in 2021. Under the Stability programme 2020, the decline in revenue was still estimated at -8.2% in 2020. However, the last few months have shown that government revenues have fared somewhat better than expected.

Public expenditure is expected to increase by 16.4% in 2020 compared to 2019. This rise is mainly related to the measures taken by the Government in the context of the health crisis. The extension of short-time working - which accounts for a significant part of the increase in spending - has proved to be essential to sustain employment and to avoid wider repercussions for the Luxembourg economy. While spending is set to decline by 2% in 2021, government investment will continue to remain high. The investment rate is expected to stay above the 4 percent of GDP threshold, and maintaining an ambitious investment programme

will play a pivotal role in the success of the economic recovery and the transition towards a sustainable and digital economy.

For all of the above estimates, both for 2020 and 2021, Luxembourg continues to favour - as in the past - **a very cautious approach in estimating its budget forecasts, both in terms of revenue and public expenditure**. In view of the significant uncertainties on the health and economic front, substantial revisions of the actual evolution of public revenue and expenditure in cannot be ruled out.

Public debt, for its part, is expected to rise from 22% of GDP in 2019 to 27.4% of GDP in 2020 and further climb to 29.4% of GDP in 2021, due to the central government deficit and the financing of support measures related to the pandemic. When excluding the financing of these measures, the public debt would amount to 22.3% of GDP in 2020 and 24.7% of GDP in 2021.

In addition, the general government as a whole holds assets totaling an estimated 45% of GDP, including about 34.9% of GDP in the pension system's reserve, to which social security surpluses are allocated. The public sector's financial position - on a net basis - thus continues to remain positive to the extent that assets exceed liabilities.

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

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

Tables 10 and 11 summarise and update the main measures taken from the 2020 National Reform Programme.

Statistical Annex

1. Macroeconomic forecasts

Table 0. Basic assumptions

	Year 2019	Year 2020	Year 2021
Short-term interest rate (annual average)	-0.4	-0.4	-0.4
Long-term interest rate (annual average)	0.4	0.2	0.2
USD/€ exchange rate (annual average)	1.12	1.11	1.14
Nominal effective exchange rate	0.99	1.00	1.00
Euro area GDP growth	1.2	-7.9	6.1
Growth of relevant foreign markets	3.3	-14.0	13.4
Oil prices (Brent, USD/barrel)	64	41	50

Table 1.a. Macroeconomic prospects

	ESA code	Year 2019	Year 2019	Year 2020	Year 2021
		Level	rate of change	rate of change	rate of change
1. Real GDP (reference year = 2010)	B1*b	51983	2.3	-6.0	7.0
2. Potential GDP		57485	2.2	2.0	2.5
3. Nominal GDP	B1*b	63516	5.8	-7.0	9.0
Components of real GDP					
4. Private final consumption expenditure	P.3	16385	2.8	-5.3	6.6
5. Government final consumption expenditure	P.3	8854	4.8	3.4	-2.9
6. Gross fixed capital formation	P.51	9439	3.9	-8.3	9.1
7. Changes in inventories and net acquisition of valuables (% of GDP)	P.52 + P.53	...	0.0	0.0	0.0
8. Exports of goods and services	P.6	102344	1.4	-5.8	7.8
9. Imports of goods and services	P.7	86260	1.7	-4.8	6.9
Contributions to real GDP growth					
10. Final domestic demand		...	2.4	-2.6	3.2
11. Changes in inventories and net acquisition of valuables	P.52 + P.53	...	0.0	0.0	0.0
12. External balance of goods and services	B.11	...	-0.1	-3.4	3.8

Table 1.b. Price developments

	ESA code	Year 2019	Year 2020	Year 2021
		rate of change	rate of change	rate of change
1. GDP deflator (2005=1)		3.4	-1.1	1.9
2. Private consumption deflator		1.9	1.1	1.2
3. NIPD		1.7	0.9	1.3
4. HICP		1.7	0.1	1.5
5. Export price deflator (goods and services)		3.0	-0.9	1.6
6. Import price deflator (goods and services)		2.4	0.0	1.5

Table 1.c. Labour market developments

	ESA code	Year 2019	Year 2019	Year 2020	Year 2021
		Level	rate of change	rate of change	rate of change
1. Employment, persons (in 1000 pers.) ¹		465	3.6	1.9	1.9
2a. Unemployment rate (in % harmonised as defined by Eurostat)		...	5.6	6.5	7.2
2b. Unemployment rate (in % as defined by ADEM)			5.4	6.5	7.1
3. Labour productivity, persons ²		...	-1.2	-7.8	5.0
4. Compensation of employees (billion EUR)	D.1	31	5.6	-4.0	8.1
5. Compensation per employee (1,000 EUR/year)		68	2.0	-5.8	6.3

¹ Occupied population, domestic concept national accounts definition.

² Real GDP per person employed.

2. Budgetary targets

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

	ESA code	Year 2020	Year 2021
		% GDP	% GDP
Net lending (+) / net borrowing (-) (B.9) by sub-sector¹			
1. General government	S.13	-7.4	-2.7
2. Central government	S.1311	-8.6	-3.9
3. State government	S.1312	...	...
4. Local government	S.1313	-0.4	0.0
5. Social security funds	S.1314	1.5	1.2
6. Interest expenditure	D.41	0.2	0.2
7. Primary balance		-7.2	-2.6
8. One-off and other temporary measures		...	...
9. Real GDP growth (%)		-6.0	7.0
10. Potential GDP growth (%)		2.0	2.5
11. Output gap (% of potential GDP)		-6.3	-2.1
12. Cyclical budgetary component (% of potential GDP)		-2.9	-1.0
13. Structural balance		-4.5	-1.7

¹ TR-TE=B.9.

Table 2.b. General government debt developments

	ESA code	Year 2020	Year 2021
		% GDP	% GDP
1. Gross debt		27.4	29.4
2. Change in gross debt ratio		5.4	1.9
Contribution to the gross debt ratio			
3. Financing requirements of the central government administration		8.0	4.3
4. Denominator effect		1.7	-2.3
5. Others		-4.2	0.0
p.m.: Implicit interest rate on debt ²		1.0	0.7

¹ Proxied by interest expenditure divided by the debt level of the previous year.

Table 2.c. Contingent liabilities

		Year 2019	Year 2020
		% GDP	% GDP
Public guarantees		6.2	...
Of which: linked to the financial sector ¹		5.4	...

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

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

General government (S.13)	ESA code	Year	Year
		2020	2021
		% GDP	% GDP
1. Total revenue at unchanged policies	TR	45.4	44.6
Of which:			
1.1. Taxes on production and imports	D.2	11.3	11.6
1.2. Current taxes on income, wealth, etc.	D.5	15.8	15.4
1.3. Capital taxes	D.91	0.2	0.2
1.4. Social contributions	D.61	13.5	12.9
1.5. Property income	D.4	1.0	1.2
1.6. Other		3.5	3.3
p.m.: Tax burden (D.2+D.5+D.61+D.91-D.995)		40.9	40.1
2. Total expenditure at unchanged policies	TE	52.8	47.1
Of which:			
2.1. Compensation of employees	D.1	11.6	11.2
2.2. Intermediate consumption	P.2	5.2	4.6
2.3. Social payments	D.621	22.8	20.3
of which: Unemployment benefits		2.3	1.2
2.4. Interest expenditure	D.41	0.2	0.2
2.5. Subsidies	D.3	1.4	1.3
2.6. Gross fixed capital formation	P.51	5.9	4.6
2.7. Capital transfers	D.9	1.6	1.1
2.8. Other		4.1	3.9
3. Financing capacity / requirements		-7.4	-2.6

4. Expenditure and Revenue targets

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

	ESA code	Year 2020	Year 2021
General government (S.13)			
		% of GDP	% of GDP
1. Total revenue target	TR	45.4	44.5
Of which:			
1.1. Taxes on production and imports	D.2	11.3	11.5
1.2. Current taxes on income, wealth, etc.	D.5	15.8	15.4
1.3. Capital taxes	D.91	0.2	0.2
1.4. Social contributions	D.61	13.5	12.9
1.5. Property income	D.4	1.0	1.2
1.6. Other ¹		3.5	3.3
p.m.: Tax burden (D.2+D.5+D.61+D.91-D.995)		40.9	40.0
2. Total expenditure target	TE2	52.8	47.2
Of which:			
2.1. Compensation of employees	D.1	11.6	11.2
2.2. Intermediate consumption	P.2	5.2	4.6
2.3. Social payments	D.62 + D.632	22.8	20.3
of which Unemployment benefits ³		2.3	1.2
2.4. Interest expenditure	D.41	0.2	0.2
2.5. Subsidies	D.3	1.4	1.3
2.6. Gross fixed capital formation	P.51	5.9	4.6
2.7. Capital transfers	D.9	1.6	1.1
2.8. Other ⁴		4.1	4.0
3. Financing capacity / requirements		-7.4	-2.7

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

² TR-TE= B.9.

