

## Rural Development Programme (RDP) of Luxembourg

### Programme de développement rural du G.-D. de Luxembourg (2007-2013)<sup>1</sup>

(Rural Development Programme 2007-2013: for a long term sustainable rural development)

### Relevant Contact Details

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**Managing Authority Website:**

<http://www.ma.public.lu>

**Other useful links:**

Rural Development Programme (RDP):

[http://enrd.ec.europa.eu/country-information/programming/en/programming\\_home\\_en.cfm](http://enrd.ec.europa.eu/country-information/programming/en/programming_home_en.cfm)

National Strategy Plan (NSP):

[http://www.ma.public.lu/aides\\_financieres/aides\\_communautaires/aides\\_rural/index.html](http://www.ma.public.lu/aides_financieres/aides_communautaires/aides_rural/index.html)

Luxembourg National Rural Network (NRN):

[http://www.ma.public.lu/aides\\_financieres/aides\\_communautaires/reseau\\_rural/index.html](http://www.ma.public.lu/aides_financieres/aides_communautaires/reseau_rural/index.html)



**Map of Luxembourg**  
(© European Commission)

## General socio-economic situation in rural areas in Luxembourg

Luxembourg has a population of around 500,000, covering a territory of 2,586 km<sup>2</sup>. Located in central Europe (Lat: 49°36' Long: 6°07') it is a small country bordering France on the west, Belgium on the north and Germany on the east. GDP per capita is almost three times higher than the EU-27 (one of the richest countries in the world) and has the lowest European unemployment rate of 4.2%.

Luxembourg rural areas cover more than 92% of its territory. They are characterized by a high diversity of landscapes. Since 1989, the Luxembourg government has been pursuing an integrated development policy of rural areas beyond the single dimension of agriculture, in accordance with the 1997 European model of multifunctional agriculture and in a global perspective of sustainable rural development and support. The availability of public infrastructure, accessibility to schools, culture, sports and leisure activities are not uniform between rural and urban areas. The share of agriculture and viticulture in the rural economy and in the job market is decreasing. Rural areas are facing serious problems of rural urbanisation (endangering agriculture survival) and the demand for labour in the secondary sector (industry, SMEs, energy and construction) has also declined. However, the service sector (businesses, financial, public sectors, business services), clearly focuses on urban centres, and continues to expand in the capital.

## RDP strategic objectives

The overall objective of the 2009 RDP revision in Luxembourg is to coordinate with the National Strategy Plan and allocate the additional funds to the restructuring of the dairy sector. Specifically, the RDP contributes to a more harmonious development of rural areas so that the various economic sectors can coexist by reinforcing farmers' professional skills, modernising holdings that contribute

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<sup>1</sup> The text of this version of the programme has been revised in April 2010.

towards improving agriculture competitiveness, and developing quality products targeting export markets. It also aims to maintain agriculture at risk of disappearing and to promote farming practices compatible with environmental requirements. Opportunities to diversify the rural economy will be encouraged and rural actors will play an active role in the local strategies.

Following the CAP Health Check, and in recognition that the National Strategy Plan already anticipated much of the new strategic objectives, the 2009 RDP revision did not bring many modifications to the original document. Therefore, the revised RDP further supports activities to help the restructuring of the dairy sector and innovative operations related to the production of renewable energies. Furthermore, the revised RDP highlights the belief that there's no need to make substantial modifications (i.e. internet investments).

