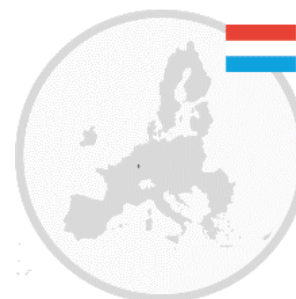


# Luxembourg's National Recovery and Resilience Plan



## Latest state of play

### Overall resources

Recovery and Resilience Facility (RRF): **€241.1 million**

RRF grants: **100%**



#### Major objectives

Green transition: **€193.0 million** **80.1%**

RRF target: 37%

Digital transformation: **€23.9 million** **9.9%**

RRF target: 20%

(37.5% excluding REPowerEU chapter)

Payments so far: **€32.4 million** **13.4%**

Luxembourg's national recovery and resilience plan ([NRRP](#)) was initially to be financed by the Recovery and Resilience Facility (RRF) with a total of €93.4 million in grants.<sup>1</sup> This allocation accounted for around 51 % of the plan's total estimated value (€183.1 million), while a further 46 % of the costs were to be covered by the national budget, and 3 % from other EU co-financing. The NRRP has since been adjusted, first to factor in the European Commission's 2022 [recalculations](#) of the grants available to Member States, bringing Luxembourg's new RRF total to €82.7 million. In May 2024, Luxembourg submitted a newly revised NRRP with a two-fold objective: to add a REPowerEU chapter (and transfer €128.5 million from the Brexit Adjustment Reserve to the RRF to contribute to its financing), and to modify existing

measures (change three and remove one). The estimated total EU contribution to the NRRP is now €241.1 million, of which €177.3 million have been dedicated to REPowerEU measures. Luxembourg's RRF allocation remains the smallest in the EU in absolute figures, and the lowest as a share of grants in relation to gross domestic product (GDP) (0.4 % of GDP in 2019). Luxembourg has so far received [€32.4 million](#) in RRF grants (pre-financing and the first payment).

The NRRP aims to address Luxembourg's structural issues. The measures included complement and build on priorities laid out in the national economic stimulus package from May 2020. The central objective is to [support](#) social cohesion and the promotion of a modern, attractive economic environment, while responding to climate and environmental challenges. The REPowerEU chapter seeks to advance Luxembourg's green transition, helping it meet EU energy-related recommendations. With 80.1 % of the funds going to climate objectives and 37.5 % to the digital transition (the latter excluding REPowerEU), the NRRP will contribute to EU efforts in these areas.

The European Parliament participates in interinstitutional forums for cooperation and discussion on the implementation of the RRF, and scrutinises the European Commission's work.

#### Key steps



*This briefing is one in a series covering all EU Member States.*

### EPRS | European Parliamentary Research Service

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## Country-specific challenges

In the context of the European Semester, the [Council](#) addresses country-specific recommendations (CSRs) to Member States, providing them with policy guidance on how to boost jobs, growth and investments, while maintaining sound public finances. The NRRPs under the RRF are to help address at least a significant subset of challenges identified in the 2019–2020 CSRs.

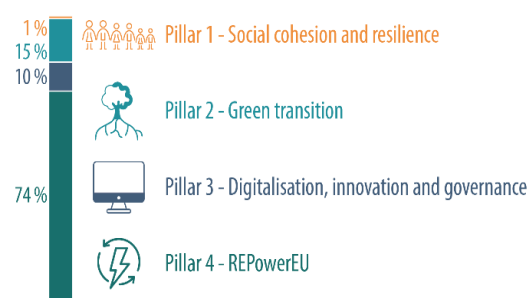
In its analysis of the Luxembourgish plan, the [European Commission](#) maps the country challenges identified in the 2019 and 2020 CSRs, and groups them in broad categories including public finance; financial sector/business; employment; health; and the green and digital transitions. The Commission finds that the plan is ambitious, and envisages an extensive set of mutually reinforcing reforms and investments that respond to a significant number of the challenges identified in the areas of labour market policies, healthcare, housing, the green and digital transitions, and the effective supervision and enforcement of the anti-money laundering framework.

The [2019 CSRs](#) highlighted the need to address the employment opportunities and employability of older workers, and make the pension system more sustainable in the long term. It advised Luxembourg to reduce barriers to competition in regulated professional business services, and to focus investment on further digitalisation and innovation, skills development, improving sustainable transport, and increasing housing supply. The last recommendation concerned the need to tackle the tax system's features that may facilitate [aggressive tax planning](#). In [2020](#), the Council urged Luxembourg to take the measures needed to address the pandemic and support recovery. It recommended pursuing fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment. The Council highlighted the need for a more resilient health system, as well as for reducing the crisis impact on employment. It recommended that measures supporting the liquidity of businesses, in particular small and medium-sized enterprises and the self-employed, be implemented effectively. Furthermore, the Council recommended an investment focus on the green and digital transitions (e.g. sustainable transport and buildings, and clean and efficient production and use of energy) as a contribution to decarbonising the economy. It called for effective supervision and enforcement of the anti-money-laundering framework with regard to professionals providing services to companies and trusts, and investment services, and stepping up action to address the issue of aggressive tax planning.