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

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

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

	ESA code	Year 2019	Year 2019	Year 2020	Year 2021
		Level	% GDP	% GDP	% GDP
1. Expenditure on EU programmes fully matched by EU funds revenue		74	0.1	0.2	0.2
2. Cyclical unemployment benefit expenditure		469	0.7	2.3	1.2
3. Effect of discretionary revenue measures		216	0.3	0.2	0.1
4. Revenue increases mandated by law	

Tableau 4.c General government expenditure by function

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

	2020		2021	
	% GDP	% of general government expenditure	% GDP	% of general government expenditure
Education	5.3	10.1	5.2	11.0
Health	6.4	12.1	5.7	12.0
Employment	3.0	5.7	2.0	4.3

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

Functions of the Government	COFOG code	2020	2021
		% GDP	% GDP
1. General public services	1	5.7	5.6
2. Defense	2	0.9	0.4
3. Public order and safety	3	1.3	1.3
4. Economic affairs	4	6.9	5.8
5. Environmental protection	5	1.2	1.0
6. Housing and community amenities	6	0.7	0.6
7. Health	7	6.4	5.7
8. Recreation, culture and religion	8	1.5	1.4
9. Education	9	5.3	5.2
10. Social protection	10	22.8	20.2
11. Total expenditure	TE	52.8	47.2

5. Description of discretionary measures included in the draft budget

Table 5. Discretionary measures taken by Central government

List of measures	Detailed description	Target (Expenditure/Revenue component)	Accounting principle	Adoption Status	Budgetary impact	
					2021	
		ESA code				in m	% GDP
REVENUES						
Introduction of a new fuel tax	Implementation of a CO2 tax	D.2	Cash	Draft budget	-40	-0,1
Package of fiscal measures in favour of social equity, ecological transition and long-term competitiveness		D.2 & D.5	Cash	Draft budget	0	0,0
of which:	Abolition of the stock option regime	D.5	Cash	Draft budget		
	Increase in tax credits for employees, pensioners and the self-employed	D.5	Cash	Draft budget		
	Adjustments to the regime for "impatriates".	D.5	Cash	Draft budget		
	Introduction of a specific bonus to employees	D.5	Cash	Draft budget		
	Taxation of real estate SIFs	D.5	Cash	Draft budget		
	Other	D.2 & D.5	Cash	Draft budget		
TOTAL - Revenues					-40	-0,1
EXPENDITURE						
Increase in certain public expenses	- Expert fees, particularly in the context of digitization - Costs of setting up and operating new Luxembourg missions abroad - Housing Pact 2.0	P.2	Cash	Draft budget	7	0,0
Green Public investments	Entry into force of the climate law including the KlimaBonusBoesch	P.51	Cash	Draft budget	14	0,0
Digital Public investments	Digitalisation of national security	P.51	Cash	Draft budget	5	0,0
Measures in the field of education	Apprenticeship bonuses	D.62	Cash	Draft budget	9	0,0
Transfers to the sector of non-profit institutions serving households	- Promotion of combined transport - Protected workshops	D.7	Cash	Draft budget	3	0,0
Transfers to local government	State participation in various climate projects	D.7	Cash	Draft budget	16	0,0
Transfers to the contracted sector	Investments in new projects	D.7	Cash	Draft budget	1	0,0
Transfers to bodies attached to the central administration	- State participation in various public mobility projects - Creation of a new drug and health products agency	D.7	Cash	Draft budget	5	0,0
Transfers to local government	Housing pact 2.0	D.9	Cash	Draft budget	1	0,0
Total - Expenditure					61	0,1
TOTAL					101	0,2

6. Divergence from latest Stability Programme

Table 6. Divergence from latest Stability Programme

	ESA code	Year 2019	Year 2020	Year 2021
		% GDP	% GDP	% GDP
Target general government net lending / net borrowing	B.9			
21th update of the Stability Programme		2.2	-8.5	-3.0
Draft Budgetary Plan 2021		2.4	-7.4	-2.7
Difference		0.2	1.0	0.3
General government net lending projection at unchanged policies	B.9			
21th update of the Stability Programme		...	...	...
Draft Budgetary Plan 2021		2.4	-7.4	-2.6
Difference		...	...	...

7. Methodological aspects

Table 7. Methodological aspects

Estimation technique	Phase of the budgetary procedure for which it has been used	Relevant feature of the model/technique used	Assumptions
Macroeconomic forecasts	For the purpose of the elaboration of the draft budget 2021	STATEC's macroeconomic 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 2021	Integration of STATEC's macroeconomic forecasts into the European Commission's model	...
Budgetary revenue estimation	For the purpose of the elaboration of the draft budget 2021	Use of parametric equations and microeconomic information	Macroeconomic forecasts Microeconomic and historical data
Budgetary expenditure estimation	For the purpose of the elaboration of the draft budget 2021	Bottom-up estimations	Employment, inflation, salary indexation, population and other relevant data by expenditure category
Impact of discretionary measures	For the purpose of the elaboration of the draft budget 2021	Bottom-up estimations	...

8. Discretionary measures in response to the COVID-19 crisis

Table 8: Discretionary measures adopted/announced in response to COVID-19 outbreak

List of measures	Description	ESA Code (Expenditure/Revenue component)	Adoption Status	Maximum amount of contingent liability* (% of GDP)	
				m EUR	% of GDP
Additional Expenditure/ Loss in Revenue					
Expenditure on health crisis management	All expenses related to the management of the health crisis caused by COVID-19.	P.5. Gross capital formation P.2. Intermediate consumption	Additional budgetary appropriation.	240	0.4%
Reimbursable advances to businesses	Repayable advances of up to EUR 800 000.	AF.42 Long-term loans	Law adopted 3 April 2020.	400	0.7%
Direct aid to micro-businesses and self-employed	Different direct aids in favour of micro-enterprises and the self-employed.	D.9. Capital transfers	GDR adopted 25 March 2020 (1st aid EUR 5000, Micro-companies <10) GDR adopted 8 April 2020 (Allowance for self-employed) GDR adopted 24 April 2020 (Additional allowance for micro-companies) GDR adopted 6 May (2nd allowance for self-employed) Law adopted 24 July 2020 (aid for in-store retail)	300	0.5%
Recovery and Solidarity Fund	Monthly direct aid of 1 250 euros per working employee and 250 euros per employee on short-time working in order to support the sectors most affected by the crisis COVID-19.	D.3.Subsidies	Law adopted 24 July 2020.	200	0.3%
Measures to support investment	Aid to encourage companies, through particularly favourable levels of subsidy, to undertake necessary investments.	D.3.Subsidies D.9. Capital transfers	Law adopted 20 June 2020 and 24 July 2020.	30	0.1%
Various sector-specific aid schemes	Financial support for culture, sport, tourism and agriculture.	D.62. Social contributions and benefits D.9. Capital transfers D.3. Subsidies	GDR to support the recovery of the cultural sector adopted 5 August 2020. Agriculture stimulus package accepted by the government council 12 June 2020.	40	0.1%
Green and sustainable economic recovery	Financial aid and purchase premiums for energy renovation, promotion of heating systems based on renewable energies and electromobility.	D.3.Subsidies D.9. Capital transfers	GDR adopted 19 August 2020 (electric charging stations). GDR adopted 20 June 2020 (renewable energies). GDR adopted 19 August 2020 (relaunch of energy sector activities) Law adopted 20 June 2020 (aid scheme for the promotion of environmental sustainability).	20	<0.1%
Measures to maintain employment	Partial and structural unemployment for all sectors affected by the crisis	D.62. Social contributions and benefits	In force.	1310	2.2%
Sickness leave payments	CNS coverage from the first day of incapacity for work and freezing of the 78-week limit for incapacity for work.	D.62. Social contributions and benefits	GDR adopted 3 April 2020.	160	0.3%
Measures in favour of education	Aid to support the school rotation system to ensure sanitary safety for children.	P.2. Intermediate consumption D.11. Wages and salaries	GDR adopted 12 June 2020.	30	0.1%
Leave for extraordinary reasons	Special leave for family reasons and support	D.62. Social contributions and benefits	GDR adopted 27 March 2020 (leave for family reasons) GDR adopted 3 April 2020 (leave for family support; effective since 18 March)	250	0.4%
Social support	Cost-of-living allowance doubled for the year 2020 and financial aid for higher education extended	D.62. Social contributions and benefits D.9. Capital transfers	GDR adopted 20 May 2020. Law adopted 17 July 2020.	50	0.1%
Subtotal				3 030	5.1%
Deferral of payments					
Direct Taxes	Cancellation of Q1 and Q2 2020 and deferral of payments without payment penalties.	D.5. Current taxes on income, wealth, etc.	In force.	1290	2.2%
Indirect Taxes	Administrative tolerance and refund of VAT credit balances < 10.000 EUR.	D.2. Taxes on production and imports	In force.	300	0.5%
Social contributions	Deferral of social security contributions without interest or penalties.	D.61. Social contributions	In force.	3000	5.1%
Subtotal				4590	7.7%
TOTAL				7620	12.8%

*GDR: Grand-Ducal regulation

9. Guarantees/Loans adopted/announced in response to the COVID-19 pandemic

Table 9: Guarantees adopted/announced in response to COVID-19 outbreak

List of measures	Description	Adoption Status	Maximum amount of contingent liability* (% of GDP)		Current take-up (actual contingent liability, % of GDP)	
			m EUR	% of GDP	m EUR	% of GDP
State - Guarantee scheme for new bank loans	Guarantee on new credit lines granted by selected banks between 18 March and 31 Dezember 2020.	In force.	2500	4.2%	111.1	0.2%
SNCI - Special anti-crises financial instrument	Indirect lending facility, corresponding to a total leverage effect of nearly 700 million EUR.	In force.	400	0.7%	5	<0.1%
SNCI-SME guarantees	Implementation of an "SME guarantee" facility .	In force.	200	0.3%	0.4	<0.1%
Office du Ducroire	Provide more support to companies that export internationally, including to markets affected by COVID-19.	In force.	180	0.3%	18	<0.1%
BEI - Luxembourg contribution	New guarantee fund to provide liquidity to businesses.	Adopted.	33	0.1%	/	/
SURE-Luxembourg contribution	Temporary financial aid to support the Member States' short-time working schemes.	Adopted.	77	0.1%	/	/
TOTAL			3390	5.7%	134.5	0.2%

10. The “2020-2021 country-specific recommendations” for Luxembourg

Note: This table summarises the main measures taken from the National Reform Programme and updates them in conjunction with the 2020-2021 country specific recommendations for Luxembourg. For further details, please refer to the PNR 2020.