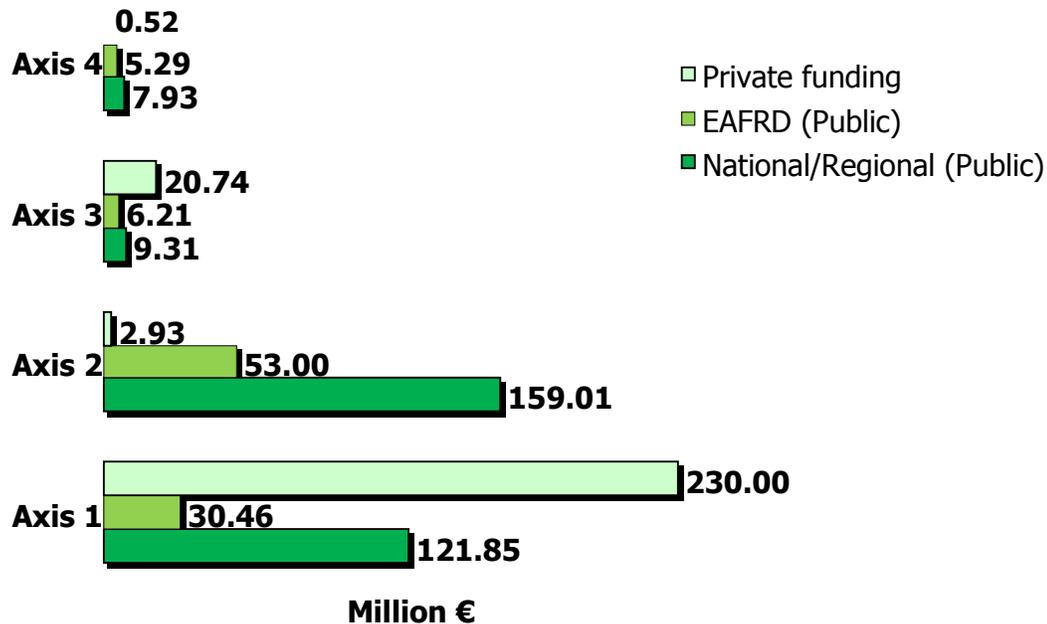
Taking into account the additional financing provided by the CAP Health Check and the European Economic Recovery Package, greater strategic priority is being given to initiatives (through existing measures) that contribute to the practice of using bio methane as a source of energy and more efficient effluents management.

### **Expected impact / outcomes of the policies**

The program provides farmers with income support. Thus the program has little impact on employment and the overall added value of the primary sector; however, the policy undoubtedly has an impact on farmers' socio-economic situation. The policy maintains the level of agriculture's employment. The measures of axis 2 safeguard high natural value areas. The policy has a direct positive impact on the improvement of water's quality by reducing inputs, optimizing production and development of new practices, like Agri-Environmental Measure (AEM). However, this positive impact (mainly AEM) is linked to targeting and devising implementation that emphasises the need to create a specific monitoring system. The impact of axis 3 focuses on the improvement of basic services for 30-35% of the population.

Specific modifications to impact indicators have been made to take account of the RDP's 2009 alterations. These include new targets for actions such as: targeting the dairy sector to assist producers to adapt to changing market conditions for milk and dairy products; increasing renewable energy production; increasing the management capacity of effluents; promoting the installation of young farmers; and encouraging an agriculture that is environmentally sustainable. Detailed information on impact indicators for individual measures is provided in the RDP indicator tables.

## RDP budget breakdown by axis: Total expenditure (including national/regional + EAFRD + private funding) of €647,243,886



The RDP budget allocations are broadly divided into four main areas of expenditure, known as axes (namely: Improving the competitiveness of the agricultural and forestry sector; Improving the environment and the countryside; Quality of life in rural areas and diversification of the rural economy; and Leader). Approximately 59% of the updated RDP budget in Luxembourg is allocated to axis 1 (€382.31 million), approximately 33% is allocated to axis 2 (€214.95 million), 6% to axis 3 (€36.25 million) and 2% to axis 4 (€13.73 million), with no available funds to Technical Assistance.

Within axis 1, National/Regional public funding represents approximately 32% share of the axis funding; EAFRD 8%; and private funds 60%.

Within axis 2, National/Regional public funding represents 74% share of the axis funding; EAFRD 25%; and private funds 1%.

Within axis 3, National/Regional public funding represents approximately 26% share of the axis funding; EAFRD 17% and private funds 57%.

Within axis 4, National/Regional public funding represents approximately 58% share of the axis funding; EAFRD 38%; and private funds 4%.

There is no technical assistance funding.

As a consequence of the 2009 RDP amendments, Luxembourg has been assigned a total of €24,600,000 (including €4,920,000 EAFRD and €19,680,000 of national/regional public funds) to support innovative operations related to the production of renewable energy and the restructuring of the dairy sector (in a 50%-50% division of funds). In addition, the national authorities in Luxembourg decided not to allocate additional funds to development of broadband infrastructures since they considered that the country is already well equipped (rural areas in particular).

## Axis Information<sup>2</sup>

### ***Axis 1 objectives: Improving the competitiveness of the agricultural and forestry sector***

The table below provides an indication of the RDP's axis 1 priorities.