In both [2023](#) and [2024](#), Luxembourg was [urged](#) to continue with the swift and effective implementation of its NRRP, including the REPowerEU chapter. The latter addresses specifically the energy-related recommendations: to accelerate the deployment of renewables and boost energy efficiency.

## Objectives and structure of the plan

Figure 1 – Breakdown of funding by mission



Luxembourg was among the first EU Member States to submit its original [NRRP](#) to the Commission (on [30 April 2021](#)), but also among the last to [submit](#) a modified NRRP including a REPowerEU chapter (in May 2024). Luxembourg's plan pursues the RRF's general objective of promoting the EU's economic, social and territorial cohesion, and is balanced in its response to the six policy pillars referred to in Article 3 of the [RRF Regulation](#). The NRRP proposes projects aligned with the seven European

flagship areas<sup>2</sup> for investment and reforms the [Commission](#) identified for the RRF, as laid out in the plan's Table 2 ([page 17](#)). The plan is part of a coordinated package that includes Luxembourg's [national reform programme](#) and [stability and growth programme](#), all of which address different aspects of the overarching economic recovery theme.

The NRRP's 2024 revision added a **fourth** pillar – a REPowerEU chapter – to the original plan's three (see Figure 1 above). The plan is now subdivided into a total of **nine components**, which encompass 19 measures – **nine reforms** and **13 investments**.<sup>3</sup> The investments and reforms are expected to help address a significant subset of the CRSs identified as part of the European Semester, as outlined in the previous section. The four pillars subdivided into nine components, and their objectives are as follows.

### Pillar 1: 'Social cohesion and resilience'



- Skilling, reskilling and upskilling (1A)
- Strengthening the resilience of the health system (1B)
- Increasing the supply of affordable and sustainable public housing (1C)

The reforms and investments in the scope of this pillar aim to alleviate the impact of the pandemic on the labour market by supporting a more inclusive approach, and contributing to the implementation of the [European pillar of social rights](#). In addition, some measures seek to improve the resilience of the health system through new digital solutions and reforms that ensure continuous monitoring of the sector's functioning, while others address the housing situation in Luxembourg by investing in affordable public housing.

### Pillar 2: 'Green transition'



- Decarbonisation of transport (2A)
- Environment and biodiversity protection (2B)

The measures under this pillar aim to pave the way for a sustainable recovery in line with the European Green Deal. The targeted reforms and investments are planned to accelerate the green transition, and are consistent with Luxembourg's national energy and climate plan. They focus predominantly on sustainable mobility and renewable energy generation, in line with the 'Recharge and refuel' and 'Power up' European flagship areas. To contribute to the protection of biodiversity, a key investment also encourages municipalities to protect the natural environment by subsidising their participation in the implementation of national strategies for the protection and conservation of the natural environment.

### Pillar 3: 'Digitalisation, innovation and governance'



- Promotion of a data-based economy (3A)
- Modernisation of public administration (3B)
- Promoting a transparent and fair economy (3C)

The pillar aims to tap into the potential of digital technologies. The NRRP envisages broad digitalisation easing the development of a knowledge-based economy, stronger institutional resilience, and modernised public services. Specifically, it is planned to establish a new technological ecosystem by investing in digital skills, developing ultra-secure communication infrastructure based on quantum technology, digitalising the public employment service, and improving the 'MyGuichet' digital gateway. The measures are aligned with EU initiatives such as the [EU digital strategy](#), the [EU skills agenda](#), and the 'Modernise' and 'Reskill and upskill' flagships.

### Pillar 4: 'REPowerEU chapter'



This newly added component includes four measures designed to address the challenges of the green transition and help meet the energy-related EU recommendations to Luxembourg: energy efficiency in housing, zero-emission transport, and a faster deployment of renewable energy. The REPowerEU chapter has a significant green dimension, since 90.3 % of its resources contribute to climate action.

The plan exceeds the expenditure targets that the RRF Regulation sets at 37 % of NRRP resources for the **green transition** and at 20 % (excluding REPowerEU) for the **digital transformation**. Across the plan, the total allocation supporting climate objectives is **80.1 %**, making Luxembourg's the

greenest NRRP in relative terms (the [EU average](#) is 43 %). This share has increased following the inclusion of the REPowerEU chapter, which, as noted, is almost entirely climate-oriented. As regards the digital transformation, 37.5 % of the funds under the plan (excluding the REPowerEU chapter) would contribute to digital objectives. Regarding horizontal priorities such as [gender equality](#) and equal opportunities for all, considerations to address certain challenges are present in several components. However, against the backdrop of Luxembourg's limited challenges in this area (e.g. a gender employment gap below the EU average, and a gender pay gap among the lowest in the EU), measures are also limited.

Table 1 – Components of Luxembourg's NRRP

Pillar (P)	Component (C)	RRF resources (€ million)	Share
Pillar 1: Social cohesion and resilience	P1C1A. Skilling, reskilling and upskilling	1.5	0.6 %
	P1C1B. Strengthening the resilience of the health system	0.6	0.3 %
	P1C1C. Increasing the supply of affordable and sustainable public housing	0	0 %
Pillar 2: Green transition	P2C2A. Decarbonisation of transport	30.5	12.7 %
	P2C2B. Environment and biodiversity protection	6	2.5 %
Pillar 3: Digitalisation, innovation and governance	P3C3A. Promotion of a data-based economy	10	4.1 %
	P3C3B. Modernisation of public administration	12.7	5.3 %
	P3C3C. Promoting a transparent and fair economy	2.5	1 %
Pillar 4: REPowerEU chapter	P4C4A. REPowerEU chapter	177.3	73.5 %
	<b>Total</b>	<b>241.1</b>	<b>100.0 %</b>

Data source: Luxembourg's [NRRP](#) and European Commission [country page](#).