The 2020-2021 country-specific recommendations for Luxembourg:

- 1. In line with the general escape clause, take all necessary measures to effectively address the pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment. Improve the resilience of the health system by ensuring appropriate availability of health workers. Accelerate reforms to improve the governance of the health system and e-Health.*
- 2. Mitigate the employment impact of the crisis, with special consideration for people in a difficult labour market position.*
- 3. Ensure effective implementation of measures supporting the liquidity of businesses, in particular small and medium-sized enterprises and the self-employed. Front-load mature public investment projects and promote private investment to foster the economic recovery. Focus investment on the green and digital transition, in particular on sustainable transport and buildings, clean and efficient production and use of energy, contributing*

to a progressive decarbonisation of the economy. Foster innovation and digitalisation in particular in the business sector.

- 4. Ensure effective supervision and enforcement of the anti-money laundering framework as regards professionals providing trust and company services, and investment services. Step up action to address features of the tax system that facilitate aggressive tax planning, in particular by means of outbound payment.*

Recommendation n°	Key measures	Description
<p><i>1. Take all necessary measures, in line with the general escape clause of the Stability and Growth Pact, to effectively address the COVID-19 pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment. Improve the resilience of the health system by ensuring appropriate availability of health workers. Accelerate reforms to improve the governance of the health system and e-health.</i></p>		
<p>Addressing the pandemic, sustaining the economy and supporting the ensuing recovery.</p>		
	<p>Increase in maximum working time in essential business sectors</p>	<p>Extend, with the agreement of the staff delegation, the maximum work time up to 12 hours a day and 60 hours a week.</p>
	<p>Refusal or cancellation of leave of absence in essential activity sectors</p>	<p>Allow employers to refuse leave requests, and leave already granted during the state of crisis.</p>
	<p>Increase in working hours for certain student contracts in essential business sectors</p>	<p>Extend the weekly duration of fixed-term contracts concluded with a student to 40 hours over a period of 4 weeks or a month.</p>
	<p>Financial support for companies carrying out an investment or R&D project for products helping to combat the health crisis.</p>	<p>Co-fund up to 80% of costs for industrial research and experimental development projects as well as investment projects to produce / develop medical devices or hospital and medical equipment for the fight against COVID-19.</p>
	<p>Investment aid for the production of articles relevant to the fight against Covid-19</p>	<p>Support companies that reorient their production chain to make, for example, protective masks or produce hydroalcoholic gel.</p>
	<p>Platform connecting individual protective equipment supply and demand</p>	<p>Establishment of the EPI-Covid19.lu platform in order to link supply and demand for personal protective equipment (PPE) produced and supplied in Luxembourg.</p>
	<p>Reinforced coverage of the financing needs of young innovative companies</p>	<p>In order to support start-ups, the maximum applied co-financing rate of 50% has been raised to at least 70% for all new aid for young innovative companies granted.</p>

	Support to start-ups	Call for projects on the development of innovative products or services of a technological nature intended to limit or even overcome the economic, health and societal effects to the COVID-19 pandemic.
	Suspension of the forced execution of evictions ordered for residential leases as well as those ordered for commercial leases.	Protect tenants during the time of crisis
	Measures for the self-employed with regards to social contributions.	As a self-employed person, take advantage of measures to better manage the payment of social contributions.
	Recovery and solidarity fund for companies	Over a period of 6 months, a monthly direct aid of 1,250 EUR per employee and of 250 EUR per employee in short-time work to companies which suffer a loss of at least 25% of their turnover.
	Restart support for retail stores	Grant direct aid to retail stores of EUR 1,000 per employee in June, EUR 750 per employee in July and EUR 500 per employee in August.
	Increase in the State's coverage of fees in the context of legal assistance	Increasing the hourly rates charged for legal assistance by lawyers and paid for by the state by 10%.
	Restart support for the cultural sector	Support the cultural sector via various support mechanisms.
	Specific support for the sport sector.	Targeted aid for the sport sector.
	Doubling of the cost of living allowance for the year 2020	Provide specific support to low-income people who have been particularly hard hit by the COVID-19 crisis.
	Special leave for family reasons	Leave for family reasons has been extended to provide, during the closure of schools and education and childcare facilities, a solution to parents who do not have the possibility of ensuring the care of their children. Eligible are children up to the age of 12, respectively up to the age of 18 for a disabled child.
	Extension of apprenticeship aids	Extension of the deadline for signing new apprenticeship contracts: Financial support for training organizations that maintain existing apprenticeship positions, or even create new apprenticeship positions, in order to guarantee the integration of young people into vocational training.
	Programme Fit 4 Resilience	Targeted programme to help companies overcome the crisis and strategic repositioning with the support of a consultant.
Fiscal Policies & Debt Sustainability		

	In its coalition agreement, the government pledged to respect the medium-term budgetary objective throughout the period of the legislature and to ensure consistently to keep the public debt below at all times of 30% of GDP.	Following the activation of the general escape clause, the Government made use of the budgetary flexibility to take all the necessary measures to fight effectively the pandemic. The Government is continuously monitoring the orientations of its budgetary policy and plans to pursue more prudent budgetary positions in the medium term as soon economic conditions allow for it.
Health care system		
	Law of July 31, 2020 on 1 ° organization of specialized studies in medicine at the University of Luxembourg; 2 ° modification of the amended law of 29 April 1983 concerning the exercise of the professions of doctor, dentist and veterinarian; 3 ° modification of the law of October 28, 2016 on the recognition of professional qualifications.	Organize at the University a cycle of medical studies in general medicine leading to the degree of "master" and further develop the offer of specialized training courses in medicine at the University (medical oncology, neurology, general medicine)
	Establishment of a sanitary reserve	Opt as a private doctor or a person practicing a health profession on a private basis for a fixed-term state employee contract.
	Introduction of new special tariffs for the management of COVID patients	Improve the resilience of the health system in the context of the health crisis.
	Establishment of a general practitioner on-call line ensuring on-call availability for care homes from 8 p.m. to 7 a.m.	
	Acquisition of additional ventilators for intensive care units	
	Increased capacities in personal protective equipment, PCR tests and critical medications	
	Establishment of a plan to increase hospital capacity	
	Establishment of a large-scale PCR test and "contact tracing" device	
	Establishment of "COVID" consultation centers (primary care)	
	Establishment of a COVID epidemiological monitoring and reporting system	
2. Mitigate the employment impact of the COVID-19 crisis, with special consideration for people in a difficult labour market position.		
	Short time work scheme due to force majeure (March to June 2020)	Avoid layoffs by taking over the remuneration of employees by covering 80% of their salary.

	Increase the short time work scheme benefit to 100% for those earning the unskilled minimum social wage	Avoid the precariousness of paid employees earning the unskilled minimum social wage by increasing the amount of short time work benefit to 100% of the unskilled social minimum wage, by way of derogation from the standard rate of 80%.
	Gradual transition from the “COVID-19” short time working scheme to the structural short time working scheme, simplified for the most affected sectors (from July 2020)	Allow companies to benefit from the short time working scheme, simplified for the most vulnerable sectors, on the basis of a company recovery plan or a job retention plan.
	Extension of unemployment benefit rights	Extension of the duration of unemployment benefit rights, whether initial or extended, for the duration of the state of crisis (3 months).
	Extension of residence permits for third-country nationals	During the state of crisis, visas and residence permits expired for third-country nationals remain valid.
	Modification of the lump-sum allowance for domestic service costs, aid and care costs due to the state of dependency as well as for childcare costs	Increase for the 2020 tax year, the tax allowance from 5,400 to 6,750 euros for taxpayers who employed for the period from April to December 2020 a household help.
	Modified taxation of teleworking for cross-border workers in Belgium, France and Germany	Allow cross-border workers to work from their home during the crisis without the related remuneration being taxed in their country of origin.
	Investment aid for infrastructure intended to set up a teleworking system.	Support companies that invest in telework systems.
	Support measures in favor of independent professional artists and intermittent entertainment workers and employees in the cultural sector.	Grant additional social measures, guarantee subsidies for canceled projects and give access to the short time working scheme to employees in the sector.
	Law of 20 June 2020 introducing a leave for family support as part of the fight against the COVID-19 pandemic	Paid leave granted to employees and self-employed workers who must take care of their relatives while due to closure of certain facilities for disabled or elderly people due to the pandemic.
	Extension of certain active employment policy measures.	Temporary extension (from July 24, 2020 to December 31, 2021) of certain active employment policy measures to categories of job seekers that were excluded or relaxation of the conditions for granting: <ul style="list-style-type: none"> - Opening of the aid for the re-employment of older jobseekers to job seekers aged between 30 and 45; easing of granting conditions in the event of a job retention plan, declaration of bankruptcy or judicial liquidation; - Professional training: open to job seekers under the age of 30, registered with ADEM for at least one month;

