

**28 April 2023**

**Positive preliminary assessment of the satisfactory fulfilment of milestones and targets related to the first payment request submitted by Luxembourg on 28 December 2022, transmitted to the Economic and Financial Committee by the European Commission**

**Executive summary**

In accordance with Article 24(2) of Regulation (EU) 2021/241, on 28 December 2022, Luxembourg submitted a request for payment for the first instalment of the non-repayable support. The payment request was accompanied by the required management declaration and summary of audits.

To support its payment request, Luxembourg provided due justification of the satisfactory fulfilment of the 26 milestones and targets of the first instalment of the non-repayable support, as set out in Section 2(1)(1.1) of the Council Implementing Decision of 13 July 2021<sup>1</sup> amended by Council Implementation Decision of 17 January 2023<sup>2</sup> on the approval of the assessment of the recovery and resilience plan for Luxembourg.

For two targets and one milestone covering a large number of beneficiaries, in addition to the summary documents and official listings provided by Luxembourg, Commission services have assessed a statistically significant sample of individual files. The sample size has been uniformly set at 60, which corresponds to a confidence level of 95% or above in all cases.

Upon receipt of the payment request, the Commission has assessed on a preliminary basis the satisfactory fulfilment of the relevant milestones and targets. Based on the information provided by Luxembourg, the Commission has made a positive preliminary assessment of the satisfactory fulfilment of 26 milestones and targets.

The milestones and targets positively assessed as part of this payment request demonstrate significant steps in the implementation of Luxembourg's Recovery and Resilience Plan. This includes, among others, the entry into force of the "Housing Pact 2.0" reform aimed at increasing the supply of affordable rental housing offered by municipalities, the digitalisation of the public sector with the development of the "MyGuichet.lu" mobile application, and green mobility measures with, for instance, the implementation of a legal framework setting a minimum percentage of clean vehicles in public procurement contracts. The milestones and targets also confirm progress towards the completion of investment projects related to ultra-secure communication with the Luxembourg Quantum Communication Infrastructure Laboratory, the upskilling of the workforce with the launch of the "FutureSkills" programme, and the digitalisation of health.

By the transmission of this positive preliminary assessment and in accordance with Article 24(4) of Regulation (EU) 2021/241, the Commission asks for the opinion of the Economic and Financial Committee on the satisfactory fulfilment of the relevant milestones and targets.

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<sup>1</sup> ST-10155-2021, ST 10155/21 ADD 1

<sup>2</sup> ST-16022-2022

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<b>Number: AC-1</b>	Related Measure: Monitoring and implementation of the plan
<b>Name of the Milestone:</b> Repository system for Audit and Controls: information for monitoring implementation of RRF	
<b>Qualitative Indicator:</b> Audit report confirming repository system functionalities	<b>Time:</b> before the 1 <sup>st</sup> payment request
<p><b>Context:</b></p> <p>Milestone AC-1 is part of the measure C[AC]-R[R1] monitoring and implementation of the plan. The first part of this measure covers the implementation of a repository system to support the monitoring and storing of relevant data related to the implementation of the Recovery and Resilience Plan (<i>hereinafter referred to as "RRP"</i>) (transposed to milestone AC-1), while the second section covers procedures for the protection of financial interests of the Union (transposed to AC-2).</p> <p>Milestone AC-1 concerns the repository system for Audits and Controls and information for monitoring the implementation of the RRP. Specifically, the system shall be in place and operational before the first payment request. It shall also include the functionalities to enable: i) the collection of data and monitoring of achievements of milestones and targets; ii) the collection, storing and ensuring access to data required by Art. 22(2) points (d)(i) to (iii) of the Recovery and Resilience Facility (<i>hereinafter referred to as "RRF"</i>) Regulation<sup>1</sup>.</p> <p>Milestone AC-1 is one of the two audit and control milestones under measure C[AC]-R[R1]. It is accompanied by the other audit and control milestone AC-2 in the first payment request.</p>	
<p><b>Evidence provided:</b></p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. Summary document (AC-1 Summary Document Plateforme PRR).</li> <li>ii. Report by the audit body on the findings on the repository system for the RRP (AC-1_1_Report Système de recueil d'informations_2022_signed).</li> </ol> <p>The authorities also provided:</p> <ol style="list-style-type: none"> <li>i. Certificate provided by the company that has developed the platform confirming the finalisation of the work, acceptance protocol (AC-1_2_Certificat d'achèvement des travaux).</li> <li>ii. Minutes on technical specifications for the RRP and contents of workshops provided by the company that has developed the repository platform (AC-1_3_Cahier des charges).</li> <li>iii. List of contracts concluded between contractors, for whom beneficial ownership data should be provided, and contracting authorities under the RRF.</li> <li>iv. Copy of letters sent to foreign companies that have already concluded contracts requesting the provision of their beneficial ownership data.</li> <li>v. Copies of the extracts of the Luxembourgish business registry of the Luxembourgish companies listed under point iii.</li> <li>vi. Copy of the revised internal policy document under AC-2 that includes the obligation for</li> </ol>	

intermediate bodies to collect beneficial ownership data and include a clause in calls to ensure that robust beneficial ownership data can be requested during the selection process.

- vii. E-mail from the coordination body including information on the procedure of the Luxembourg Business Registry.