In addition to the RRF allocation, the NRRP is also financed by national means,<sup>4</sup> thus aiming at a long-lasting impact on the national economy. Most projects under the plan were included in the national budget for 2021 or in the 2020-2024 financial planning. The plan therefore serves as an additional lever to contribute to the long-term objectives of achieving economic, social and institutional resilience, and the green and digital transitions. It also contributes further to Luxembourg's high level of public investment (among the highest in the EU).

## Reforms

Overall, Luxembourg's NRRP includes nine reforms (see Table 2 below), spread across its four pillars and nine components. They are meant to address bottlenecks to sustainable growth, and along with investments, must be implemented within the timeframe set by the RRF Regulation (August 2026).

Initiatives under pillar 1 include developing a strategy for building 'skills bridges', or training paths, to boost employability in a context of the green and digital transitions; implementing the results of a consultation process on modernising health sector governance; recasting the competences of a number of health professionals and adopting related legislation by end of 2025; and addressing the lack of affordable housing and encouraging the construction of schools and nurseries to cope with the growing population.

Under pillar 2, the reform accompanying the plan's flagship project envisages achieving the [Clean Vehicles Directive](#) targets to ensure procurement of light- and heavy-duty vehicles in the public space, and setting even higher internal targets (e.g. fully electrify the fleet of buses operated by the public transport operator RGTR by 2030). A second measure, 'Naturpakt', is described in the annex to the 2024 Council implementing decision as both 'a reform and investment', but is not included in the count of reform measures. The reform part of this project consists of setting up a national reference framework and support scheme designed to encourage municipalities to engage increasingly in natural environment and biodiversity protection actions.

Pillar 3 includes three reforms relating to establishing a new technological ecosystem in Luxembourg through the deployment of quantum communication technology; adopting tax legislation;<sup>5</sup> and strengthening the framework for fighting money laundering and terrorist financing. Relating to the latter is a sub-measure intended to transform extensively the Luxembourg business register – the body administering the register of beneficial owners, and the trade and company register – and conducting a study reviewing the current legal regime applicable to trust and company service providers; informed by this study, a law consolidating that framework will then be submitted.

Pillar 4 adds one more reform, which aims to promote the development of sustainable biogas production by revising Luxembourg's existing sustainable biogas support schemes.

Table 2 – Reforms to receive support by the RRF under Luxembourg's NRRP

	Pillar 1	Pillar 2	Pillar 3	Pillar 4
No of reforms	4	1	3	1
Reforms per pillar/component	Component 1A R1. 'Skillsdäsch' (launch of the vocational training 'skills bridges') Component 1B R1. 'Gezondheetsdäsch' (strengthening health system resilience) Component 1B R2. Reform of the regulation of healthcare professionals' competences Component 1C R1. Housing Pact 2.0	Component 2A R1. Electrification of the fleet of contracting authorities and entities, and of public transport	Component 3A R1. Fostering the establishment of a new technological ecosystem in Luxembourg Component 3C R1. Modernisation of corporate taxation Component 3C R2. Fight against money laundering and terrorist financing	Component 4A R1. Promotion of sustainable biogas production

Data source: [Annex](#) to the 2024 Council implementing decision.

## Investment

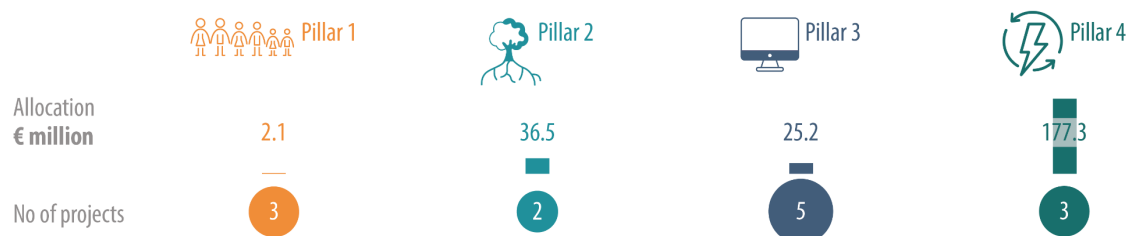
Luxembourg's NRRP encompasses 13 investment projects spread over the nine components. They are targeted at the green and digital transitions, as well as at promoting a transparent and fair economy, through measures intended to ensure effective supervision and enforcement of the anti-money-laundering framework. The three investments from the REPowerEU chapter are the top measures of the plan (see 'Five largest projects' below), allocating a vast share of funds to the challenges of the green transition (zero-emission mobility, energy efficiency and renewable energy). They are followed by the support scheme for electric charging points, the highest-value flagship project from the original plan. It aims to ensure adequate charging infrastructure coverage for companies, and complement the support scheme for private households. The measure promotes the adoption of electric vehicles so as to make them a viable alternative to internal combustion engine vehicles. The 'Neischmelz' renewable energy project in Dudelange was deemed no longer achievable and was dropped because of unexpected delays in construction works, since a rare biotope was found on the site.