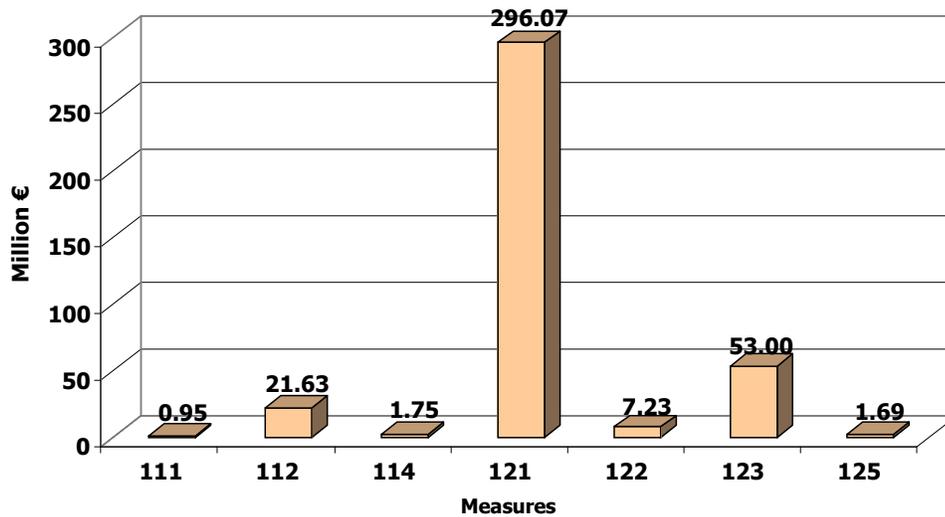
Strategic objectives	Specific objectives
Promote sustainable development in rural and agricultural areas	<ul style="list-style-type: none"> <li>- Promote dynamic and innovative attitudes;</li> <li>- Encourage the sustainable use of resources;</li> <li>- Promote synergies between environment requirements and growth.</li> </ul>
Promote modernisation and innovation of businesses and integration of the production chain that favour environmentally friendly methods	<ul style="list-style-type: none"> <li>- Promote investments for bio-energy production and environmental protection;</li> <li>- Increase competitiveness in agricultural and forestry businesses (i.e. with a special focus on the dairy sector);</li> <li>- Promote quality products with added on value.</li> </ul>
Encourage entrepreneurship of agricultural and forestry businesses and enhance generational renewal, labour quality, productivity, social and territorial cohesion	<ul style="list-style-type: none"> <li>- Train and update professionals;</li> <li>- Promote generational renewal.</li> </ul>

Result targets include: number of holdings/enterprises receiving support to investments related to the transformation of agricultural biomass into renewable energy and efficient management of effluents (4), representing a total volume of investments of €2,460,000; storage capacity for liquid manure (40,000 m<sup>3</sup>); and number of holdings/enterprises receiving support to investments related to the restructuring of the dairy sector and efficient management of effluents (50), representing a total volume of investments of €2,460,000.

Specific modifications to results indicators have been made to take account of the amendments to the RDP including % increases of young farmers; % increases in renewable energy production targets; % reduction of methane emissions (CH<sub>4</sub>) and replacement of fossil fuels; improvement of the efficiency of the dairy sector; and improvement of storage capacity of effluents in regard to a more respective Nitrate directive. For further information on specific results indicators please refer to the result indicators table in the RDP.

<sup>2</sup> A full list of the RDP measures can be found in Annex I.

**Axis 1 indicative budget breakdown by measure: Total allocated budget (including national/regional public funds + EAFRD + private funds) of €382,314,094<sup>3</sup> - indicative**



Following the 2009 RDP update, the total budget amount for axis 1 is €382,314,094 including an additional €24,600,000 (€4,920,000 EAFRD + €19,680,000 national/regional public) that is targeted at assisting producers in the dairy sector to adapt to market changes (abolition of milk quotas in 2015) by restructuring the sector and modernising agricultural holdings (measure 121). The new funds will also be available to assist agricultural holdings in managing effluents (i.e. safe storage) and promote on-farm renewable energy initiatives.

**Axis 2 objectives: Improving the environment and the countryside**

The table below provides an indication of the RDP's axis 2 priorities.