**Analysis:**

The justification and substantiating evidence provided by Luxembourg's authorities cover all constitutive elements of the milestone.

According to the description of the Council Implementing Decision, a repository system for recording and storing all relevant data related to the implementation of the recovery and resilience plan – the achievement of milestones and targets, data on final recipients, contractors, subcontractors, and beneficial owners – shall be operational before the first payment request is submitted. The Council Implementing Decision further specifies that an audit report confirming the effectiveness of the minimum functionalities of the repository system shall be submitted. Considering the description of the repository system's purpose set out in the CID, the following functionalities are considered as a minimum: (a) collection of data and monitoring of the achievement of milestones and targets; and (b) collect, store and ensure access to the data required by Article 22(2) points (d)(i) to (iii) of the RRF Regulation.

**Audit report confirming the effectiveness of the minimum functionalities of the repository system.**

The audit report provided as evidence by Luxembourg's authorities included the following aspects:

- a) the auditor/responsible body signing the report;
- b) the date on which the report was signed;
- c) whether the system is operational and has at least the following functionalities:
  - i. collects data and monitors the achievement of milestones and targets;
  - ii. collects, stores and ensures access to the data required by Article 22(2)(d)(i) to (iii) of the RRF Regulation;
- d) that the data is being collected by the implementing bodies and/or recipients/any other entity entrusted with this task, and that the data is being stored into the system; and
- e) any weaknesses of the system identified by the report and any corrective actions recommended to address them.

The report includes the team of auditors that have contributed to the report under section 1.3. Further, it is signed by the auditor included in that team (part 'a') of the audit report content). Under the same signature page within the report, the location and date are provided, indicating a signature of the report on 19 December 2022 (part 'b') of the audit report content).

Following these specifications, the audit report (report système de recueil d'informations 2022) is analysed point by point, with a core focus on parts c) to e) as they relate to the key functionalities of the system required by the Council Implementing Decision.

**A repository system for monitoring the implementation of the RRF shall be in place and operational**

The report contains a list and explanations of findings. The first finding (AC\_EC 6 no 1) indicates

that the information system has “adequate but incomplete functionalities and not open to ministries”. Details of this finding show that the repository system is operational since November 2022.

**Key functionalities of the system: collection of data and monitoring of the achievement of milestones and targets.** The audit report summarises the functionality of the repository system as allowing the monitoring of the implementation of measures through a dashboard and monitoring the achievement of M&Ts, information on beneficial ownership, and reporting and control modules, allowing the archiving of documents in a single module and managing electronic documents. The report finds that, while the technical functionalities are in place, they were not fully deployed at the time of the audit.

According to the results, at the time of the audit there was no evidence that management verifications on the achievement of milestones and targets were conducted and recorded. According to the response of the coordination body to the preliminary findings of the audit body, the “RRP platform is made available to project owners who have signed the declaration of absence of conflict of interest (DACI) and that since the audit, further project promoters have signed DACIs and therefore were granted access”. During a meeting with Luxembourg’s authorities on the repository system on 2 February 2023, the list of persons with access granted to the system was presented, which confirmed that the majority of Implementing Bodies have access to the system by showing the list of persons.

Another finding recorded in the audit report on the repository system indicated that the system did not contain much data at the time of the audit. Nevertheless, during the meeting on 2 February 2023 on the repository system it was confirmed that data had been fed to the system covering aspects on the monitoring of progress of the milestones and targets, the list of evidence required by the verification mechanism and uploaded to the system, as well as the filled management verification checklists.

**Key functionalities of the system: collect, store and ensure access to the data required by Article 22(2) points (d)(i) to (iii) of the RRF Regulation.**

The weaknesses on the completeness of data raised in the audit report were also identified with regards to this requirement, namely with regard to the collection of data on beneficial ownership. These weaknesses were confirmed during the meeting of 2 February 2023 with Luxembourg’s authorities. The list of contracts was not complete and data on beneficial ownership was missing and inaccurate where available. The weaknesses were nevertheless addressed through the generation of an access by Luxembourg’s authorities to the Luxembourg business registry, a storing of the extract of the relevant companies from said registry (with restricted access rights to respect the data protection provisions) and an adjustment of the platform’s contracts file. The extracts, provide in some cases administrator data instead of the beneficial ownership data and for this reason, additional information in the form of an explanatory note was provided by Luxembourg’s authorities, confirming that all possible means were exhausted when administrator data is provided.

For foreign companies, however, the national business registry does not contain the relevant information. For already concluded contracts, this weakness was addressed by Luxembourg’s authorities by providing letters sent to the four foreign companies that were part of the list requesting the provision of their beneficial ownership data. For future contracts, the internal

