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COUNTRY FICHE

LUXEMBOURG [LU]

Given the country's small territory and the very limited share of European Regional Development Fund (ERDF) resources invested in Territorial Delivery Mechanisms, it is not surprising that only one strategy was implemented in the country during the 2014-2020 period. The Sustainable Urban Development strategy, implemented through the Integrated Territorial Investment (SUD ITI) mechanism, was deployed in an old industrial area within Dudelange, a city in need of regeneration. Funding was used to support the shift towards a low-carbon economy as well as to boost research and innovation capacity.

POPULATION	STATE TYPE
0.59 million	Centralised

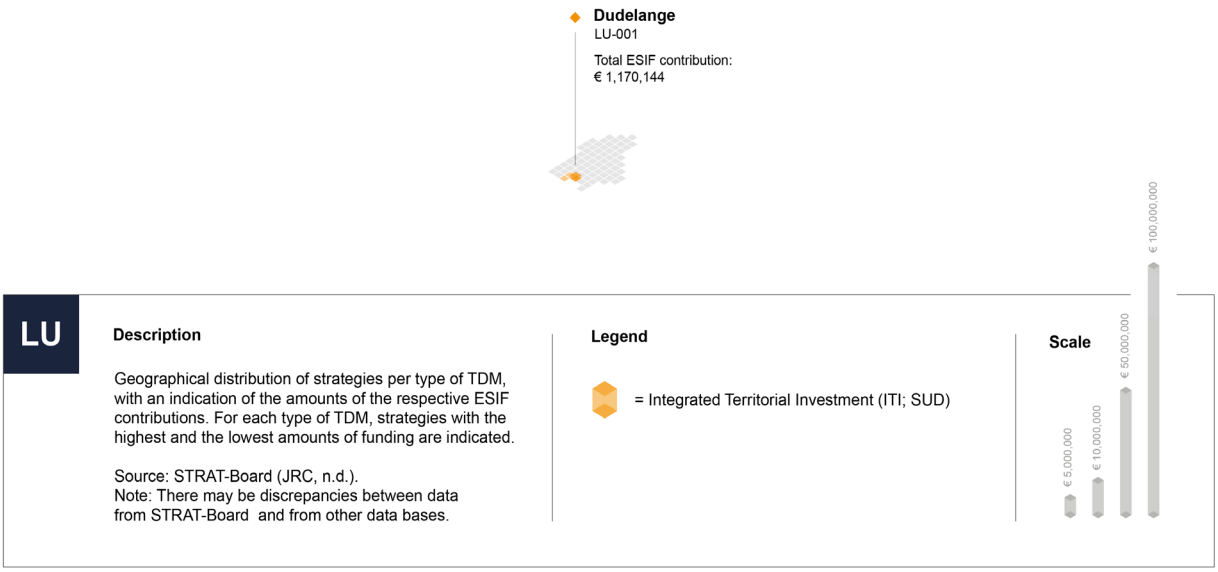
NATIONAL ESIF BUDGET	
EU Contribution (EUR)	€ 525,713,553
National Contribution (EUR)	€ 209,069,021
Total Contribution (EUR)	€ 734,782,574

Note: including all ESIF - ERDF, ESF, EAFRD, YEI, EMFF
Source: Cohesion Open Data Platform (European Commission, n.d.)

Territorial Delivery Mechanism type	No.	ESIF type	Share of ERDF /CF allocation	Share of decided allocations spent (end 2022)
SUD (Art. 7) Operational Programme	0	-	-	-
SUD (Art. 7) Priority Axis	1	ERDF	0.22%	96%
Integrated Territorial Investment (ITI; SUD)	0	-	-	-
Integrated Territorial Investment (ITI; non-SUD)	0	-	-	-
Community-led Local Development (CLLD)	0	-	-	-
TOTAL	**1**	**-**	**0.22%**	**-**

Source: allocations and spending based on Cohesion Open Data Platform (European Commission, n.d.), remaining items on STRAT-Board (JRC, n.d.).
Note: STRAT-Board data is self-reported by strategy holders. There may be inconsistencies between the data reported in STRAT-Board and other databases, such as the Cohesion Open Data Platform.

Figure 1: Geographical distribution of Territorial Delivery Mechanism (TDM) strategies



GOVERNANCE CONTEXT

Luxembourg operates a unitary state system, with governance structured across three districts: Luxembourg, Diekirch, and Grevenmacher, each led by a district commissioner. The central government, head-quartered in Luxembourg City, retains authority over critical national matters such as defence, foreign policy, and finance. In contrast, municipalities within the districts are tasked with local responsibilities, including education, healthcare, and infrastructure management. Local decision-making is primarily handled by municipal councils, although significant authority remains with the central government, ensuring uniform governance across the country while still accommodating local needs.