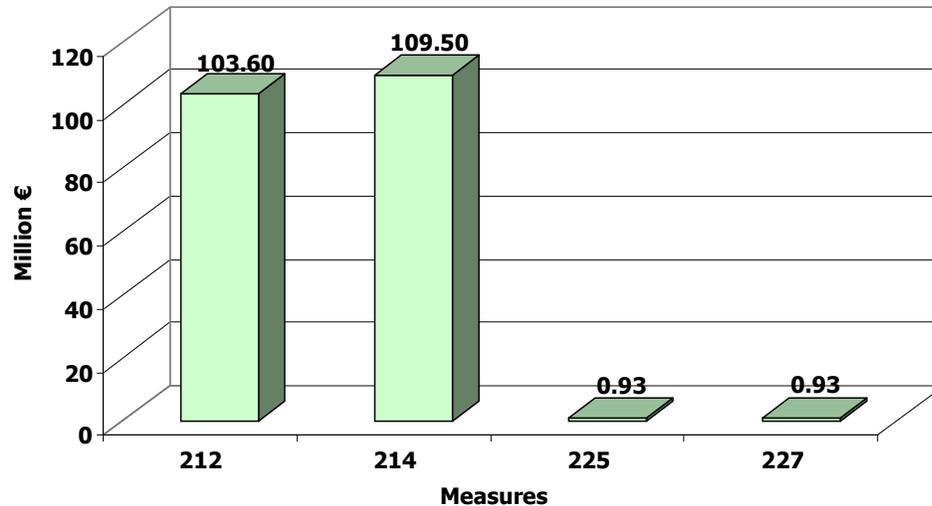
Strategic objectives	Specific objectives
Support agricultural activity in less favoured areas and achieve a more balanced land development	<ul style="list-style-type: none"> <li>- Overcome the decrease of rural activity due to the new trend of rural urbanisation;</li> <li>- Actions to bridge the gap between farmers' incomes and average salaries in urban settings;</li> <li>- Conserve agricultural activity in disadvantaged areas and promote an efficient soil management.</li> </ul>
Protection of the territory	<ul style="list-style-type: none"> <li>- Introduce and spread organic and extensive farming techniques;</li> <li>- Prevention against erosion;</li> <li>- Protect forest potential.</li> </ul>
Conservation of biodiversity and agricultural and forestry areas of high environmental value	<ul style="list-style-type: none"> <li>- Protection of the environment and biodiversity of Natura 2000 sites;</li> <li>- Value the environment and landscape through agricultural and forestry practices (i.e. in terms of preservation of biodiversity and all other environmental aspects).</li> </ul>

<sup>3</sup> Please note that for measures 111, 113, 115, 124, 126, 131, 132, 133, 141, 142 and 143 no private spending has been allocated.

There were no additional result targets following the 2009 revision.

No specific modifications to result and output indicators have been made to take account of the amendments to the RDP. For further information on specific results indicators please refer to the result indicators table in the RDP.

**Axis 2 indicative budget breakdown by measure: Total allocated budget (including national/regional public funds + EAFRD + private funds) of €214,947,129<sup>4</sup> - indicative**



Following the update of the RDP in 2009, the total budget allocation under axis 2 is €214,947,129. It was decided that additional financing would not greatly benefit the already existent measures in axis 2 and therefore no further allocations took place under the axis. For further information on measures please refer to the indicator tables in the revised RDP.

**Axis 3 objectives: Quality of life in rural areas and diversification of the rural economy**

The table below provides an indication of the RDP's axis 3 priorities.

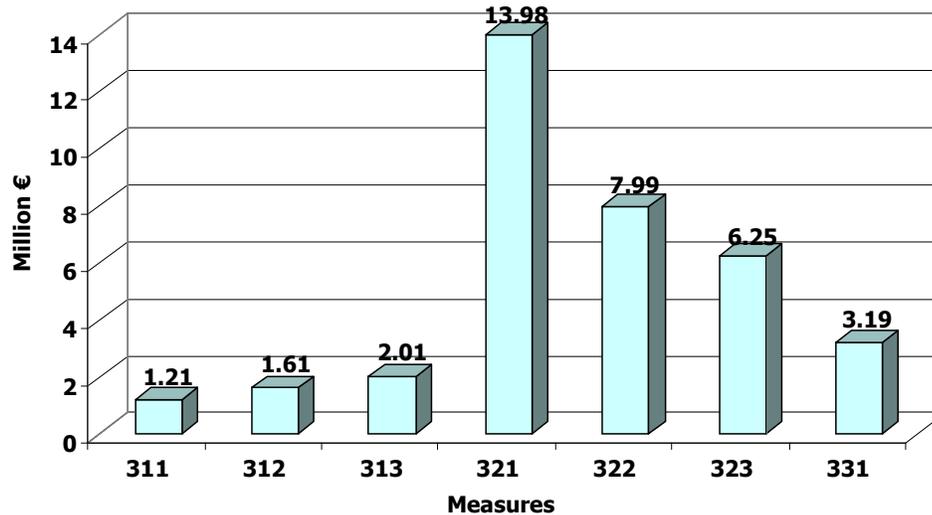
Strategic objectives	Specific objectives
Improve the quality of life in rural areas	<ul style="list-style-type: none"> <li>- Support the improvement and supply of equitable services;</li> <li>- Prevent rural exodus;</li> <li>- Revitalise and develop rural villages;</li> <li>- Conserve and upgrade cultural heritage in synergy with luxury tourism;</li> <li>- Exploit potential opportunities for sustainable rural development.</li> </ul>
Maintain and create employment opportunities and income in rural areas	<ul style="list-style-type: none"> <li>- Diversification of the rural economy into non-agricultural activities (i.e. crafts activities, indigenous production);</li> <li>- Creation of new employment opportunities (i.e. forests potential).</li> </ul>