		- Reintegration-employment contract: open to job seekers aged between 30 and 45; increase in state aid for certain categories of beneficiaries (aged over 45, in external reclassification, with the status of disabled employee, belonging to the under-represented sex).
	Roundtable on Future skills (« Skillsdësch »)	Analyze skills needs, identify the most promising professional areas, define a training action plan and implement it. The round table will periodically bring together various partners (Ministry of National Education, Ministry of Labor, companies and unions) from autumn 2020 and should lead by 2022 to the development of a set of courses specifically designed training courses, skillsbridges.
	Programme « FutureSkills »	ADEM training programme for compensated job seekers. The training course aims to facilitate the professional reintegration of participants by focusing on transversal skills required by the job market (soft skills, digital skills and project management skills). The training is followed by a 3-month internship in the public sector (OTI).
	(see also measures of CSR n°1 from the NRP 2020)	
<p>3. Ensure effective implementation of measures supporting the liquidity of businesses, in particular small and medium-sized enterprises and the self-employed. Front-load mature public investment projects and promote private investment to foster the economic recovery. Focus investment on the green and digital transition, in particular on sustainable transport and buildings, clean and efficient production and use of energy, contributing to a progressive decarbonisation of the economy. Foster innovation and digitalisation in particular in the business sector.</p>		
Corporate liquidity		
	Emergency aid of 2,500 euros for the self-employed	Grant self-employed workers employing less than 10 people a non-refundable and non-taxable aid of 2,500 euros.
	Additional direct assistance for the self-employed according to their income	Grant the self-employed (regardless of the number of people employed) assistance of 3.000, 3,500 or 4,000 euros, depending on the income bracket of the person.
	Direct aid of 5,000 euros for micro-enterprises which have ceased their activities by government decision	Grant non-refundable aid of 5,000 euros to companies with fewer than 10 employees forced to cease their activity following the amended regulation of March 18, 2020.

	Additional direct aid of 5,000 euros for micro-enterprises	Grant non-refundable aid of 5,000 euros to companies with less than 10 employees when 1.) they have not been authorized to resume their activities which have ceased by government decision 2.) they have been authorized to resume their activities but suffer a significant loss in turnover 3.) they were not forced to cease their activities but suffered a significant loss in their turnover.
	Direct aid of 12,500 euros for companies employing between 10 and 20 employees	Grant companies employing between 10 and 20 people a non-refundable aid of 12,500 euros when 1.) they have not been authorized to resume their activities ceased by government decision 2.) they have been authorized to resume their activities but are subject to a significant loss in turnover 3.) they were not forced to cease their activities but suffered a significant loss in their turnover.
	Capital grant in the form of a repayable advance	Grant financial assistance of a maximum amount of 500,000 euros in the form of a reimbursable advance to cover operating costs.
	Extension of the aid scheme for companies in temporary financial difficulty for a period of 4 months (15 May to 15 September)	Provide an additional repayable advance that broadens the eligible cost base for all businesses facing liquidity problems.
	Full coverage by the CNS of financial compensation exclusively in the event of illness (and partial recovery for therapeutic reasons)	The normal mechanism of the legal retention of remuneration for work incapacity for the sole cause of illness (and partial recovery for therapeutic reasons) is waived and the CNS takes charge of the compensation of sick employees from the first day of disease.
	Moratorium granted by certain banks on the repayment of existing loans	Postpone loan repayment to better cope with cash flow difficulties.
	Relaxation of repayment conditions for SNCI loans and credits	Suspend the repayment of capital on March 31 and June 30 for direct and indirect loans.
	Reimbursement of prepaid VAT	Provide for liquidity needs by early repayment of VAT credit balances below 10,000 euros.
	Payment of an advance on allowances for leave for extraordinary family reasons	Advance part of the reimbursement of wages that employers must continue to pay to the parents concerned.
	Suspension until December 31, 2020 of default interest on contributions not paid by the due date	Benefit from more flexibility in the management of social contribution payments for employers in temporary financial difficulties.
	State guarantee scheme for new bank loans for a max. duration of 6 years	Guarantee new bank credit lines for which the State guarantees up to 85% for a total envelope of 2.5 billion euros.

	"Special Anti-Crisis Financing - FSAC" via the company's bank and SNCI	Cover financing needs in relation to the current crisis via indirect loans of between 12.5 and 16.6 million euros.
	Funding over 5 years in favor of the mutual fund for small and medium-sized enterprises and the mutual guarantee fund (SNCI)	Allow mutual societies of the "chambres professionnelles" to extend the guarantees provided to SMEs.
	"Special SME Anti-Crisis Guarantee" by SNCI in collaboration with banks active in business financing	Provide guarantees for obtaining new working capital lines from banks.
	Strengthening of measures to support exports and international development (Office du Ducroire)	Further support companies that export and prospect internationally, including to markets affected by the coronavirus.
	Cancellation of tax advances for the first two quarters of 2020	To grant an automatic cancellation of tax advances for the first 2 quarters of 2020, the income tax (of communities) and the municipal business tax are covered.
	4-month tax deadline	Request the deferral of payment (without interest) of income tax, municipal business tax and wealth tax.
	Postponement of the submission of tax returns	Set the deadline for submitting tax returns for legal and natural persons on June 30, 2020.
	No forced recovery of debts related to VAT and the subscription tax	Suspend the recovery of debts related to VAT and the subscription tax. Declarations which have not been submitted due to the health crisis must be submitted as soon as possible.
	Greater flexibility in the payment of social contributions	Offer flexibility to companies in the payment of social contributions, e.g. by temporarily suspending the calculation of default interest for late payments.
	Tax allowance for owners who waive a fraction of the rents due by tenants during the calendar year 2020	Encourage landlords to reduce company rents via an allowance corresponding to twice the amount of the rent reduction granted.
"Frontloading" of mature public investment projects		
	Maintaining an ambitious investment policy in line with the dual "green and digital" transition.	Public investments are largely maintained at the levels of the multi-year budget adopted in December 2019. The levels stand at 4.3% for 2021. For the period 2022-2024, the Government plans to maintain an ambitious investment policy.
Private investments		
	Aid to stimulate investment in the COVID-19era	Encourage companies with high subsidy levels (up to 50% of eligible costs) to carry out economic development, digitalization or environmental protection projects.
	<i>(see also the measures implemented by the government as part of the national Europe 2020 objectives)</i>	
	<i>(see also the measures put in place by the government in the section relating to Innovation and digitization)</i>	

Investments towards the green and digital transition		
	Increase in financial aid for energy renovation ("PRIME House")	Encourage sustainable energy renovation of housing by applying a 50% increase in subsidies granted for the remediation of the various construction elements of the building's thermal envelope, as well as for energy consulting. This covers renovation projects initiated by the end of the first quarter of 2021.
	Increase in financial aid for the promotion of heating systems based on renewable energies ("PRIME House")	Promote heating systems based on renewable energies by applying a 25% increase to the subsidies granted for solar thermal installations, heat pumps, wood-fired boilers and connections to a heating network Extension of the bonus for the replacement of " a fossil fuel-fired boiler. This covers installations ordered by the end of the first quarter of 2021.
	Increase in purchase premiums for electric cars and vans	Encourage the purchase of electric vehicles by applying a 60% increase to the subsidies granted for electric cars and vans (EUR 8,000 instead of EUR 5,000). This covers vehicles ordered by the end of the first quarter of 2021.
	Increase in premiums for other electric vehicles as well as for bicycles and pedelecs	Encourage the purchase of electric quadricycles, motorcycles and mopeds, as well as bicycles and pedal-assisted cycles by doubling the current premiums from 25% to 50% of the cost of the vehicle excluding VAT without exceeding a maximum amount of EUR 1,000 for quadricycles, electric motorcycles and mopeds and a maximum amount of EUR 600 for bicycles and pedal-assisted cycles. The vehicles ordered, resp. for bikes and pedelecs, purchased by the end of Q1 2021.
	Subsidy programme for electric charging stations	Promotion of electromobility through the implementation of smart charging solutions
	New financial aid scheme for the installation of electric home charging stations	Support the transition to electric mobility and guarantee the autonomy of electric vehicles in Luxembourg
	Strengthen private sector support programmes for energy efficiency	Introduce temporary compensation for the administrative costs caused by these programmes.
	Enlargement of the circle of beneficiaries of aid for photovoltaic installations above 30 kW (until now reserved for cooperatives and civil societies)	Promote investments in photovoltaics above 30 kW.