guidelines have been changed, to include in the calls for tender or grants the requirement of providing beneficial ownership data based on a formal extract from the registry, and that failure to do so leads to the exclusion from the procurement procedure.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number: AC-2</b>	Related Measure: Monitoring and implementation of the plan	
<b>Name of the Milestone:</b> Protection of EU financial interests		
<b>Qualitative Indicator:</b> Implementation of procedures		<b>Time:</b> before the 1 <sup>st</sup> payment request
<p><b>Context:</b></p> <p>Milestone AC-2 is part of the measure C[AC]-R[R1] monitoring and implementation of the plan, which aims at implementing a repository system to support the monitoring and storing of relevant data related to the implementation of the RRP, as well as procedures for the protection of financial interests of the Union.</p> <p>Milestone AC-2 requires the implementation of procedures to protect the financial interests of the EU that were not yet fully in place in Luxembourg. More specifically, AC-2 covers the finalisation of the implementation of further procedures for the protection of EU financial interests as presented in Part III, Chapter 4 on Implementation, subchapter x and Chapter 6 on Audit and Controls subchapter xi of the Plan.</p> <p>Milestone AC-2 is one of the two audit and control milestones under measure C[AC]-R[R1]. It is accompanied by the other audit and control milestone AC-1 with the same date for implementation (before the first payment request).</p>		
<p><b>Evidence provided:</b></p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> <li>i. Summary document (“AC-2 Summary Document Protection des interest financiers UE_final”) duly justifying how the milestone was satisfactorily fulfilled. The document includes: <ul style="list-style-type: none"> <li>a. The list of procedures for the protection of EU financial interests that have been implemented in accordance with Part III, Chapter 4, sub-chapter x on Implementation and Chapter 6, subchapter xi on Audit and Controls of the RRP as affirmed in the CID; and</li> <li>b. The date of implementation of these procedures.</li> </ul> </li> <li>ii. Supporting documents to the summary document: <ul style="list-style-type: none"> <li>a. Internal policy of the coordination body (AC-2_1_POL_INT_Politique interne de l’authorité de gestion_v1.0).</li> <li>b. Procedures for the detecting and reporting irregularities, non-compliances and suspected fraud (AC-2_2_PROC_FRA_Procédure de detection et signalement des irrégularités et frauds_v1.0).</li> <li>c. Line of conduct on conflict of interest – internal procedure for the prevention and</li> </ul> </li> </ul>		

detection of conflicts of interests (AC-2\_3\_PROC\_CI\_Ligne de conduite et procédure relative aux conflits d'intérêts\_v1.0).

- d. Whistle-blower declaration (AC-2\_4\_TEMP\_FRA\_Whistleblower\_RRP\_v1.0).
- e. Declaration of absence of conflict of interest for the coordination body (template) (AC-2\_5\_TEMP\_CI\_01\_Décla. NCI pour AG\_v1.0).
- f. Signed declarations of absence of Col by the members of the CB (AC-2\_5\_Déclaration de non-conflit AG).
- g. Declaration of absence of conflict of interest for responsible authorities / implementing bodies ("project owners") (template) (AC-2\_6\_TEMP\_CI\_02\_Décla. NCI pour PP\_v1.0).
- h. Declaration of conflict of interest (template) (AC-2\_7\_TEMP\_CI\_03\_Déclaration Conflit d'intérêt\_RRP\_v1.0).
- i. Declaration and signature of the Director of the CB on the officialisation of the procedures included in the documents, guidelines, policies and manuals for the RRP (AC-2\_8\_Officialisation\_Procédures RRP).
- j. Screenshot of RRP platform with the list of the above documents (AC-2\_9\_Communication Plateforme\_RRP).
- k. Copy of the email sent by the CB to 'project promoters', with the list of attachments showing the PFIU documents (AC-2\_10\_Communication des procédures aux PP).

The authorities also provided:

- i. Adjusted internal policy of the coordination body after a change in the head of the coordination team (AC-2\_01\_POL\_INT\_Politique interne de l'autorité de gestion V1.1\_2023020206).
- ii. Proof of communication of the relevant policies and procedures under AC-2 to the relevant bodies including a mapping of the list of names/email recipients and their corresponding ministry/implementing body (AC-2\_11\_Communication des procédures aux PP\_Annexe 2 POL\_INT).
- iii. Risk assessment methodology and proposed control actions (AC-2\_12\_PROC\_AR\_Procédures analyse des risques).
- iv. Adjusted summary document on AC-2 to account for the revisions and changes conducted (AC-2-Summary document protection des interest financiers UE v2).

Other evidence received:

- i. E-Mail by EC DG EMPL containing extracts on Luxembourg's use of Arachne (Evidence of access to and use of ARACHNE for LU first payment request).

**Analysis:**

The justification and substantiating evidence provided by Luxembourg's authorities covers all constitutive elements of the milestone.

**Finalisation of the implementation of further procedures for the protection of EU financial interests as presented in Part III, Chapter 4 on Implementation, subchapter x and Chapter 6 on Audit and Controls sub-chapter xi of the Plan, to be completed before the submission of the first payment request by Luxembourg's authorities.**

Both sub-chapter x and xi from Part III, Chapter 4 on Implementation, and Chapter 6 on Audit and Controls of the plan respectively cover the same topics except for a summary paragraph within Chapter 6, sub-chapter xi. The core aspects required as per both sub-chapters are the following:

- Conflict of interest policies and guidelines;
- Anti-fraud policy, zero-tolerance approach, and procedures for detecting and reporting



- irregularities, non-compliances and suspected fraud;
- Deployment of detailed internal control by mapping the risks specific to the management of the RRF and procedures that may control them; and
- Accession to ARACHNE.

