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## Factsheet on 2014-2022 Rural Development Programme of the Grand Duchy of Luxembourg

The Rural Development Programme (RDP) for Luxembourg was formally adopted by the European Commission on 1<sup>st</sup> July 2015, outlining the Grand Duchy's priorities for using the EUR 429 million of public money that is available for the 9-year period 2014-2022 (EUR 134 million from the EU budget and EUR 295 million of national co-funding). The programme was amended for the ninth time on the 29 January 2024.

Luxembourg's RDP puts particular emphasis on actions related to restoring, preserving, and enhancing ecosystems. More than **28%** of the agricultural land is expected to come under management contracts supporting better water management, **19%** of the agricultural land will be under contracts to improve soil management, and nearly **90%** of the agricultural land will come under management contracts supporting biodiversity. To improve the competitiveness of farmers, **22% of farms** will receive support to restructure or modernise their farms and **8% of farms** will be granted business **start-up aid**. To contribute to the reduction of greenhouse gas emissions from agriculture, the programme aims for **0.5% of livestock units** to benefit from investments in livestock management to reduce emissions. To promote social inclusion, poverty reduction and economic development in rural areas, **36% of the rural population** will be covered by local development strategies.

Support for [Rural Development](#) is the 2<sup>nd</sup> Pillar of the [Common Agricultural Policy](#), providing Member States with an envelope of EU funding to manage nationally or regionally under multi-annual, co-funded programmes. In total, 118 programmes are foreseen in all 28<sup>1</sup> Member States. The [RD Regulation](#) for the 2014-2022 period addresses six economic environmental and social priorities, and programmes contain clear targets setting out what is to be achieved. Moreover, in order to coordinate actions better and maximise synergies with the other European Structural & Investment Funds ([ESIF](#)), a [Partnership Agreement](#) has been agreed with each Member State highlighting its broad strategy for EU-funded structural investment.

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<sup>1</sup> The UK left the Union on 31<sup>st</sup> January 2020; in accordance with the Withdrawal Agreement support under Rural Development continues to apply in the UK during the 2014-2020 programming period.

This document provides a brief overview of how the challenges and opportunities Luxembourg is facing are addressed by the RDP. In the Annex, a table indicates the priorities and focus areas each with their specific targets, and their allocated budgets.

## **1. SITUATION AND KEY CHALLENGES**

The Grand Duchy of Luxembourg covers a total area of 2 586 km<sup>2</sup> and has a population of 525 000 inhabitants. The territory is organised around three urban centres. 82% of the territory is classified as rural with 38% of the resident national population.

Luxembourg's economy is based on a large tertiary sector (86% of GVA) and on industry (14%). The primary sector represents only 0.3% of GVA, a rate among the most insignificant in Europe, and 1.2% of employment (3 800 people active in agriculture). The agri-food sector in Luxembourg is small and focused on a limited number of products (milk, meat, wine, cereals, 1 500 jobs).

The utilised agricultural area (UAA) of 131 000 ha covers 54% of the territory; 47% of agricultural land is arable land. Forest areas cover 34% or 89 000 ha.

95% of UAA are areas facing natural constraints and the Natura 2000 areas cover 18% of the national territory.

The agriculture is based on 1 920 farms, often mixed (cattle/mixed cropping) and medium sized. The average income of a farmer is at least 75% of the average national income, his standard of living is only 25% compared to those in other sectors. The number of farms has continued to decrease in Luxembourg, linked to factors such as higher level of income in the Luxembourg economy, lack of availability of labour and the fact that the income of the agricultural sector depends heavily on the allocated support.

The overall economic and demographic context turns agriculture in peri-urban agriculture and induces very high land prices for take-over or installation of a farm.

In relation to biodiversity, recent studies have shown a significant loss of landscape elements and structures of certain habitats. The conservation status of certain habitats, especially those in open environments is rather low.

The index of farmland birds reveals a significant decline in the number of species, and the question is largely attributed to the farming intensification.

For the protection of waters against pollution caused by nitrates from agricultural sources and the treatment of urban wastewater, the entire national territory is classified as vulnerable area.