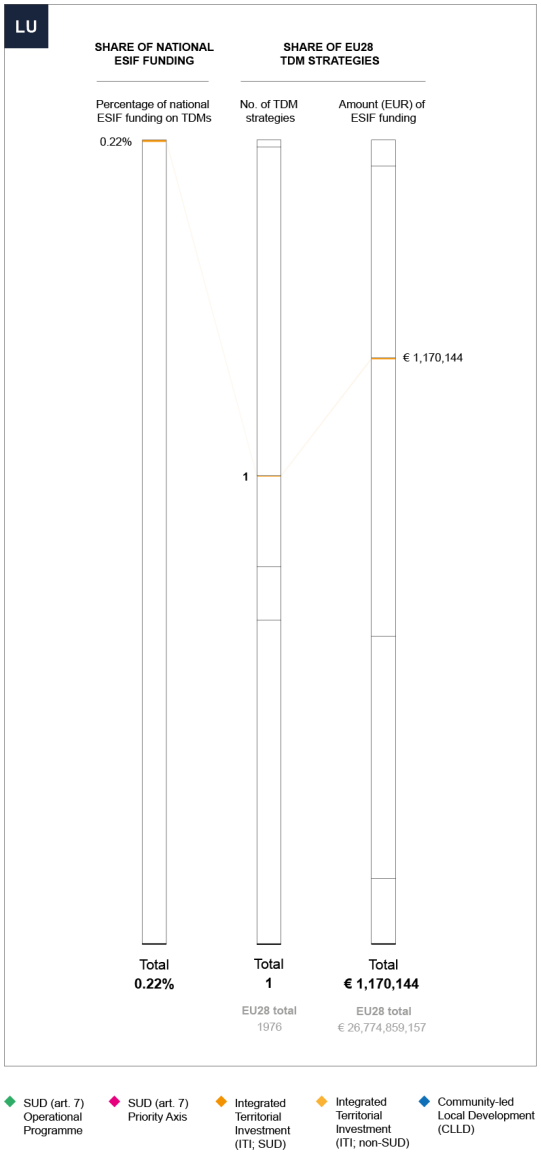
Although Luxembourg lacks a specific urban policy, the National Programme for Spatial Development (Programme Directeur d'Aménagement du Territoire - PDAT), adopted in 2003, serves as the main framework for spatial planning. The programme focuses on promoting sustainable spatial development, fostering partnerships between urban and rural areas, and encouraging a polycentric development model. A key priority in the spatial planning agenda is also enhancing inter-municipal cooperation.

COHESION POLICY CONTEXT

Luxembourg implemented two National Operational Programmes (NOPs), one powered by ERDF, and one by the European Social Fund (ESF). The Ministry for the Economy and External Commerce was responsible for the ERDF OP and the Ministry of Labour, Employment and the Social and Collaborative Economy was in charge of the ESF OP. There were no Intermediate Bodies in place. The ERDF programme, with a total EU contribution of €89 million, provided funding for the Luxembourg's SUD ITI strategy.

FEATURES OF THE TERRITORIAL DELIVERY MECHANISMS

Figure 2: Types of Territorial Delivery Mechanisms (TDMs) used, amount of strategies and the corresponding shares of ESIF* contributions



Source: STRAT-Board (JRC, n.d.). Notes: On the first vertical bar from the left, the percentage of all ESIF funding for that country allocated to TDM strategies is indicated with colour. The whole bar represents all ESIF funding for that country. On the second bar (middle), the number of each type of TDM strategy implemented in this country is indicated with the corresponding colour, with the whole bar representing all TDM strategies implemented across the EU28 (1976 strategies, as indicated in grey below the bar). On the bar on the right side, the amounts of ESIF funding for the TDM strategies are indicated with the corresponding colour. The bar represents the total allocation of ESIF for TDMs in the EU28. Please note that there may be inconsistencies between the data reported in STRAT-Board and Cohesion Open Data Platform.

Sustainable Urban Development Integrated Territorial Investment

For the 2014-2020 programming period, Luxembourg's government chose to implement only one SUD strategy. The strategy was carried out through the ITI mechanism.

Initially, three urban areas were considered for intervention through SUD strategies in the National Operational Programme (NOP) – Luxembourg City, Nordstad (Ettelbruck-Diekirch), and the southern industrial region. However, it was eventually decided to focus solely on Luxembourg's fourth-largest city, Dudelange, home to about 20,000 people. This decision was mainly due to the relatively limited resources available, making it more sensible to concentrate them within a single urban area rather than spread them too thinly across multiple cities. Dudelange was chosen because of its greater need for intervention – its lower-than-average income and higher unemployment rates highlighted the need for investment in urban transformation to address these challenges.

The strategy was funded exclusively with ERDF resources and tapped into two of the NOP's priorities, namely those focusing on the low-carbon economy and research and innovation. This is reflected in the Cohesion Policy Open Data Platform data, which indicates that the thematic focus of the spending was primarily on promoting a low-carbon economy, with some support for research and innovation activities. ERDF allocations amounted to €1.02 million for low-carbon economy projects and €201,924 for research and innovation initiatives.

The implementation plan was seamlessly integrated with ongoing urban regeneration and energy transition initiatives, particularly focusing on the renewal of Neischmelz, an ageing industrial brownfield site. The intended outcome was the creation of a dynamic regional hub, offering a mix of residential, employment, commercial, and recreational opportunities, while adhering to the principles of sustainable development.

By the end of 2022, 96% of the allocated ERDF funding had been utilised, indicating very strong financial performance, significantly outpacing the mainstream Cohesion Policy funding, of which only 53% was absorbed by the end of the same year.

IN SUM

During 2014-2020, only single SUD ITI strategy was used in Luxembourg, due to the country's relatively small size and limited allocation of ERDF resources for Territorial Delivery Mechanisms. The SUD ITI was used in a targeted manner to address the specific development needs of an urban area within the city of Dudelange, facing brownfield regeneration and socio-economic challenges. Cohesion Policy support to SUD strategy was only a tiny addition to what was already ongoing as part of domestic policies. This, combined with the fact that resources were limited and territorial focus restrained meant that there were hardly any room for generating impacts in terms of strengthening functional linkages and inter-municipal cooperation through the SUD ITI strategy.

* In order to reflect the contribution of various funds to TDMs, this graph includes all ESIF funds (ERDF, ESF, CF, EAFRD, EMFF).

References

European Commission. (n.d.). Cohesion Open Data Platform. DG Regio. https://cohesiondata.ec.europa.eu/

JRC. (n.d.). STRAT-Board. Joint Research Centre. https://urban.jrc.ec.europa.eu/strat-board/

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