Chapter 6, sub-chapter xi includes a list of the total forms, guides and documents that may constitute a 'comprehensive and effective system' for control:

- Internal policy provided for in the control system;
- Internal procedure in case of declaration of conflict of interest;
- Accession to ARACHNE;
- Policy on conflicts of interest;
- Reporting procedure in case of suspected fraud and criminal offence;
- Forms for the declaration of conflicts of interest; and
- Certificates of independence.

First, on the internal policy provided for in the control system as per both the relevant sub-chapters of the RRP, Luxembourg's authorities have shared the internal policy of the Coordination Body in the context of the RRP. This document covers aspects such as the role and responsibilities of the Coordination Body, the Implementing Bodies (called project promoters), the financial control directorate (DCF), the Ministry of Economy, the Audit Authority, and final recipients. This internal policy covers the first part of the list of total forms, guides and documents as per Chapter 6, sub-chapter xi in the RRP listed above. Concretely, it includes (i) a provision of high legal, ethical and moral standards from the members of the Coordinating Body and the Implementing Bodies, (ii) the definition of the objective of this anti-fraud policy set as the dissuasion of fraud via -inter alia- the promotion of an anti-fraud culture, (iii) procedures to detect and investigate fraud as well as (iv) a channel/procedure to notify the competent authority in cases of suspected fraud, in connection to (v) a whistle-blowing procedure regarding complaints.

The second aspect mentioned in both sub-chapters is that of the procedure to prevent, detect, and report conflicts of interest. For this, the chapters require the provision of a conflict-of-interest guideline and/or policies, as well as forms for the declaration of conflict of interest. Together with the summary document, Luxembourg's authorities shared their line of conducts and procedure for conflicts of interests, as well as templates for the declarations of absence of conflict of interest for members of the Coordinating Body and 'project promoters' or implementing bodies, as well as a template for the declaration of conflicts of interest. The procedure suggested in the referred chapters within the RRP are followed in the document on the line of conduct in relation to conflict of interest provided by Luxembourg's authorities.

Further, the RRP sub-chapters require an anti-fraud policy, a commitment to combat fraud, corruption, conflict of interest and double funding, as well as a procedure to detect and report potential irregularities, non-compliances, and suspected fraud. Various documents provided by Luxembourg's authorities demonstrate compliance with these requirements. The main document linked to the anti-fraud policy is that of the "procedure for detection and reporting of irregularities and fraud". It includes a statement on creating an anti-fraud culture, procedures to detect irregularities, non-compliance, and suspected fraud, including tools to do so, and the procedure for reporting and for whistleblowing. The whistle-blower declaration template is linked within the anti-fraud procedure/policy and was also provided by Luxembourg's authorities as a separate document accompanying the summary document.

Access to ARACHNE, which is also mentioned in the RRP subchapters, is referred to in various of the documents submitted by Luxembourg's authorities. According to these, it is recognised as a tool to

detect irregularities. Access to ARACHNE is also mentioned in the internal policy document, the anti-fraud procedures, and the summary document. Since these documents, however, cover access to ARACHNE in future term, additional evidence was received, demonstrating that Luxembourg's authorities had access to and already used Arachne.

A final aspect included in both sub-chapters relates to the deployment of a detailed internal control system. While a list of forms and other guidelines was provided for in sub-chapter xi, both sub-chapters also detailed the way of deploying such an internal control "by mapping the risks specific to the management of the RRF and procedures that may control them". Although this risk mapping has been shared (AC-2\_12\_PROC\_AR\_Procedures analyse des risques-v1.1), weaknesses in the risk mapping remain.

The reference to those chapters enables the identification of risk areas of relevance to the risk mapping listed in Luxembourg's RRP. The areas are: i) appraisal of the proposed investments; ii) project management and monitoring; iii) payment and reimbursement claims; iv) payments to final recipients, v) public procurement; vi) PFIU; vii) irregularities and recovery of amounts unduly paid; viii) double funding; ix) collecting and storing data; and x) audit trail.

In order to assess whether sufficient control procedures have been developed according to a mapping of the risks of the RRF, the evidence provided by Luxembourg's authorities has been checked against the ten risk areas identified above to confirm whether sufficient control procedures have been developed according to a mapping of the risks of the RRF.

The risk assessment received by Luxembourg's authorities covers three risk areas (reform/investment risks, milestones and targets risks, and internal control risks). Further, the scoring matrix is provided in the assessment but not the final result of the scores. Nevertheless, risks have been identified and mapped. The risk mapping also contains information on control measures, albeit not assigned to a specific risk indicator or area nor according to the mapping of the risks, but on a horizontal level. Further control procedures are also only referred to in the additional evidence received by Luxembourg's authorities.

The greatest weakness in the risk mapping is the decoupling of the risks mapped, including the lack of a final scoring, and the control measures established in the various documents, policies and manuals provided in the evidence. Nevertheless, there are control procedures in place that contribute to an effective internal control system even if not developed through a risk mapping.

In the summary document, the list of all the drafted and published documents on the procedures are accompanied by the date of their finalisation or publication. While the dates provided are those of "finalisation/publication", the additional supporting document provided by Luxembourg's authorities on the "officialisation of the procedures" includes a signature of the Director of the Coordinating Body to formalise and mark the implementation of the list of documents and procedures developed and published.