Additional financing for the investment projects is to be allocated from Luxembourg's national budget or other EU programmes and instruments (for an overview of the financing, see Chapter 2 of the plan). For example, investments under component 3A are eligible for co-financing under the [Digital Europe programme](#) and the [Connecting Europe Facility 2](#). The planning ensures that double financing is avoided in all cases.

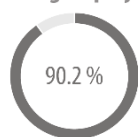
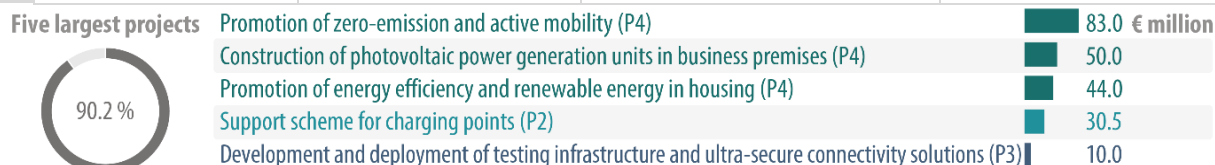
Table 3 provides an overview of the number of investments and estimated RRF resources per component, and includes a description of the investment projects and related activities for each.

Table 3 – Measures to be supported by the RRF under each pillar of Luxembourg's NRRP



	Pillar 1	Pillar 2	Pillar 3	Pillar 4
Investments per pillar/component	<p>C1AI1. Future skills</p> <p>C1BI1. Single digital register of health professions</p> <p>C1BI2. Telemedicine solution for remote medical follow-up of patients</p>	<p>C2AI1. Support scheme for charging points</p> <p>C2BI1. 'Naturpakt'</p>	<p>C3AI1. Development and deployment of testing infrastructure and ultra-secure connectivity solutions</p> <p>C3BI1. Electronic Document Management and Case Management</p> <p>C3BI2. Development of MyGuichet:</p> <ul style="list-style-type: none"> <li>- project 1/3: virtual appointment</li> <li>- project 2/3: various citizen-to-government (C2G) and business-to-government (B2G) procedures</li> <li>- project 3/3: mobile application MyGuichet.lu</li> </ul> <p>C3BI3. eADEM (digitalising the Agency for the Development of Employment (ADEM))</p> <p>C3BI4. National platform for public survey management</p>	<p>C4AI1. Promotion of energy efficiency and renewable energy in housing</p> <p>C4AI2. Promotion of zero-emission and active mobility</p> <p>C4AI3. Construction of photovoltaic power generation units in business premises</p>
Examples of activities	<p>Establishing a 'FutureSkills' programme that strengthens the partnership between ADEM and the Chamber of Commerce. The training offer aims to reach a target for job seekers over 45 years so as to improve skills and reduce early retirement. In the longer run, the programme will be made available to a</p>	<p>Deploying a dense, accessible network of <b>charging points</b> for electric vehicles across Luxembourg, through a new scheme for financial support for businesses developing new charging points. It will complement the existing system to support charging points, in place since July 2020, which targets initiatives by individuals. The new scheme will support both publicly accessible charging points, and points not accessible to the public (infrastructure</p>	<p>Establishing a LuxQCI lab jointly with the SnT research institute to provide the scientific community and consortium partners with expertise to develop and operate a quantum <b>communication infrastructure</b>, with two demonstrations planned in 2023 and 2024 to gain experience.</p> <p>Setting up a central platform with the functionalities needed to enable <b>document management</b> in public administrations and document exchanges between administrations, citizens and businesses. It would also offer a repository for electronic</p>	<p>Improving <b>energy efficiency in the housing sector</b> through energy efficiency projects, photovoltaic installations, solar thermal installations, wood-fired boilers, or heat pumps.</p> <p>Acquiring <b>zero-emission</b> passenger cars, vans, quadricycles, light motorcycles, mopeds, bicycles or electrically assisted pedal bicycles ('pedelec25') through purchase, lease or rental.</p>

<p>broader pool of job seekers.</p> <p>Setting up a <b>single digital register</b> of healthcare professionals that allows for managing data on health professionals, forecasting profession and skill needs, and mobilisation of staff during crises.</p> <p>Building on Maela, a platform for remote medical monitoring used during the pandemic, developing a more advanced <b>telemedicine solution for remote medical follow-up of patients</b> ('IdeoPHM') and integrating it into the e-health services to improve healthcare accessibility.</p>	<p>for charging fleets electric vehicle fleets, and recharging at work for employees).</p> <p>Establishing a <b>'Naturpakt'</b> (nature pact), inspired by the existing 'climate pact', to provide a legal, financial, technical and consultative reference framework for municipalities. It would allow the state to support financially municipalities willing to engage. They would first sign a 'Naturpakt contract' with the state, committing to implement actions on their territory by 2030. The possible categories of actions, and the actions themselves, are to be listed in a 'catalogue' published by the state, and stemming from the national strategies for natural environment protection and conservation.</p>	<p>document and case management.</p> <p>Deploying infrastructure so that public administrations can offer <b>virtual appointments</b> and access to various functions by video conference.</p> <p>Introducing 12 new online services to expand the <b>digital offer to citizens and businesses</b> and simplify administrative processes.</p> <p>Transferring <b>MyGuichet.lu</b> functionalities to a <b>mobile app</b> available to the public.</p> <p>Digitalising ADEM by developing an IT tool to set up <b>eADEM</b>, the ultimate aim being a more transparent, efficient and resilient labour market.</p> <p>Developing a national platform for <b>managing public surveys</b>, consisting of an internet portal, a back-office and a MyGuichet.lu assistant, to centralise public survey publication and simplify their access and visibility.</p> <p>While no investment is listed under component 3C in the annex to the Council implementing decision, a sub-measure of the fight against money laundering and terrorist financing reform envisages <b>transforming the Luxembourg business register</b>, including its digital capacities, to make it the primary source of essential data on legal entities for users concerned.</p>	<p>Awarding subsidies to businesses in order to <b>install photovoltaic power generation units</b> of a capacity exceeding 30 kilowatt peak (kWp) in their premises.</p>
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Share of total national RRF