	Encouraging parties obliged under the Energy Efficiency Obligations Mechanism (EEOS) to strengthen their efforts to identify energy efficiency measures and projects	Introduce a temporary reimbursement of costs incurred by the obligation mechanism within the framework of an SGEI (service of general economic interest)
	<i>(see also the measures put in place by the government in the section relating to Innovation and digitization)</i>	
Innovation and digitalisation		
	Creation of a Ministry of Digitalization. The ministry was created on December 5, 2018 by the formation of the new government that emerged from the 2018 elections. https://digital.gouvernement.lu/en/le-ministere.html	The main missions of the ministry are: To advance digital development, promote digital inclusion and improve the various administrative processes at the internal level of state administrations through the simplification of administration and digitization (egovernment) in order to achieve digital government
	National Action Plan for Digital Inclusion.	The Ministry of Digitization will coordinate the establishment of a National Action Plan for Digital Inclusion. To do this, a first interministerial working group was convened in December 2019 and exchanges with civil society organizations took place during 2020.
	Strategic vision for artificial intelligence	Coordinated by the Ministry of Digitization and the Ministry of State, in particular by the Media and Communications Service, the vision proposes the development of artificial intelligence in Luxembourg, according to a human-centered approach.
	Approval of the national interoperability framework (NIF)	Provide a general framework allowing public actors falling within its scope to achieve a higher level of interoperability.
	Launch of a public sector blockchain	Enables the government to develop a series of new blockchain applications for the public sector as well as applications involving interactions between the public and private sectors.
	Tailor-made training for public actors	Support public actors in their AI projects.
	Launch of the data-driven innovation strategy (2019)	Support the emergence of a sustainable and trusted data economy by focusing on priority economic sectors by indicating a clear vision, the state of the art and concrete actions to be implemented.
	Creation of the Digital Craft Competence Center (Digi-HW)	Supporting Luxembourg craft companies in the challenges resulting from digitalization.
	Initiative <i>Fit4Digital</i> .	Help SMEs take the digital transformation step and integrate digital tools in order to strengthen their competitiveness.

	HPC Meluxina part of the EuroHPC project	Support the digital transition of the economy and offer companies new opportunities to innovate and remain competitive in an increasingly digital world.
	Law on the promotion of RDI	Effectively support companies in their RDI approach.
	Implementation of space policy - spaceresources.lu initiative -Creation of the Luxembourg Space Agency (LSA) - Etc.	Diversify the economy by actively supporting the development of a new space industry.
	Launch of an Investment Fund specializing in the space sector (PPP)	Foster the emergence of space companies in Luxembourg by developing and thus completing the national ecosystem.
	Smart specialization strategy for Luxembourg	Propose the implementation of specific action plans in favor of priority sectors: industry 4.0; clean technologies, including sustainable construction, and soft mobility; health technologies, and ICT, all in line with the prospect of a circular economy; Identify the instruments necessary for their implementation and propose annual monitoring as well as evaluations based on performance indicators.
	Law of 9 August 2018 on an aid scheme for small and medium-sized enterprises	Accompany and support SMEs in their phases of creation, development, or reorientation.
	Analysis of the introduction of fiscal measures to encourage investment by natural persons in innovative companies.	Encourage investments in innovative companies.
	Digital strategy of the University of Luxembourg	The digital strategy outlines many avenues for digital development across all of the University's missions
	Digital twin of LIST	Digital infrastructures to develop Luxembourg in areas such as mobility, construction, energy and water management to develop sustainable solutions and services dedicated to the management of large cities: <ul style="list-style-type: none"> • Mobility; •Construction; • Energy; • Water.
	Strategic vision on the data economy	This strategy proposes specific measures for a sustained and trusted data economy.
	Creation of a GovTech Lab	Open innovation will be an integral part of the developments envisaged by the Ministry of Digitization. In order to accelerate developments in eGovernment and administrative simplification, the Ministry of Digitalization has announced the creation of a GovTech Lab for the year 2021.

	(see also the measures implemented by the government as part of the national Europe 2020 objectives)	
<p>4. Ensure effective supervision and enforcement of the anti-money laundering framework as regards professionals providing trust and company services, and investment services. Step up action to address features of the tax system that facilitate aggressive tax planning, in particular by means of outbound payments.</p>		
Fight against money laundering		
	The national legal and regulatory framework for combating money laundering was modernized and strengthened in 2020 through a series of laws and regulations, including provisions relating to the supervision of TCSPs as follows:	
	Law of 25 March 2020 amending the amended law of 12 November 2004 on the fight against money laundering and the financing of terrorism.	<ol style="list-style-type: none"> 1. Strengthens the provisions of the amended law of 12 November 2004 relating to professional obligations which apply to trust or company service providers (TCSPs) and investment services, in particular with regard to customer due diligence obligations. 2. Strengthen the supervisory and sanctioning powers of the supervisory authorities and self-regulatory bodies responsible for the supervision of TCSPs and investment services in the fight against money laundering and the financing of terrorism.
	Law of 25 March 2020 establishing a central electronic system for retrieving data concerning IBAN accounts and safes.	<ol style="list-style-type: none"> 1. Establishes the obligation for all TCSPs to register with the supervisory authority or self-regulatory body under the supervision of which they fall. This new obligation is specifically aimed at improving the effectiveness in terms of ML/FT surveillance of TCSPs and the implementation of the entire framework for fighting money laundering and terrorist financing. Finally, it adds to the existing obligations in terms of authorization for the purpose of controlling of market access by these professionals and prudential supervision. 2. Establishes the obligation for supervisory authorities and self-regulatory bodies to coordinate, establish and maintain a single list of all TCSPs. This list must inform the supervisory authority or the self-regulatory body in charge of ML / FT supervision of each entity indicated on the list. This list will also bring greater

		transparency to the public seeking verification whether professionals are authorized to carry out TCSP activities.
	Law of July 10, 2020 establishing a Register of Fiduciary Contracts and Trusts	Establishes a central register of the beneficial owners of fiduciary contracts and trusts to which TCSPs have access as part of the application of customer due diligence measures.
	Grand-Ducal Regulation of August 14, 2020 amending the Grand-Ducal Regulation of February 1, 2010 clarifying certain provisions of the amended law of November 12, 2004 on the fight against money laundering and the financing of terrorism.	Adapts the Grand-Ducal regulation of February 1, 2010 following the transposition of the AMLD5 directive by aligning terminology, avoiding redundancies and specifying certain provisions applicable to TCSPs.
	CSSF Regulation n ° 20-05 of August 14, 2020 amending CSSF Regulation n ° 12-02 of December 14, 2012 relating to the fight against money laundering and the financing of terrorism	Adapts CSSF Regulation n° 12-02 of 14 December 2012 following the transposition of the AMLD5 directive by aligning terminology, avoiding redundancies and specifying certain provisions applicable to TCSPs and investment services subject to the supervision of the CSSF.
	Regulation of the Commissariat aux Assurances N ° 20/03 of July 30, 2020 relating to the fight against money laundering and the financing of terrorism	Replaces and repeals CAA Regulation n° 13/01 following the transposition of the AMLD5 directive by aligning terminology, avoiding redundancies and specifying certain provisions applicable to TCSPs subject to CAA supervision.
	The understanding of the risks in terms of money laundering and terrorist financing emanating from the TCSP sector and their monitoring was strengthened in 2020. The following activities should be noted:	
	Update of the National Money Laundering and Terrorist Financing Risk Assessment	Update of the National Money Laundering and Terrorist Financing (ML/FT) Risk Assessment strengthening the understanding of inherent ML/FT risks, including those arising from the TCSP sector and investment services and identifying areas in which mitigation actions need to be strengthened. (Adoption of the report on September 15, 2020 by the “Comité de prévention” and publication before the end of the year).
	ML/FT risk analysis of specialized professionals of the financial sector providing services to companies and trusts	Report published on July 20, 2020 by the CSSF analyzing the specific risks in terms of money laundering / terrorist financing presented by the specialized professionals of the financial sector (PFS) in providing services to companies and trusts. Specialized PFS should include the results and conclusions of this assessment in their internal procedures so that they remain up to date to effectively mitigate ML/FT risks. The other entities supervised by the CSSF must also take into account and use

		the results and conclusions of this assessment in the event that they provide TCSP services.
	In addition, it should be remembered that:	
	Ongoing monitoring of corporate and trust service providers	All professionals providing services to companies and trusts as defined in article 1, paragraph 8 of the amended law of 12 November 2004 are subject to continuous supervision in the area of the fight against money laundering by the supervisory authority or the self-regulatory body under the supervision of which they fall under article 2-1. The supervisory and sanctioning powers of the supervisory authorities and self-regulatory bodies have been strengthened by the law of March 25, 2020.
	Strengthening the oversight and implementation of the effective anti-money laundering framework with respect to TCSPs overseen by self-regulatory bodies.	Supervision activities related to TPSPs continue to increase. For example, between 2004 and 2016, the self-regulatory body in charge of certified accountants carried out 164 inspections covering 284 of the 1,170 natural persons (these 1,170 natural persons representing 530 companies), which represents 31% of the members. The self-regulatory body in charge of auditors inspects between 20 and 25 of the 90 professionals each year. Regarding the supervision of lawyers, it should be noted that in total, between 2016 and 2020, the two Bar Associations carried out 74 on-site inspections, covering 67 law firms, which means that in total 1,455 individual lawyers were subjected to a ML / FT on-site visit. It should further be emphasized that only a limited number of lawyers act as TCSP and therefore a clear distinction should be made between those who act as a TCSP, subject to ML / FT measures, and those who act only in legal defense matters, which is not subject to ML/FT. Hence, comparing the number of on-site visits carried out with the total number of lawyers is methodologically inadequate and in fact misleading.
Features of the tax system that may facilitate aggressive tax planning		
	Transposition of several directives on administrative cooperation (DAC 1, 2, 3, 4, 5 and 6 which will be completed soon by DAC7 currently under negotiation at Council level)	Intensify administrative cooperation between tax authorities at European and international level for the automatic exchange of effective tax information with the aim of effectively combating tax fraud and tax evasion.