A further step for the "finalisation of the implementation" required by the CID was the communication of the procedures to all relevant bodies, given that Implementing Bodies need to be informed on these procedures and policies in order to put them into practice. The document including a screenshot of the RRP platform showing the procedures made available to project owners includes the list of the internal policy of management of the RRP, the line of conduct and procedures related to conflict of interest, procedures to detect irregularities and fraud, and templates of the declarations on absence of conflict of interest and declaration of conflict of interest. An additional document showing a copy of an email sent by a member of the Coordinating

Body to ‘project promoters’ includes the list of documents attached to the email, showing the relevant PFIU documents. Luxembourg’s authorities also provided a mapping between the names of recipients of the communication on the procedures and their involvement within the implementing bodies.

In order to ensure continuous compliance with the milestone and its obligations under the Financing Agreement, as attested through the summary document justifying how the milestone was satisfactorily fulfilled, Luxembourg has committed to improve the risk mapping by:

- 1) Further detailing the risk mapping;
- 2) Detailing the risk factors and methodology, including for the calculation of the risk scoring and effectiveness of existing control procedures; and
- 3) Linking the risks identified in the mapping to the corresponding control measures.

Luxembourg has committed that the risk mapping shall be improved in the next six months.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number: 1A-1</b>	Related Measure: Reform 1 - Skillsdäsch	
<b>Name of the Milestone:</b> Launch of Skillsdäsch		
<b>Qualitative Indicator:</b> Official launch of the “Skillsdäsch” process during the meeting of the Tripartite Coordination Committee		<b>Time:</b> Q3 2020
<p><b>Context:</b></p> <p>The aim of this reform is to launch a national collaborative procedure entailing roundtable debates on skills led by all stakeholders (<i>hereinafter referred to as “Skillsdäsch”</i>) to analyse the demand for skills, and to identify the most promising job profiles, in the context of a broader initiative aimed at developing a national skills strategy and promoting continued and vocational training.</p> <p>Milestone 1A-1 consists in the first step in the implementation of the reform with the launch of the Skillsdäsch process during the meeting of the Tripartite Coordination Committee.</p> <p>Milestone 1A-1 is the first step of the implementation of reform Skillsdäsch under component 1A (Skilling, Upskilling and Reskilling), and it is followed by milestone 1A-2 related to the launch of the vocational trainings (skillsbridges). The reform has a final expected date for implementation in Q2 2022.</p> <p>Following the completion of this milestone, in line with the description of the measure in the Council Implementing Decision, national initiatives in the context of skilling, upskilling and reskilling will be based on the outcomes of this consultation.</p>		
<p><b>Evidence provided:</b></p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. Summary document duly justifying how the milestone was satisfactorily fulfilled.</li> <li>ii. Copy of a letter signed on 21 November 2022 certifying the launch by the Tripartite Coordination Committee, of the collaborative round-table process Skillsdäsch, signed by</li> </ol>		

representatives of all the organisations participating in that process in view to support a national strategy for future skills for Luxembourg (*Lettre signée partenaires sociaux participation Skillsdësch*).

- iii. Summary of the report from the Secretariat of the Tripartite Coordination Committee of the meeting of 3 July 2020 certifying the launch of Skillsdësch and specifying its objectives (*Résumé Comité Tripartite Création Groupe de Travail Skills*).
- iv. Extract from the minutes of the Council of Government meeting of 8 July 2020 confirming the composition of the Skills Working Group from the Government side (*Decision Conseil de Gouvernement\_Groupe de Travail Skillsdësch\_8juillet2020*).
- v. Letter from the Ministry of Labour dated 26 October 2022 confirming the Skillsdëch (*Lettre de confirmation ministérielle Skillsdës*).
- vi. Organisation for Economic Co-operation and Development (OECD) Project plan of 22 January 2021 defining the main objectives, scope, roles and responsibilities, and operational details of the National Skills Strategy Project in Luxembourg (*OECD Skills Strategy Luxembourg Operational Plan*).

The authorities also provided:

- vii. The Law of 24 December 1977 authorising the Government to take measures aimed at stimulating economic growth and maintaining full employment (*Loi du 24 décembre 1977 autorisant le Gouvernement à prendre les mesures destinées à stimuler la croissance économique et à maintenir le plein emploi*), establishing the Tripartite Coordination Committee (Loi du décembre 1977).
- viii. Summary of the Skillsdësch Final Report of 26 April 2021 (*Draft Rapport final Skillsdës*).
- ix. Sectoral studies by national employment agency ADEM (*Agence pour le développement de l'emploi*) on the following sectors: 1) Craft; 2) Industry; 3) Commerce; 4) Construction; 5) Hospitality; 6) Finance; and 7) Transport and Logistics, published on 3 November 2021.
- x. OECD Skills Strategy for Luxembourg of 23 February 2023.

#### **Analysis:**

The justification and substantiating evidence provided by Luxembourg's authorities cover all constitutive elements of the milestone.

#### **Launch by the Tripartite Coordination Committee of the collaborative round-table process (Skillsdës)**

On the basis of the Law of 24 December 1977 defining the legal basis on which the Luxembourg tripartite model is based, the government organised on 3 July 2020 a meeting with employers' associations and trade unions to discuss labour market developments in the context of the COVID-19 crisis, as well as measures aimed at protecting employment and fighting unemployment. One of the outcomes of this broader initiative was to set up a working group on skills (see page 4 of the Summary of Tripartite Committee of 3 July 2020 – evidence No. iii).