## Governance

The overall organisational arrangements for the implementation of Luxembourg's NRRP are laid out in Part 3 of the plan. The [Ministry of Finance](#) has been specifically mandated as ministry responsible for the plan's coordination and management. The Directorate of Economic and Budgetary Affairs within the Ministry of Finance has the overall responsibility for implementing the plan, and is the Commission's single point of contact. The directorate is also in charge of drawing up the payment requests and management declarations, as well as overall reporting, including the preparation of an annual implementation report. It will collect data on the indicators as submitted by the final recipients, carry out management verifications and quality checks, and be responsible for communicating based on the monitoring data. Moreover, specific measures to verify compliance

with the public procurement rules will be carried out to prevent corruption, and protect the EU's financial interests.

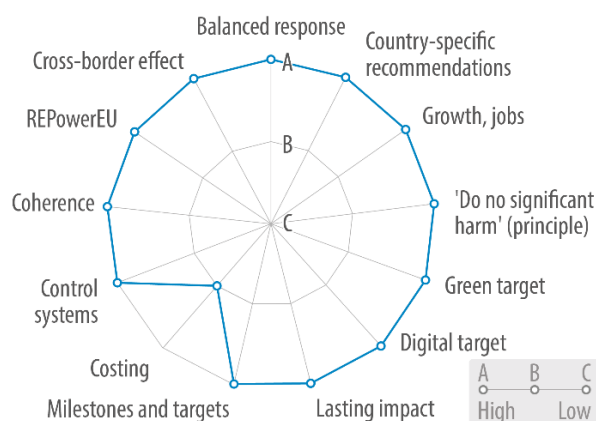
The Ministry of Finance coordinates the work of all other ministries and legal bodies responsible for implementing the plan. Implementation of measures, and monitoring of milestones and targets, are delegated to line ministries that report to the Ministry of Finance. Possibilities are envisaged to outsource particular tasks relating to management or control of RRF resources to external service providers. Adequate supervision and quality control procedures are also in place between the Ministry of Finance and the external service providers.

The NRRP envisages for the Ministry of Finance and the grants' final recipients to sign agreements, including for provision of the needed information on project implementation, and on the indicators defined to achieve the milestones and targets. In addition, the plan includes the development of a new IT system for collecting and storing all data relating to the implementation of the NRRP, which is linked to the fulfilment of a designated milestone.

The [General Finance Inspectorate](#) (IGF) will be the audit authority for Luxembourg's NRRP. The audit authority is to follow an audit approach based on an annual system audit (covering both the system in place for the reporting of the milestones and targets, and the internal control system for preventing, detecting and correcting fraud, conflict of interest, corruption and double financing); and annual audits of operations.

## Commission assessment

Figure 2 – Commission ratings by criteria



Data source: European Commission, [SWD\(2024\) 197](#).

On 18 June 2021, the European Commission [assessed](#) Luxembourg's NRRP positively, and [proposed](#) that the Council approve it. For 10 out of the 11 assessment criteria set out in Annex V to the RRF Regulation, the Commission attributed the highest possible rating (A) to the plan (see Figure 2). Criterion No 9, cost justification, was the only one to receive a B (medium). Luxembourg is no exception, however, as all other plans assessed got the same rating. According to the Commission, cost breakdown is generally complete and understandable, but for an A rating, further evidence and a better explanation would have been needed for some of the measures. Neither

the limited adjustment of Luxembourg's NRRP, submitted in November 2022 to take into account the updated maximum financial contribution, nor the recent amendment from May 2024 have affected the Commission's [positive assessment](#), of which the latest is from July 2024.

The Commission considers Luxembourg's plan a comprehensive and adequately balanced response to the country's economic and social situation (criterion No 1), addressing all six pillars of the RRF Regulation. The plan's increased focus on the green transition (80.1 % on climate contribution, with the impact of the REPowerEU chapter) and the 37.5 % for digital transitions (excluding the REPowerEU chapter) has resulted in a positive assessment for criteria Nos 5 and 6, which refer to the green and digital targets respectively. As regards green investments, particular emphasis is placed on sustainable mobility and renewable energy, and a whole component is dedicated to nature and biodiversity protection.