## **2. HOW LUXEMBURG'S RDP WILL ADDRESS THESE CHALLENGES**

To address the challenges, the RDP is centred around four rural development priorities, among which the most important is priority 4: Restoring, preserving, and enhancing ecosystems related to agriculture and forestry.

The objectives and targets for different priorities are summarised below:

Viability and competitiveness of farms

Under this priority, the programme will help to modernise agricultural holdings to improve their competitiveness, and to support the sustainability of farms. The programme will support **22% of the farms** for restructuring and modernisation projects and the use of innovative techniques. Similarly, in view of the difficulty of business start-up in agriculture, the RDP of Luxembourg intends to support generational renewal with a target of **8% of farms** for the first installation, which will promote the continuation of traditional family farms, but will also support the creation of new farms and take-over of family farms currently without a successor.

#### Restoring, preserving, and enhancing ecosystems related to agriculture and forestry

The Luxembourg RDP gives great importance to the environmental aspects and aims to have **90%** of the agricultural land under contracts to stimulate biodiversity, **28%** of agricultural land to improve the management of water and **19%** of agricultural land to improve soil management. This will be done through agri-environment climate measures, organic farming, payments under the Water Framework Directive and payments for areas facing natural constraints.

#### Resource efficiency and climate

To contribute to the reduction of greenhouse emissions from agriculture, the programme targets **0,5 % of livestock units** for investments in livestock management reducing greenhouse emissions.

#### Social inclusion and local development in rural areas

To promote social inclusion, poverty reduction and economic development in rural areas, the aim is to cover **36% of the rural population** through local development strategies that will be developed by 5 Local Action Groups (LAGs), 25 new jobs will be created.

4 of the biggest RDP measures in budgetary terms (total public expenditure) are:

- EUR 155 million allocated to Measure 13 (payment for areas facing natural constraints)
- EUR 151 million allocated to Measure 10 (agri-environment-climate)
- EUR 132 million allocated to Measure 4 (physical investments)
- EUR 13 million allocated to Measure 19 (Leader)

## Annex 1: Indicative distribution of the Luxembourg RDP and target indicators

Priorities and targets	Measures	Total public expenditure (EUR)	%
<b>Priority 2: Improve the sustainability and competitiveness of agricultural holdings, sustainable forest management</b>		<b>142 267 771</b>	<b>30</b>
2a: Farm performance <u>22% of holdings supported</u>	M04 Physical Investment	131 381 713	27
2b: New farmers <u>8% of holdings receiving support for young farmers</u>	M06 Farm and business development	10 886 058	2
<b>Priority 4: Restoring, preserving, and enhancing ecosystems related to agriculture and forestry<sup>2</sup></b>		<b>320 967 472</b>	<b>67</b>
4A biodiversity <u>89% of agricultural area under contract</u>	M10 Agri-environment-climate	151 086 945	32
4B water management: <u>28% of agricultural area under contract</u>	M11 Organic Farming	10 957 904	2
Soil erosion and management 4C <u>19% of agricultural area under contract</u>	M12 NAT 2000 & WFD	3 440 714	1
	M13 Areas with natural constraints	155 481 909	32
<b>Priority 5: Promoting resource efficiency and supporting the shift towards a low CO 2 emission economy and climate resilient.</b>		<b>632 888</b>	<b>0.13</b>
5D reduction of greenhouse emissions <u>0.5% livestock units concerned by investments reducing GHG</u>	M04 Physical Investment	632 888	0.13
<b>Priority 6: Promoting social inclusion, poverty reduction and economic development in rural areas</b>		<b>12 828 500</b>	<b>3</b>
6B fostering local development: <u>36.20% of rural population covered by local development strategies</u> <u>25 jobs created (Leader)</u>	M19 LEADER and CLLD	12 828 500	3
<b>Technical assistance</b>		1 766 663	0.4
<b>Total public expenditure EUR</b>		<b>478 463 294</b>	<b>100</b>

<sup>2</sup> No financial allocation shown for Priority 1 as the expenditure is distributed across other focus areas.