	Transposition of the anti-tax avoidance provisions of the ATAD 1 et ATAD 2 directives.	Put in place mechanisms to fight effectively against tax avoidance practices.
	Ratification of the Multilateral Convention to Implement Tax Treaty Measures to Prevent BEPS ("Multilateral Instrument" or "MLI") (2019).	Strengthening the Luxembourg legal with the view to effectively fight against aggressive tax planning structures that have recourse to treaty shopping.
	Legislative adaptations of the Luxembourg tax law concerning two legislative provisions whose interpretation by taxpayers may have favored the introduction of practices leading to base erosion and profit shifting, or even lead to situations of non-taxation of certain income. (2018)	Strengthen the average level of protection against aggressive tax planning in the internal market.
	Implementation of certain administrative mechanisms of enhanced control vis-à-vis jurisdictions included in the list of non-cooperative jurisdictions of the Code of Conduct.	
	« Projet de loi n° 7547 » draft bill tabled in Parliament on 30 mars 2020.	Put an end to tax planning practices that could possibly still exploit certain provisions of the tax system in relation to outbound payments. With the aim of strengthening the fight against tax evasion and tax avoidance, the proposed measure focuses in a targeted manner on certain transactions, in particular financial, which are carried out with related companies established in countries or territories which are considered to be non-cooperative. The measure effectively contributes to the global promotion of tax transparency, fair taxation and the implementation of anti-BEPS measures. Limiting the deductibility of certain expenses thus contributes to combating certain aggressive tax planning structures which result in outbound interest and royalty payments made by companies located in Luxembourg to jurisdictions which are considered to be non-cooperative not being taxed or being only lightly taxed to the extent that these payments are either not subject to tax, or are only lightly taxed, there.

	<p>Active participation in the work taking place at the global level aimed at addressing the tax challenges resulting from the digitalization of the economy (pillar 1) and to resolve other remaining issues in the area of base erosion and profit shifting and ensure that multinational companies are subject to a minimum level of taxation (pillar 2) ("BEPS 2.0").</p>	<p>End tax planning practices resulting in shifting of profits from multinational companies to jurisdictions that apply low or no tax and ensure that the profits of all economic operators are taxed regardless of the sector of their activity.</p>
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11. « Europe 2020 National Objectives” for Luxembourg (version 10/2020)

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

National objectives	List of principles measures	Description of measures
<p>National employment target 73% for 2020</p>	<p>Implementations of a skills strategy.</p> <p>Creation of an accreditation agency.</p> <p>Evaluation of the « <i>Digital skills bridge</i> » (2018-2019)</p> <p>Multiplication of job seeker training initiatives: partnerships with major training institutes.</p> <p>Diplom + : a new training programme after high school</p> <p>Law of 15 December 2016 reinforcing the principle of equal pay for men and women.</p> <p>Law of August 1, 2019 supplementing the Labor Code by creating an employment inclusion assistance activity for disabled employees and employees in outplacement.</p>	<p>Align training with the skills needs of different economic sectors and guide people to the right training throughout life.</p> <p>Promote the quality of vocational training and ensure transparency in the vocational training market.</p> <p>Support and encourage companies to develop employees' skills to enable them to take up a transformed or new job.</p> <p>Offer targeted training that addresses the skills deficits in the job market and provides a concrete job perspective.</p> <p>The Diplom + is a new training programme that extends over two semesters. It offers maximum flexibility in order to be able to pursue job search or orientation towards higher education.</p> <p>Increase the employment rate of women by facilitating the integration of women into employment.</p> <p>To facilitate the integration, and above all the preservation in employment of people with the status of disabled employees or those undergoing external redeployment, through the creation of an activity called "assistance for inclusion in employment".</p>

	<p>Evaluation of the Parental leave reform (effective from 1 December 2016).</p> <p>Personalised path as part of the reform of the ADEM (fully rolled out in December 2015).</p> <p>Launch of the interactive "Job Board" platform (March 2016).</p> <p>" Entreprises, partenaires pour l'emploi" programme bringing together the Union of Luxembourg Enterprises (UEL), the Government and ADEM (2018-2020</p> <p>Expansion of the "Guarantee for Youth" programme to young people up to 30 years old.</p> <p>Law of June 4, 2020 amending the Labor Code in order to introduce a system of internships for pupils and students.</p> <p>Development of ADEM's language training offer, both internally and externally. Assessment of the skills of refugee jobseekers.</p> <p>Measures and actions favouring the 2014-2020 European Social Fund Operational Programme.</p>	<p>Promote the reconciliation of family and professional life.</p> <p>Qualitatively improve support for job seekers within ADEM by personalising monitoring of job seekers' actions.</p> <p>Increase chances of meeting between employers and job seekers.</p> <p>Adapt ADEM's offers, including training, to the needs of companies.</p> <p>Offer young people up to the age of 30 high quality service for their integration into professional life, for their return to school, for an apprenticeship, a qualifying formation or support in developing a personal and professional project.</p> <p>Introduce a transparent quality framework that facilitates the transition between education and work while ensuring the quality of internships and the legal security of the various stakeholders.</p> <p>Offer job seekers with a migration background language courses. Identify skills already acquired and refer job seekers to appropriate training schemes in order to fill the gaps in their skills profile.</p> <p>Develop the sustainable professional integration of young people under 30 years old, people far removed from the labour market and job seekers and employees over 45 years of age.</p>
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	Modification of the legislative mechanism concerning internal and external reclassification	Improvement of the procedure for internal or external reclassification of employees unfit to occupy their last position.
National R&D target 2.3-2.6% for 2020 (0.7% to 0.9% for the public sector)	<p>1. <u>For the public research sector</u></p> <p>National Research and Innovation (R&I) Strategy for Luxembourg</p> <p>Strategy and action plan for public research for the years 2018-2021 established by the FNR (Luxembourg National Research Fund)</p> <p>Development of different thematic and structural funding instruments to support research projects in Luxembourg's priority areas :</p> <ul style="list-style-type: none"> - Programme CORE - Programmes ATTRACT and PEARL - Programme INTER Mobility - PRIDE - Etc. <p>Continued efforts to optimize the dissemination, accessibility and transfer of scientific knowledge through the 'JUMP' program.</p> <p>Programme de financement concurrentiel KITS.</p> <p>Supports and coordinates activities that make open data available in order to strengthen the link between science and society and to raise awareness of research :</p> <ul style="list-style-type: none"> - 'Science in Society & PSP' 	<p>Describe national research priorities and set the general framework for targeted development of the scientific ecosystem.</p> <p>Couple scientific excellence, which will remain the key criterion in all of the FNR's schemes, with strategic considerations and give greater priority to generating economic and societal impact through research.</p> <p>Promote research projects in priority fields for Luxembourg.</p> <p>Make innovative research results from public research institutions more attractive to potential investors by offering financial support.</p> <p>Fournir un financement concurrentiel aux institutions de recherche publique permettant d'attirer et d'intégrer des agents de transfert de connaissances.</p> <p>Maximise the exploitation of scientific results.</p>