The plan also features a relatively strong social dimension (skills, health and housing), and is expected to have a high impact on strengthening Luxembourg's growth potential, job creation, and economic, social and institutional resilience (criterion No 3). Positive assessment for criterion No 2



means that the plan includes an extensive set of mutually reinforcing reforms and investments that are expected to help address at least a significant subset of the economic and social challenges outlined in the 2019–2020 CSRs. When [replying](#) to the European Parliament's questions, the Commission specified, however, that the plan does not address adequately the CSRs regarding tax system features that facilitate aggressive tax planning, in particular by means of outbound payments. With regard to anti-money-laundering efforts, the plan contributes to addressing some of the challenges identified in the CSRs, specifically to ensure effective supervision and enforcement of the anti-money-laundering framework as regards professionals providing trust and company services, and investment services.

The Commission also finds that all measures in the plan comply with the principle of '[do no significant harm](#)' to environmental objectives, ensuring that criterion No 4 is met satisfactorily. The plan is expected to have a lasting impact on the country's policies (criterion No 7) through the measures that seek to make the labour market and health sector more resilient, and to promote a greener, more transparent and fairer economy. As regards the monitoring of the plan's implementation, the milestones and targets are deemed acceptable and realistic, and of overall good quality (criterion No 8). The verification mechanisms, data collection and responsibilities are seen as sufficiently robust to verify the completion of the milestones and targets, and justify in an adequate manner the disbursement requests. The plan is also up to standard with regard to criterion No 10 on control and audit system, which is deemed up to the task of preventing, detecting and correcting potential fraud, corruption and conflicts of interest, and avoiding double funding. Finally, according to the assessment, the plan ensures coherent actions (criterion No 11), as it consists of a balanced mix of investments and reforms reinforcing or complementing each other.

In the latest Commission endorsement, Luxembourg received A ratings for the additional criteria Nos 12 (REPowerEU) and No 13 (cross-border or multi-country dimension or effect).

## Council decision and pre-financing

On [13 July 2021](#), EU economic and finance ministers approved the assessment of Luxembourg's original NRRP, adopting the Council [implementing decision](#) as laid down under the RRF. Following the May 2024 update, on 23 September 2024, the Council adopted an [amended implementing decision](#). The latter confirms that Luxembourg is set to receive a financial contribution in the form of non-repayable support amounting to €241.1 million (rounded). The implementing decision specifies that €30 million of the grants is exclusively dedicated to the REPowerEU chapter, and an additional €128.5 million has been transferred from the Brexit Adjustment Reserve to the RRF, to also support the measures in the new chapter.

The [annex](#) to the 2024 implementing decision provides detailed information on the reforms and investment measures, the arrangements and timetable for the plan's monitoring and implementation, including relevant milestones (qualitative achievements) and targets (quantitative achievements), as well as the related indicators.

Following the Council's initial approval, a financing agreement was signed with Luxembourg on 27 July 2021, as provided for in Article 23(1) RRF Regulation. Luxembourg was [among the first](#) EU countries to present its plan and consequently receive a first tranche of the funding. On 3 August 2021, the Commission disbursed [€12.1 million](#) to Luxembourg in pre-financing, equivalent to 13 % of the original financial allocation. Requesting REPowerEU pre-financing was not possible, since the Council implementing decision was adopted after the 31 December 2023 deadline.

The EU financial contribution will be disbursed in [five instalments](#), with the first one paid on 16 June 2023 (see annex to this briefing). The release of instalments is conditional on available funding, and a Commission decision endorsing that Luxembourg has fulfilled the relevant milestones and targets satisfactorily. Pre-financing is to be cleared by being proportionally deducted against the payment of the instalments. Under the RRF, Member States have to complete the implementation of the NRRP measures by 31 August 2026.

## European Parliament

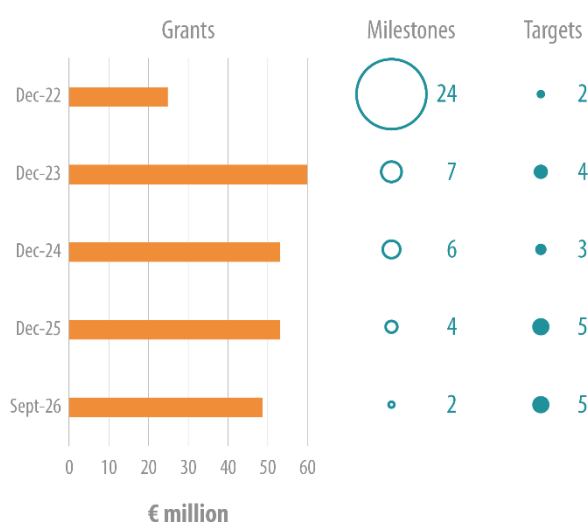
Following the outbreak of the pandemic, the European Parliament was a [major advocate](#) for launching a common EU recovery instrument, and established the RRF as [co-legislator](#) with the Council. Based on the RRF Regulation and the [Interinstitutional Agreement](#) (IIA) on budgetary matters, Parliament can [scrutinise](#) the work carried out by the Commission.

Within the Parliament, the Conference of Presidents has established a standing working group on the scrutiny of the RRF, comprising the Committee on Budgets (BUDG) and the Committee on Economic and Monetary Affairs (ECON). This working group prepares and follows up on the [recovery and resilience dialogue](#) that Parliament holds every two months with Commission representatives.