There were no additional result targets following the 2009 revision.

<sup>4</sup> For axis 2, private spending has been allocated to measures 214,225 and 227.

No specific modifications to result and output indicators have been made to take account of the amendments to the RDP. For further information on specific results indicators please refer to the result indicators table in the RDP.

**Axis 3 indicative budget breakdown by measure: Total allocated budget (including national/regional public funds + EAFRD + private funds) of €36,250,000<sup>5</sup> - indicative**



Following the 2009 update of the RDP the new total budget allocation for axis 3 is €36,250,000 (with no additional funds). For further information on measures please refer to the indicator tables in the revised RDP.

**Axis 4 objectives: Leader**

The main priority under axis 4 is the implementation of competitiveness actions, skills acquisition, revitalisation and improvements to the environment and land management practises to be supported through local development strategies, LAGs (measure 431). Other support is targeted at the implementation of local development strategies that promote quality of life actions and diversifications of rural activities (measure 413). For information on result targets please refer to the impact indicators table in the revised RDP.

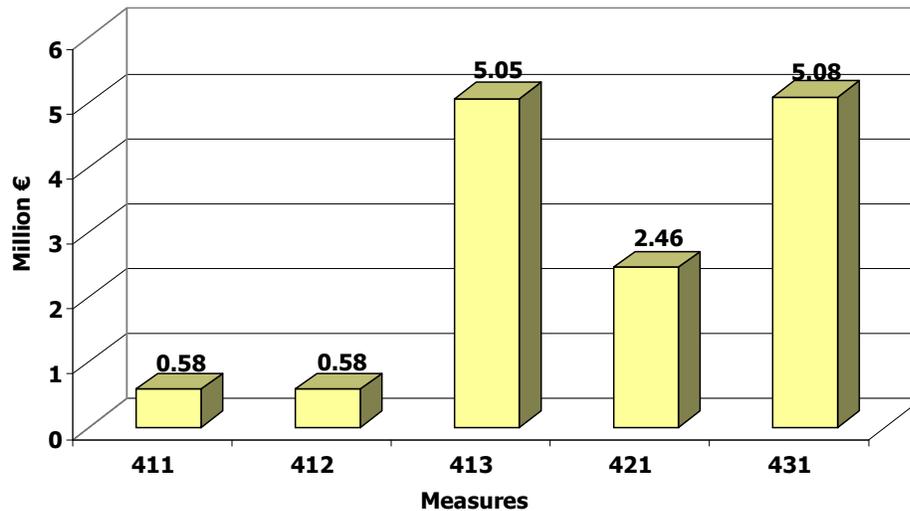
Strategic objectives	Specific objectives
Develop local strategies and implement cooperation projects	<ul style="list-style-type: none"> <li>- Promote endogenous development of rural areas capacity for employment and diversification capacity;</li> <li>- Promote inter-regional cooperation as well as cooperation among EU Member States to generate common actions between rural areas.</li> </ul>
Support the creation, functioning and promotion of LAGs	<ul style="list-style-type: none"> <li>- Efficient functioning of LAGs;</li> <li>- Promote partnerships and propose multi-sectoral strategies for rural development based on the interaction between local and other actors.</li> </ul>

<sup>5</sup> For measure 341 no private spending has been allocated.

The number of LAGs operational in the RDP areas as of March 2010 was five.

No modifications were made to axis 4 during the 2009 RDP update.