On 8 July 2020, the Council of Government adopted a political decision (see Extract from the minutes of the Council of Government meeting of 8 July 2020 – evidence No. iv) to outline the entities of the government participating in the working group.

The working group on skills, which was subsequently referred to as "Skillsdës", was officially launched on 28 January 2021 with the clear goal of promoting and supporting a future oriented

national skills strategy (see Copy of a letter signed on 21 November 2022 certifying the launch by the Tripartite Coordination Committee – evidence No. ii). From the government side, participants included the Ministry of Education, the Ministry of Labour, and the national employment agency ADEM (*Agence pour le développement de l'emploi*); enterprises were represented by the umbrella association UEL (*Union des Entreprises Luxembourgoises*); trade unions were represented by the Chamber Employees, and the three main unions of the country: Onofhängege Gewerkschaftsbond Lëtzebuerg (OGBL), Lëtzebuerger Chrëschtliche Gewerkschafts-Bond (LCGB), and Confédération Générale de la Fonction Publique (CGFP) (see Copy of Letter signed on 21 November 2022 – evidence No. ii).

Other initiatives to support employment identified during the tripartite meeting of the 3 July 2020 included measures to support, amongst others, employment of older workers, apprenticeships, partial employment schemes, and creation of enterprises (see page 3 of the Summary of the report from the Secretariat of the Tripartite Coordination Committee – evidence No. iii).

One of these specific initiatives (investment 1 – FutureSkills in RRP – see milestone 1A-3 and targets 1A-4 and 1A-5) encourages job seekers to develop transversal skills needed by employers in several sectors (e.g., soft skills, digital skills, project management skills, data/coding (see pages 2 and 6 of the Summary of the Skillsdäsch Final Report – evidence No. viii).

**Launch by the Tripartite Coordination Committee of the collaborative round-table process (Skillsdäsch) to analyse the demand for skills, and to identify the most promising job profiles.**

In order to assist the Skillsdäsch in designing a skills strategy, the tripartite committee (i.e. the committee composed by government, union representatives and employers' associations) requested the support of the OECD for the production of a study on skills in Luxembourg. More specifically, the scope of the OECD Skills Strategy includes analysing the skills performance of the country, assessing the skills system and designing a skills strategy (see pages 3 to 5 of the Summary of the Skillsdäsch Final Report – evidence No. viii). The OECD Skills Strategy addresses, amongst other aspects, existing skills data gaps, skills assessment and anticipation as well as skills foresight exercises (see pages 5 to 10 of the OECD Skills Strategy Luxembourg Operational Plan – evidence No. vi). The OECD study is based on a combination of desktop research and direct engagement with officials and stakeholders.

In particular the OECD team, after two rounds of initial discussions with representatives from Luxembourg, proposed four priority areas for developing a skills strategy:

1. Providing labour market relevant adult learning opportunities
2. Guiding and incentivising skills choices
3. Attracting and retaining talent to fill skills shortages
4. Strengthening the governance of skills data

Under the second priority area 'Guiding and incentivising skills choices', the operational plan of the OECD study specifies that, in order to close the skills gap, information about current and future skills demand needs to be provided to individuals and firms to guide their skills choices. Under the fourth priority area, 'Strengthening the governance of skills data, the operational plan of the OECD study includes a skills assessment and anticipation as well as skills foresight exercises to identify current and future skills needs (see pages 7 to 10 of the OECD Skills Strategy Luxembourg Operational Plan – evidence No. vi). The OECD Skills Strategy Luxembourg was published on 23 February 2023

addressing the four policy areas mentioned above (see OECD Skills Strategy for Luxembourg of 23 February 2023 – evidence No. x).

In addition, ADEM together with the Ministry of Employment, Labour and Social and Solidarity Economy MTEESS (*Ministère du Travail, de l'Emploi et de l'Économie sociale et solidaire*) carried out sectoral studies aiming to identify the evolution of jobs in different sectors, thus improving Luxembourg's ability to identify the most promising job profiles as per their objective (see page 6 of the Summary of the Skillsdësch Final Report – evidence No. viii). Seven sectors have been covered by these studies each including a chapter examining job tendencies, namely key jobs, jobs in expansion and decline, and job deficits. The conclusions of these studies aim “to support [...] the development of the national skills strategy (currently handled by the *Skillsdësch* with the support of the OECD)” (see page 3 of the studies on Craft, Industry, Commerce, Construction, Hospitality, Finance, and Transport and Logistics, published on 3 November 2021 – evidence No. ix).