	<ul style="list-style-type: none"> - 'FNR Awards' - 'RESCOM' - 'PUBLIC' - 'Open Access Fund' <p>Support of transnational cooperation through bilateral agreements between the FNR and various foreign partners</p> <p>Continued development of the BNL's online offer of digital scientific publications.</p> <p>Implementation of a digital strategy for the national cultural heritage</p> <p>Creation of the "Luxembourg Clinical and Translational Research Center", a joint project of the CHL and CRP LIH, co-financed by the FEDER.</p> <p style="text-align: center;">2. <u>For the private research sector</u></p> <p>Law on the promotion of RDI (2017).</p> <p>Development of a Digital Economy Strategy.</p> <p><i>HPC and big data enabled applications</i>: implementation of a competency centre HPC.</p>	<p>Support projects between researchers based in Luxembourg and in foreign countries.</p> <p>Optimise the dissemination, accessibility and transfer of scientific knowledge.</p> <p>Provide broad access to the digital objects of this heritage, especially to the target group of researchers.</p> <p>Support research projects in the health field by making the link between fundamental research and clinical application. 7 Anti-Covid projects have been conducted since March 2020.</p> <p>Encouraging companies of all sizes to cooperate between public and private actors, to innovate in services or products as well as in production processes.</p> <p>Coordinate innovation and infrastructure implementation policies to ensure a secure and trust-based data economy.</p> <p>Provide companies with the computing power they need to process their data in a trusted environment.</p>
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	<p>Data Analytics Project : upgrade of existing HPC of the LIST, co-financing and implementation of a visualization wall by the FEDER.</p> <p>« Industrie 4.0 » : project initiated by the <i>cluster Materials and production technologies</i>.</p> <p>Plateforme « Digital innovation Hub (L-DIH) »</p> <p>« <i>National Composites Centre Luxembourg</i> » : Groups a research platform, a non-profit organization in charge of the animation of the sector and an <i>Industrial Advisory Group</i>.</p> <p>Elaboration of a « <i>Joint research programme</i> » : The first calls for projects should be launched in 2020.</p> <p>Institute of Intellectual Property in Luxembourg (2014, pleinement opérationnel début 2016).</p> <p>Initiative « <i>Luxembourg cluster initiative</i> »: <i>materials and manufacturing, ecoinnovation, biohealth, ICT, automobility, wood, creative industries</i>.</p> <p>Programme <i>Fit4Start</i>.</p> <p>Programme <i>Fit4Innovation</i>.</p> <p>Programme <i>Fit4Digital</i>.</p>	<p>To sensitize the companies to direct them towards the exploitation and the valorization of the data.</p> <p>Offer companies access to expertise in digital strategy, technology implementation, training and digital knowledge management.</p> <p>Promote cooperation between public and private actors in the field of composite materials.</p> <p>Foster long-term PPP relationships between research and technology organizations and industries in strategic sectors, and increase Luxembourg's attractiveness as a recognized hub for technological research.</p> <p>Promote the development of intellectual property for the needs of the economy, by federating national and international skills into a coherent whole and making them available to economic and institutional players as a lever for growth.</p> <p>Diversify the economy, while focusing on a limited number of specific sectors.</p> <p>Support start-ups by providing them with <i>coaching</i> and financing.</p> <p>Supporting SMEs and encouraging them to innovate.</p> <p>Ensure the digital transformation of the company.</p>
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	<p>Implementation of measures as part of activities to promote and support innovation.</p> <p>Programme Implementation BRIDGES (previously CORE-PPP), Industrial Fellowships (previously AFR-PPP), Industrial Partnership Block Grant.</p> <p>Project « Luxembourg Science Center»: acquisition and co-financing of 7 large experimental stations, such as electron microscope, 3D polymer and metal printers, and laser cutter.</p> <p><i>(see also the measures put in place by the government in the framework of the country recommendations n°3 addressed in 2020 to Luxembourg)</i></p>	<p>Promote and support the innovative solutions of Luxembourg companies.</p> <p>Strengthen partnerships between researchers with business and industry</p> <p>Strengthen partnerships between researchers and business and industry. Creation of a science and technology discovery center and raising awareness among young people about scientific and industrial careers.</p>
<p><u>National greenhouse gas emissions target</u> Reduction of non-ETS emissions by -20% compared to 2005 (amounts to about 8.117 MT CO2 in 2020)</p>	<p>National Energy Climate Plan 2021-2023 (PNEC).</p> <p>Long-term strategy for the decarbonisation of the Luxembourg economy.</p> <p>Promotion of public transport and sustainable mobility: "MoDu 2.0" strategy.</p> <p>Implementation of a <i>tramway</i> in the City of Luxembourg (first section inaugurated end 2017).</p>	<p>The PNEC, adopted by the Government in May 2020, replaces the second Action Plan to reduce CO2 emissions. In accordance with Regulation (EU) 2018/1999, the PNEC sets out a list of policies and measures to achieve Luxembourg's unilateral objective of a 55% reduction in GHG emissions outside the ETS by 2030 compared to 2005.</p> <p>This strategy is expected by the end of the year and will present Luxembourg's vision for a zero net GHG emissions economy.</p> <p>Develop an efficient public transport infrastructure to reduce GHG emissions and traffic congestion by reducing individual transport.</p> <p>Develop efficient public transport that takes into account the economic and demographic development of the capital and the country.</p>

	<p>Implementation of the Transport Sector Plan (PST) as a framework for the "MoDu 2.0" strategy.</p> <p>Free national rail, tram and bus services since 28 February 2020.</p> <p>Development of a near real-time telematic information system for public transport.</p> <p>Agreement in principle by Parliament for the financing of some 30 new projects related to the financing of major infrastructure projects carried out by the State, including transport (Road Fund, Rail Fund, etc.). (2019)</p> <p>Electrification of the bus network of the City of Luxembourg: acquisition of 10 buses (+15 optional buses) co-financed by ERDF.</p> <p>Replacement of tax deductions for zero or low-emission vehicles in January 2019 by higher direct financial aid (reinforced by "Neistart Lëtzebuerg").</p> <p>Introduction of a tax on CO2 emissions.</p> <p>Implementation of the Sectoral Housing Plan (PSL).</p> <p>Gradual tightening of energy performance requirements for new residential buildings (from 2017, energy class AA mandatory for new buildings).</p> <p>Climate bank and sustainable housing bonus package:</p> <ul style="list-style-type: none"> - Climate bank - « <i>PRIME House</i> » - Sustainability certification system for new housing (LENOZ) 	<p>Provide a regulatory framework for the strategy's measures to reserve corridors for rail and road infrastructure.</p> <p>Promote the use of public transport.</p> <p>To promote the use of public transport by making mobility more pleasant, more efficient and more economical.</p> <p>Improve sustainable transport.</p> <p>Improve sustainable urban transport and promote electric mobility.</p> <p>Promote zero or low-emission vehicles (electric cars, <i>plug-in</i> hybrids or hydrogen fuel cell vehicles).</p> <p>Reducing greenhouse gas emissions.</p> <p>Reserving areas for housing and prescribing sustainability criteria to be taken into account when implementing priority housing projects.</p> <p>Increase energy performance requirements for new residential buildings.</p> <p>Promote sustainable construction, sustainable energy retrofitting of existing residential buildings and the use of renewable energy in housing.</p>
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	<p>« PRIME House » is reinforced by "Neistart Lëtzebuerg".</p> <p>Gradual reinforcement of energy performance requirements for new functional buildings (e.g. by 2020, the methodology for calculating energy efficiency will be modified to take into account new technical developments).</p> <p>Industry: EU Emissions Trading Scheme (ETS), introduction of an energy audit system in large companies and promotion of environmental technologies.</p> <p>Climate pact with the municipalities.</p> <p>Law of 17 April 2018 on spatial planning.</p> <p><i>(see also the measures put in place by the government in the framework of the country recommendation n°3 addressed to Luxembourg in 2020)</i></p>	<p>Increase energy performance requirements for new functional buildings. From 2021, these requirements will be more ambitious.</p> <p>Reducing greenhouse gas emissions.</p> <p>Reducing greenhouse gas emissions.</p> <p>Reduce GHG emissions and the energy bill on municipal territories, stimulate local and regional investments, ensure better air quality (introduced in 2017) and integrate the concept of circular economy (introduced in 2018).</p> <p>Ensure optimal living conditions for the entire population through the development and sustainable development of all parts of the national territory. Guide and concentrate territorial development in the most appropriate places in the national territory. Observe and monitor territorial evolution and ensure the coordination of communal, intermunicipal, national, cross-border and international sectoral policies that have an impact on territorial development. Ensure rational land use as well as concentric and coherent urban development and encourage communes to develop joint strategies.</p>
National renewable energy target	National Energy Climate Plan 2021-2023 (PNEC).	<i>(for the record, see above)</i>

<p>7.47% on average for 2017/2018 11% for 2020</p>	<p>National Renewable Energy Action Plan.</p> <ul style="list-style-type: none"> - <u>Development of renewable energies on the national territory</u> <p>Energy performance of residential buildings.</p> <p>Energy performance of new functional buildings.</p> <p>Introduction of a remuneration system in the form of feed-in tariffs and market premiums for electricity production based on renewable energy sources.</p> <p>Entry into force of an amendment to the amended Grand-Ducal Regulation of 1 August 2014 on the production of electricity based on renewable energy sources (April 2019).</p> <p>Feasibility study project to exploit deep geothermal energy in the new "Neischmelz" district in Dudelange, co-financed by the ERDF.</p> <ul style="list-style-type: none"> - <u>Blending of biofuels in fuels released for consumption at national level</u> <p>Achieving 10% blending by 2020 (physical rate in 2020: 7.7% before application of the double counting rule / after application of this rule, the 10% target will be reached).</p> <ul style="list-style-type: none"> - <u>Electric mobility</u> <p>Electric mobility: followed by the deployment of 800 public charging stations for cars powered by an electric motor and for chargeable hybrid electric cars ("plug-in" hybrid cars): currently 43.8% deployment.</p>	<p>Achieve Luxembourg's national target set by Directive 2009/28/EC. The intermediate 2017/18 target has been reached (7.67%).</p> <p><i>(for the record, see above)</i></p> <p><i>(for the record, see above)</i></p> <p><i>Develop renewable energies on the national territory.</i></p> <p><i>Improve the existing framework to allow an accelerated deployment of installations based on renewable energy sources.</i></p> <p><i>To develop renewable energies on the national territory.</i></p> <p>Regulate the blending of biofuels in fuels released for consumption at the national level by gradually increasing the share of biofuels.</p> <p>Developing electric mobility.</p>
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	<p>Development of a clear and coherent framework for charging that is not accessible to the public, e.g. at home or at the workplace.</p> <ul style="list-style-type: none"> - <u>Use of cooperation mechanisms</u> <p>Conclusion of two cooperation agreements on statistical transfers of energy from renewable sources in order to comply with the objectives of Directive 2009/28/EC: in addition to its national efforts and in order to achieve its objective, Luxembourg, as the first EU Member State, concluded in 2017 two statistical transfer agreements with Lithuania and Estonia. For 2018, Luxembourg has acquired a total amount of energy from renewable sources of 1,100 GWh from both countries.</p> <p><i>(see also the measures put in place by the government in the framework of the country recommendation n°3 addressed to Luxembourg in 2020)</i></p>	<p>Developing electric mobility.</p> <p>Developing renewable energies.</p>
<p><u>National energy efficiency target</u> National indicative target for 2020: final energy consumption of 49,292 GWh (4,239.2 ktoe)</p>	<p>Integrated National Energy-Climate Plan 2021-2030 (PNEC)</p> <ul style="list-style-type: none"> - <u>Energy performance of buildings</u> <p>(for the record: Cf. national greenhouse gas reduction target). Increase the energy performance of new and existing buildings.</p> <ul style="list-style-type: none"> - <u>Voluntary agreement with industrial companies</u> <p>Voluntary agreement with the industrial sector (2017-2020).</p> <ul style="list-style-type: none"> - <u>Electricity and natural gas smart meters</u> 	<p><i>(for the record, see above)</i></p> <p>Refine the rules on the energy performance of near-zero energy residential buildings and functional buildings. New and more ambitious requirements for functional buildings from 2021.</p> <p>To increase the commitment of member companies to improve energy efficiency and the use of new or renewable energy sources.</p>