In addition, the IIA provides for dedicated interinstitutional meetings between Parliament, the Council and the Commission on the implementation of the broader NGEU recovery instrument. These meetings are organised *in camera* and are to take place at least three times per year. Through the [discharge procedure](#), Parliament will also ensure democratic scrutiny of how NGEU resources are spent.

## Milestones and targets

Figure 3 – Envisaged instalment schedule



Except for the 13 % pre-financing of the initial allocation, disbursed to Luxembourg in August 2021, all remaining funds allocated under the RRF are performance-based and will reflect progress on the implementation of the milestones and targets relating to the envisaged reforms and investments. The gradual clearing of the pre-financing (€12.1 million) is set to reduce the subsequent disbursements for each of the five instalment by 13 %. Each instalment is linked to achieving a number of milestones (qualitative goals) and targets (quantitative goals). Overall, there are 43 milestones and 19 targets.

Figure 3 shows that Luxembourg's five payments for grants are relatively balanced in size, with the first being the lowest.

Luxembourg submitted its first payment [request](#) at the end of December 2022 for the amount of €25.9 million (net of pre-financing), based on the initial Council implementing decision applicable at the time. The first payment was [made](#) on 16 June 2023 for the amount of €20.2 million (net of pre-financing, and balancing the amount paid as 13 % of the original higher allocation). It was linked to 24 milestones and two targets (43 % of all milestones and targets). The annex to this briefing provides additional details on RRF payments so far.

The second instalment was due to be requested at the end of 2023, as indicated in the [operational arrangements](#) signed before the plan's 2024 revision. In the amended plan, seven milestones and four targets are linked to this milestone. It includes reforming the remits of health professionals; developing a telemedicine solution for remote follow-up of patients; adopting the guidelines for the aid schemes relating to the REPowerEU reform (energy efficiency in housing and zero-emission vehicles); launch of the vocational trainings; and further developments of the 'MyGuichet' project.

The targets include launching a new Single Digital Register for health professionals; connection of two sites in the context of LuxQCI lab through the establishment of a terrestrial network; increasing

the number of municipalities signing an implementation agreement as regards the 'Housing Pact 2.0' reform; and developing 12 new services for 'MyGuichet'.

## Views of Luxembourgish stakeholders

Under the RRF Regulation, NRRPs must include a summary of a consultation process conducted in accordance with the national legal framework. [Involving stakeholders](#) ensures ownership of reforms, which in turn underpins successful implementation and lasting impact. When designing Luxembourg's NRRP, the authorities consulted the Luxembourgish parliament and social partners in two rounds, ahead of the formal submission of the plan on 30 April 2021. The social partners were also [consulted](#) for the design of the REPowerEU chapter in May 2023 and April 2024.

The government and social partners have been maintaining an annual social dialogue under the European Semester since 2016. In this framework, the Ministry of Finance presented the plan's draft, on 10 March 2021, to the social partners and held an exchange with them. On 22 March 2021, the draft NRRP was [presented](#) to the Luxembourgish parliament's finance and budget committee, whose feedback has informed the plan's finalisation. Following its adoption by the government, the plan was presented to the parliamentary committees concerned, and to the plenary, on 26 and 27 April 2021, respectively. It was also presented again to the social partners 27 April 2021. Members of the Luxembourgish parliament expressed their views at the subsequent debate on 29 April 2021.

On 30 April 2021, a [common position](#) was published as part of the consultation between the government and the social partners in the framework of the 2021 European Semester. The latter expressed their support for a genuine consultation process, not limited to a single meeting at a relatively advanced stage of the plan's adoption. They noted that work on their position took place in parallel with the preparation of the draft NRRP by the government, and their text could therefore only be considered a partial response to the draft plan. In their view, the social dialogue under the European Semester remains to be improved, and does not correspond to a proper consultation.

Overall, the priorities highlighted by the social partners at the time correspond largely to those of the initial plan's three pillars. Social partners share the plan's objective of making investments that are of fundamental importance for improving the resilience of the Luxembourgish economy and social model. Among the priorities they find particularly important to be reflected in the plan is the need to help employees adapt to the transition towards a green and digital economy. They argue that, for the Green Deal and the digital transformation to succeed, these policies must benefit all citizens, and adequately protect those who are forced into professional transitions. According to the social partners, the [Just Transition Fund](#) is insufficient to help workers who have to adapt to the transition to a green and digital economy and may lack the means needed to support the most vulnerable regions and workers, in particular at a time when the EU decides to increase its climate targets.

## Expert debate

As Bruegel think-tank notes in its [dataset](#), Luxembourg is one of the countries for which RRF financing represents a relatively small share of GDP. Nevertheless, Luxembourg has presented a plan that concentrates on green and digital spending, as compared with countries that receive larger amounts but whose NRRPs envisage higher 'other' (non-green, non-digital) shares of spending.

The May 2021 [staff report](#) from the IMF's Executive Board following the Article IV consultation with Luxembourg<sup>6</sup> concludes that the country has weathered the COVID-19 crisis better than expected. To foster a lasting green and digital recovery, the country maintained public investment at around 4 % of GDP in recent years, and will continue to prioritise it, including by making full and swift use of NGEU funds. The report notes that Luxembourg's NRRP illustrates the government's ambitions in this regard, with a high share of investment supporting a green transition and digital transformation. Since 2013, it explains, the government has put the twin (green and digital) transition at the heart of its economic policy agenda for qualitative growth, and this is reflected in its NRRP.