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number: 1A-3</b>	Related Measure: Investment 1 - FutureSkills	
<b>Name of the Milestone:</b> Agreement by partners on the “operational phase”		
<b>Qualitative Indicator:</b> Signing of agreement		<b>Time:</b> Q1 2021
<p><b>Context:</b></p> <p>The objective of this investment is to provide trainings in soft, digital, and managerial skills to job seekers to facilitate their short-term re-integration on the labour market, and their mobility. Contents generated by the programme shall be put at the disposal of a larger population of job seekers over a longer-term horizon.</p> <p>Milestone 1A-3 is part of investment 1 (FutureSkills) under component 1A (Skilling, Upskilling and Reskilling), which aims at launching a set of trainings for job seekers.</p> <p>Milestone 1A-3 concerns the signing by the programme partners (Ministry of Labour, Employment, and Social and Solidary Economy, Chamber of Commerce, House of Training, and Chamber of Employees) of the agreement on the operational phase of the FutureSkills programme.</p> <p>Milestone 1A-3 is the first step of the implementation of the investment FutureSkills and it will be followed by targets 1A-4 and 1A-5, related to the number of job seekers that will have participated to the trainings in this programme. The investment has a final expected date for implementation in Q4 2021.</p>		
<p><b>Evidence provided:</b></p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i. Summary document duly justifying how the milestone was satisfactorily fulfilled.</li> <li>ii. Copy of the agreement signed on 9 February 2021 the operational phase of the FutureSkills programme by the programme partners (Ministry of Labour, Employment, and Social and Solidary Economy, Chamber of Commerce, House of Training, and Chamber of Employees)</li> </ol>		

(*Convention (Phase beta – Version signée) – Projet ‘FutureSkills’*).

- iii. Description of the FutureSkills programme dated 27 August 2020 by the programme partners (Ministry of Labour, Employment, and Social and Solidary Economy, Chamber of Commerce, House of Training, and Chamber of Employees) (*Parcours Futureskills*).

The authorities also provided:

- iv. Press release dated 6 October 2020 announcing the launch of the FutureSkills programme by Luxembourg’s national employment agency ADEM (*Agence pour le développement de l’emploi, hereinafter referred to as “ADEM”*).
- v. Press release dated 19 March 2021 announcing the launch of the Youth eAcademy programme by Luxembourg’s national employment agency ADEM.
- vi. Press release dated 16 June 2021 announcing the launch of the Soft Skills eAcademy programme by Luxembourg’s national employment agency ADEM.

**Analysis:**

The justification and substantiating evidence provided by Luxembourg’s authorities cover all constitutive elements of the milestone.

**The FutureSkills programme provides sought-after soft, digital, and managerial skills to selected and motivated job seekers so as to facilitate their short-term re-integration on the labour market, and mobility.**

The Parcours FutureSkills explains in detail how the measure is addressed to job seekers registered with the employment agency ADEM. According to the programme (as mentioned at page 2 of the Copy of the agreement signed on 9 February 2021 – evidence No. ii), FutureSkills trainings aim at facilitating the reintegration in the labour market by providing training paths to acquire transversal skills needed by employers in several sectors, which should help enhance mobility. More in detail, according to the agreement signed by the programme partners (Ministry of Labour, Employment, and Social and Solidary Economy, Chamber of Commerce, House of Training, and Chamber of Employees), in a context of swiftly evolving requests on the labour market, general transversal skills are the most reusable, and can be considered a long-term investment.

The participant can attend for around three months up to four paths on soft skills, digital skills, project management skills, and an advanced training on data/coding, followed by a six-month internship in the public sector. Depending on the number of paths followed, a certificate of partial or full attendance is issued (as mentioned at pages 5 and 6 of the agreement signed on 9 February 2021, and at pages 1 and 2 of the Press release dated 6 October 2020).

Selection criteria for job seekers are (see pages 2 and 3 of the Copy of the agreement signed on 9 February 2021 – evidence No. ii – and page 1 of the Press release dated 6 October 2020 – evidence No. iv):

- Schooling level (at least *2ème/12ème du régime secondaire* corresponding in the secondary education system to at least the completion of the year before the last in classical and general secondary education (*2ème*), or of the vocational training path (*12ème du régime secondaire*),
- knowledge of French (B2) and Luxembourgish (B1),
- interest,

- being capable to autonomously attend distance learning.

**Contents generated by the programme shall be put at the disposal of a larger population of job seekers over a longer horizon.**

Building on the e-learning contents developed with the FutureSkills training paths, Luxembourg launched two training programmes (see Press release dated 19 March 2021 announcing the launch of the Youth eAcademy and Press release dated 16 June 2021 announcing the launch of the Soft Skills eAcademy – evidence No. v and vi):

- In March 2021, ADEM launched its programme [Youth eAcademy](#), aimed at developing digital skills of young job seekers by learning to use IT tools such as Word, Powerpoint, Excel, Outlook, Teams, OneNote, as well as developing their knowledge in data analysis, coding, cybersecurity. The content of these trainings has been available on the ADEM platform from 5 October 2020 until 28 February 2022.
- In June 2021, ADEM launched the [Soft Skills eAcademy](#). Job seekers registered with ADEM can access free of charge on the platform [ilearn.lu](#) 11 different modules on topics such as conflict management, priority management, etc. The content of these trainings has been available on the ADEM platform from 5 October 2020 and will remain accessible until 31 December 2023.

**Signing by the programme partners (Ministry of Labour, Employment, and Social and Solidary Economy, Chamber of Commerce, House of Training, and Chamber of Employees) of the agreement on the operational phase of the FutureSkills programme.**

An agreement on the operational phase of the FutureSkills programme was signed on 9 February 2021 by the Ministry of Labour, Employment, and Social and Solidary Economy, Chamber of Commerce, House of Training, and Chamber of Employees (see Copy of the agreement signed on 9 February 2021 – evidence No. ii). The agreement clearly describes the structure of the FutureSkills programme: the duration of the training and of the stage and the skills that will be acquired by the participants. The requirements for job seekers to participate are described as well and relate notably to the educational and linguistic levels as well as being capable of managing distance learning autonomously (see above).