	<p>Monitoring the widespread deployment of joint smart metering by gas and electricity network operators since July 2016. By the end of 2019, 92% of the old electricity meters had been replaced. The target of 95% of meters will be reached by the beginning of 2020. For natural gas, the replacement of at least 90% will extend until 31.12.2020.</p> <ul style="list-style-type: none"> - <u>Strategy for investments in the renovation of the national building stock</u> <p>Strategy for investments in the renovation of the National Park of Buildings.</p> <ul style="list-style-type: none"> - <u>Energy Efficiency Obligation Scheme (EEOS)</u> <p>Obligation System (2015-2020).</p> <p><i>(see also the measures put in place by the government in the framework of the country recommendation n°3 addressed to Luxembourg in 2020)</i></p>	<p>To increase energy efficiency.</p> <p>Mobilise investments for the renovation of the national stock of residential and commercial buildings, both public and private, under Directive 2012/27/EC.</p> <p>Obligation for electricity and natural gas suppliers to meet annual energy saving targets, by encouraging (financial and non-financial incentives) consumers to carry out energy saving measures (improving energy efficiency).</p>
<p><u>National target for school drop-out</u> Keep school dropout rates below 10% over the long term</p>	<p>Plurilingual education programme for children aged 1-4 and improved access to education and childcare services by offering 20 free hours per week from the age of 1 (autumn 2017).</p> <p>Reforms in secondary education defining the contours of a more modern high school, closer to its stakeholders, its pupils and better prepared to face the challenges of modern society (2017).</p>	<p>To support young children in their language development and prepare them for the multilingual context of society and school.</p> <p>To promote the diversity of the school offer and the autonomy of secondary schools, with a view to increasing the chances of success for all pupils.</p>

	<p>Development of European and international school provision in public education.</p> <p>Setting up new training courses in sectors that provide numerous job opportunities in high schools.</p> <p>Monitoring the development of the French and English-speaking training offer in the field of vocational training.</p> <p>Vocational initiation classes for various trades (CIP).</p> <p>Measures offered by the Centre psycho-social et d'accompagnement scolaire (CePAS) and the Service psycho-social et d'accompagnement scolaire (SePAS).</p> <p>Interventions of Local Youth Centres (LYCs) in high schools.</p> <p>National School for Adults (formerly Second Chance School).</p> <p>Continued efforts to develop a national lifelong learning offer accessible to all and at all ages.</p>	<p>Take account of the needs of pupils with a migrant background and families settling in Luxembourg for a fixed period of time.</p> <p>To take into account technological developments in electronics and robotic computing.</p> <p>Diversify the public school offer in the field of vocational training.</p> <p>Prevent school drop-out by targeting under-age pupils who do not meet the conditions for access to the upper classes of general secondary education or vocational training.</p> <p>Fight against dropping out of school by offering diversified measures, including spaces for pupils at risk of expulsion or dropping out in the form of support programmes adapted to the abilities and needs of the young person or the class, such as individual interviews, professional role-playing, organisation of the educational pathway in the class of origin.</p> <p>Intervene according to the "before-and-after" logic, i.e. establish contact with at-risk pupils before the presumed dropout, be available to accompany them during a possible period of inactivity until they have returned to school or other arrangements.</p> <p>Taking care of young people aged 16-30 who have dropped out of school without a recognised qualification or who cannot find an apprenticeship place.</p> <p>Giving everyone the opportunity to acquire basic skills, to continuously adapt their skills, to acquire a</p>
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	<p>National centres for continuing vocational training.</p> <p>Refurbishment of the website www.lifelong-learning.lu</p>	<p>higher level of qualification ("upskilling") or to obtain a new qualification ("reskilling").</p> <p>To provide vocational guidance and induction courses for young adults who lack the skills needed to enter the labour market and/or who have left school early.</p> <p>To enable personalised research according to the learner's objectives.</p>
<p><u>National target for higher education</u> Ensure that by 2020, 66% of the working population aged between 30 and 34 years old has received training and a degree from higher education.</p>	<p>Continued efforts to create an enabling environment for the expansion of the supply of public and private higher education programmes, as well as the consolidation of a quality culture in the sector.</p> <p>Participation in the OECD project "Improving the Performance of Higher Education Systems".</p> <p>Development of medical training at the University of Luxembourg: start of the Bachelor of Medicine at the beginning of the academic year 2020/2021.</p> <p>Accreditation of several new Bachelor and Master programmes.</p> <p>Reinforcement of financial resources for higher education and research in Luxembourg (increase from 72 million euros in 2009 to 202.4 million euros in 2020).</p> <p>Continued promotion of inclusion in higher education.</p>	<p>Increase the level of training of the population with a view to a better match between people's qualifications and the labour market.</p> <p>Foster reflection on the development of a national strategy for higher education, aiming in particular at a better coherence between higher education and the labour market.</p> <p>To contribute to the sustainability of the supply of doctors.</p> <p>To guarantee and support quality education that corresponds to trends in innovation.</p> <p>To increase R&D capacity in higher education and the number of students.</p> <p>Promote higher education for all.</p>
<p><u>National poverty target</u> Supporting the European Council conclusions with measures contributing</p>	<p>Introduction of free reception and supervision of basic school pupils in the <i>maison relais</i> during school weeks.</p>	<p>Improving the reconciliation of private and professional life.</p>

<p>to increasing, in particular, the employment rate of women and single parent families, with a view to reaching an employment rate of 73% in 2020.</p> <p>Reduce the number of people at risk of poverty or social exclusion by 6,000 by 2020.</p>	<p>Renewal of the cost-of-living allowance and doubling of the amounts for the year 2020 in order to provide specific support to low-income people who have been hit particularly hard by the COVID-19 crisis.</p> <p>Reform of parental leave aimed at making periods more flexible and creating a genuine replacement income, in force since December 2016.</p> <p>Continuation of the policy on the provision of education and care services for children aged 0-12.</p> <p>Introduction of the social inclusion income (REVIS) by the law of 28 July 2018, replacing the guaranteed minimum income (RMG) scheme since January 2019.</p> <p>Evaluation of the new REVIS system after a period of 3 years; preparatory work for this study started in 2020; presentation of the results to the Chamber of Deputies is planned for 2020.</p> <p>Adaptation of the Social Minimum Wage (SSM), the REVIS and the Income for the Severely Handicapped (RPGH).</p> <p>Introduction in 2019 of the minimum social wage tax credit.</p> <p>Law on social assistance - non-refundable financial assistance from the Social Offices and the Social Third Party Paying System (4.2 million euros of non-refundable financial assistance in 2019).</p>	<p>Combating the "working poor" and providing targeted social transfers.</p> <p>Promote the reconciliation of family and working life, particularly with a view to the financial independence of parents.</p> <p>Increase the employment rate of women and single-parent families; break the cycle of intergenerational transmission of poverty; promote social inclusion and social cohesion in the multicultural society.</p> <p>4 objectives of the REVIS: to give concrete expression to a social inclusion approach; to establish a coherent system of policy for stabilisation, social activation and reintegration into employment; to act against child poverty and single parent families; to simplify administrative procedures.</p> <p>To shape in the best possible way the aid that the State grants to the most destitute and to provide for them in a manner adapted to the needs of this population.</p> <p>Promote social inclusion.</p> <p>Promote social inclusion.</p> <p>Reduce material deprivation and promote social inclusion.</p>
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	<p>Continued implementation of the national strategy against homelessness and housing exclusion (2013-2020).</p> <p>Law on the recast of the rent subsidy, which came into force in January 2018.</p> <p>As part of the COVID-19 crisis, adaptation of the reference rent scale and the ceilings for the rent subsidy.</p> <p>European Fund for Aid to the Most Deprived (EAFD): food aid and/or basic material assistance to the most deprived (2015).</p> <p>National action plan for integration, the objectives of which are the reception and social support of applicants for international protection as well as the integration of all non-Luxembourgish residents on the territory and in the three transversal areas of access to information and interaction, the quality of services and national and international cooperation and coordination.</p>	<p>To reduce homelessness and social exclusion linked to housing.</p> <p>To increase the number of potential beneficiaries who can benefit from the rent subsidy.</p> <p>Responding to the economic restrictions faced by tenants with low incomes.</p> <p>Enabling to respond to a situation of distress in terms of food and basic material goods.</p> <p>To promote the integration of all non-Luxembourgers.</p>
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Note: For more details, see Luxembourg's National Reform Programme (April 2020): <https://odc.gouvernement.lu/en/publications.html>