**Axis 4 indicative budget breakdown by measure: Total allocated budget (including national/regional public funds + EAFRD + private funds) of €13,732,663<sup>6</sup> - indicative**



## Monitoring and evaluation strategy

Evaluation and monitoring measures of the rural development program are based on tracking indicators selected to be more responsive to the monitoring of specific national targets. Data are reported either by the Managing Authorities or by other agents if the data are available at a sectoral or national level. For this purpose, the official statistics of the Central Service for Statistics and Economic Studies can be considered. A service attached to the Ministry of Agriculture, Viticulture and Rural Development would centralize the information needed for the RDP monitoring and evaluation. It will also be authorized to coordinate the annual performance reports and perform system management. To ensure that the accounting data of Farm accountancy data network (FADN) can be used for evaluation or study purposes, the farmers benefiting from free accounts will have to submit accounting data related to their operations, in an anonymous form, to the Ministry of Agriculture.

## Communication and publicity

The management authority has provided an amount of € 25,000 per year for information and publicity. These funds are guaranteed within the EAFRD contribution. The Ministry of Agriculture would raise awareness of potential beneficiaries about the opportunities offered by the program and arrangements for access to funding. Promoting direct contact between beneficiaries, competent authorities and agencies is encouraged to ensure informational dissemination. Furthermore, brochures and websites including information on administrative procedures would provide adequate information on the selection criteria and projects evaluation, and also on the contribution of the EAFRD. In addition, the rural development program has been published on the Internet, and official agencies publish press releases, explaining the various measures on websites and during information campaigns. Information on the main achievements in the implementation

<sup>6</sup> For measure 431 no private spending has been allocated.



and closure of the program is to be provided through press conferences, regional publications (INFO-LEADER) and the reports of the Ministry of Agriculture, Viticulture and Rural Development.

## Annex I – Measures

Measures selected by the RDP		Measures selected by the updated RDP	
<b>Axis 1 - Improving the competitiveness of the agricultural and forestry sector</b>	<i>Promoting knowledge and improving human potential</i>	<b>111</b>	Vocational training and information actions
		<b>112</b>	Setting up of young farmers
		<b>113</b>	Early retirement
		<b>114</b>	Use of advisory services
		<b>115</b>	Setting up of management, relief and advisory services
	<i>Restructuring and developing physical potential and promoting innovation</i>	<b>121</b>	Modernisation of agricultural holdings
		<b>122</b>	Improvement of the economic value of forests
		<b>123</b>	Adding value to agricultural and forestry products
		<b>124</b>	Cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector
		<b>125</b>	Infrastructure related to the development and adaptation of agriculture and forestry
	<i>Quality of agricultural production and products</i>	<b>126</b>	Restoring agricultural production potential
		<b>131</b>	Meeting standards based on Community legislation
		<b>132</b>	Participation of farmers in food quality schemes
	<i>Transitional measures</i>	<b>133</b>	Information and promotion activities
		<b>141</b>	Semi-subsistence farming
		<b>142</b>	Producer groups
<b>Axis 2 - Improving the environment and the countryside</b>	<i>Sustainable use of agricultural land</i>	<b>143</b>	Providing farm advisory and extension services
		<b>211</b>	Natural handicap payments to farmers in mountain areas
		<b>212</b>	Payments to farmers in areas with handicaps, other than mountain areas
		<b>213</b>	Natura 2000 payments and payments linked to Directive 2000/60/EC
		<b>214</b>	Agri-environment payments
		<b>215</b>	Animal welfare payments
	<i>Sustainable use of forestry land</i>	<b>216</b>	Non-productive investments
		<b>221</b>	First afforestation of agricultural land
		<b>222</b>	First establishment of agroforestry systems on agricultural land
		<b>223</b>	First afforestation of non-agricultural land
		<b>224</b>	Natura 2000 payments
		<b>225</b>	Forest-environment payments
		<b>226</b>	Restoring forestry potential and introducing prevention actions
		<b>227</b>	Non-productive investments
<b>Axis 3 - Quality of life in rural areas and diversification of the rural economy</b>	<i>Diversify the rural economy</i>	<b>311</b>	Diversification into non-agricultural activities
		<b>312</b>	Support for business creation and development
		<b>313</b>	Encouragement of tourism activities
	<i>Improve the quality of life in rural areas</i>	<b>321</b>	Basic services for the economy and rural population
		<b>322</b>	Village renewal and development
		<b>323</b>	Conservation and upgrading of the rural heritage
		<b>331</b>	Training and information
	<b>341</b>	Skills-acquisition and animation measure with a view to preparing and implementing a local development strategy	
<b>Axis 4 - Leader</b>	<i>Implementing local development strategies</i>	<b>411</b>	Competitiveness
		<b>412</b>	Environment/land management
		<b>413</b>	Quality of life/diversification
		<b>421</b>	Implementing cooperation projects
		<b>431</b>	Running the local action group, skills acquisition, animation