## EUROPEAN PARLIAMENT SUPPORTING ANALYSIS

D'Alfonso, A. et al., [Budgetary Outlook for the European Union 2024](#), EPRS, April 2024.

D'Alfonso, A., Höflmayr, M. and Sabbati, G., [Economic Outlook Quarterly: A crucial phase for Next Generation EU](#), EPRS, September 2024.

EPRS, [EU recovery instrument](#), infographic, updated weekly.

EPRS, [National Recovery and Resilience Plans: Latest state of play](#), blog, updated September 2024.

Sapata, M., [Gender equality in the Recovery and Resilience Facility](#), EPRS, 2022.

## OTHER SOURCES

European Commission, [Luxembourg's recovery and resilience plan](#), website.

Government of Luxembourg, [Plan pour la Reprise et la Résilience](#), National Recovery and Resilience Plan, website.

## ENDNOTES

- <sup>1</sup> The graphics and tables in this briefing have been updated based on data from Luxembourg's NNRP ([Plan pour la Reprise et la Résilience](#)), as well as the latest Commission [assessment](#), the amended 2024 Council [implementing decision](#) and its [annex](#). Data used reflect their source at the time of extraction; moreover, there may be discrepancies between data from different sources.
- <sup>2</sup> The seven flagships are outlined in the EU [2021 annual sustainable growth strategy](#): (i) Power up; (ii) Renovate; (iii) Recharge and refuel; (iv) Connect; (v) Modernise; (vi) Scale up; and (vii) Reskill and upskill.
- <sup>3</sup> One measure in component 2B ('Naturpakt') is a combined reform and investment measure, but here counted as an investment.
- <sup>4</sup> The original plan was twice the size of its allocation under the RRF. While the updated version has not been published, according to information received from the Commission, the current national financing is €172.1 million, or 41.65 % of the revised plan. The plan's total value (EU and national funds) is thus estimated at €413.2 million.
- <sup>5</sup> This reform implements an agreement reached at the EU Council in December 2019.
- <sup>6</sup> Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year, discusses with officials the economic developments and policies, and prepares a report on this basis.

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<http://epthinktank.eu> (blog)

Fourth edition. The 'NGEU delivery' briefings are updated at key stages throughout the lifecycle of the plans.

## Annex – Payments received by Luxembourg so far

Table 4 provides an overview of the RRF payments Luxembourg has received so far: the pre-financing and the first payment.

The Commission disbursed the [pre-financing](#) of €12.1 million (13 % of the initial allocation) on 3 August 2021. More than a year later, at the end of December 2022, Luxembourg submitted its first payment [request](#) for the amount of €25.9 million (net of pre-financing), based on the initial Council implementing decision applicable at the time. The first payment was made on 16 June 2023 for the amount of €20.2 million. This is the resulting amount minus the 13 % pre-financing, also offset by the excess amount of the original pre-financing paid, which was based on the higher initial total allocation (see [C\(2023\) 3838](#)). It was [linked](#) to 24 milestones and two targets (43 % of all milestones and targets). These include measures in the context of planned reforms, in particular relating to the entry into force of legislation on the fight against money laundering and terrorist financing, modernisation of corporate taxation, the 'Housing Pact 2.0' and the 'Naturpakt'. Various milestones are meant to facilitate the rapid and effective launch of investments, including: reaching an agreement on the 'operational phase' of 'FutureSkills', establishment of a national platform for the management and publication of public surveys and related documents, and deployment of a mobile version of 'MyGuichet'. The two targets relate to the future skills initiative; one example being to ensure that at least 150 job seekers aged over 45 years (30 % of the 500 participants) have participated in the 'FutureSkills' training.

Two milestones relating to the plan's monitoring and implementation had to be met before the first payment request. The first concerned putting in place an operational IT system to allow for collecting and storing all relevant data on the NRRP's implementation, such as the achievement of milestones and targets, and data on final recipients, contractors, subcontractors and beneficial owners. The second milestone concerned the finalisation of the implementation of further procedures for the protection of EU financial interests, as presented in the plan's Part III, Chapter 4 on Implementation, and Chapter 6 on Audit and Controls.

Luxembourg could not request REPowerEU pre-financing, since its chapter was approved only in September 2024, i.e. after the 31 December 2023 deadline for such pre-financing. This, along with the fact that its REPowerEU chapter accounts for 73.5 % of the Luxembourgish plan, explains the lower-than-average share of grants paid so far, standing at 13.4 % (as compared with 41 % across the EU).

Table 4 – Luxembourg's NRRP: Payments as of 10 September 2024

	Payment	Date	Net resources (€ million)	Share of total*
Grants	Pre-financing	3.8.2021	12.14	5 %
	First instalment	16.6.2023	20.24	8.4 %
	<b>Total grants paid so far</b>		<b>32.38</b>	<b>13.4 %</b>

Source: EPRS, based on European Commission data, 2024.

Note: The (rounded) share of amounts paid so far is calculated on the basis of the new allocation of €241.1 million (REPowerEU included). In line with the RRF Regulation, the pre-financing represented 13 % of the initial total allocation of €93.4 million