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number: 1A-4</b>	Related measure: Investment 1 - FutureSkills		
<b>Name of the Target:</b> Participation of FutureSkills aged more than 45 years			
<b>Quantitative Indicator:</b> Number of persons	<b>Baseline:</b> 0	<b>Target:</b> 150	<b>Time:</b> Q4 2021
<b>Context:</b> The objective of this investment is to provide trainings in soft, digital, and managerial skills to job seekers to facilitate their short-term re-integration on the labour market, and their mobility.  Target 1A-4 is part of investment 1 (FutureSkills) under component 1A (Skilling, Upskilling and Reskilling), which aims at launching a set of trainings for job seekers.			



Target 1A-4 requires the participation of 150 job seekers aged more than 45 years to the FutureSkills training.

Target 1A-4 is the second step of the implementation of the investment, and it follows the completion of milestone 1A-3 related to the signing by the programme partners of the agreement on the operational phase of the FutureSkills programme. Target 1A-4 will be followed by target 1A-5 related to the total number of participants to the training FutureSkills. The investment has a final expected date for implementation in Q4 2021.

**Evidence Provided:**

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

Summary document duly justifying how the target was satisfactorily fulfilled.

- i. Anonymised list of all job seekers having participated in the FutureSkills training, specifying their age, as well as the dates of their participation in the FutureSkills training and the reference to the training certificate for the participation in the FutureSkills training by each job seeker (*Data FutureSkills*).

The authorities also provided:

- ii. Description of the FutureSkills programme dated 27 August 2020 by the programme partners (Ministry of Labour, Employment, and Social and Solidary Economy, Chamber of Commerce, House of Training, and Chamber of Employees) (*Parcours Futureskills*).
- iii. Press release dated 6 October 2020 announcing the launch of the FutureSkills programme by Luxembourg's national employment agency ADEM (*Agence pour le développement de l'emploi, hereinafter referred to as "ADEM"*) (*Lancement Futureskills*).
- iv. Summary of the report from the Secretariat of the Tripartite Coordination Committee of the meeting of 3 July 2020 certifying the launch of Skillsdësch and specifying its objectives (*Résumé Comité Tripartite Création Groupe de Travail Skills*).
- v. Copy of the agreement signed on 9 February 2021 the operational phase of the FutureSkills programme by the programme partners (Ministry of Labour, Employment, and Social and Solidary Economy, Chamber of Commerce, House of Training, and Chamber of Employees) (*Convention (Phase beta – Version signée) – Projet 'FutureSkills'*).
- vi. In the context of the sampling analysis, documents for each of the sampled unit (participant):
  - a. Training certificate, including start and end date of the training, age at the beginning of the training, number of trainings followed and attendance rate per training path.
  - b. Fiche of the ADEM with proof of being a jobseeker.

**Analysis:**

The justification and substantiating evidence provided by Luxembourg's authorities cover all constitutive elements of the target.

**150 job seekers aged more than 45 years (30% of the total of 500 participants) have participated in the FutureSkills training.**

The FutureSkills programme includes trainings on soft skills, digital skills, project management skills,

and an advanced training on data/coding, which will contribute to reduce widespread early retirement, increase lifelong learning and improve skills (e.g. modules are foreseen on the Digital world and on the Tools for the digital world) (see page 6 of the Copy of the agreement signed on 9 February 2021 – evidence No. vi). The description of target 1A-4 provides that at least 150 jobseekers aged 45 years and more must participate to the training, which was respected.

The dataset transmitted by Luxembourg listed all participants by gender, age at the time of starting the training, beginning and end date of the trainings, days of participation and number of training paths for which a certificate was issued (see evidence No. ii).

According to the dataset, a total of 491 job seekers enrolled in the FutureSkills trainings. 171 participants were aged 45 and more at the time of enrolment and 155 out of the 171 participants completed at least a training path, as attested by a certificate of participation delivered to each one of them. The training certificates were delivered to the training participants by ADEM and were jointly issued by the Ministry of Labour, Employment, and Social and Solidary Economy, ADEM, Chamber of Commerce, House of Training, and Chamber of Employees. In order to obtain a certificate for a specific training path, each participant had to reach an effective participation rate, calculated on attending online trainings and success rate of e-learning on the specific training path, of at least 70%.

The evidence provided for a sample of 60 units includes the enrolment fiche of the participant, the certificate of attendance to the trainings issued by ADEM, and register number given by ADEM to the participant as job seeker (see evidence No. vii).

The following variables were verified in the context of the sampling: start and end date of the training, age at the beginning of the training, number of trainings followed and attendance rate per training path, and status of job seeker at the enrolment. The evidence provided for each unit in the sample, confirmed that the criteria set in the CID Annex have been met: the participant is a job seeker aged 45 or more, and has attended at least a training path of the four offered under the FutureSkills programme.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number: 1A-5</b>	Related Measure: Investment 1 – FutureSkills		
<b>Name of the Target:</b> Participants of FutureSkills			
<b>Quantitative Indicator:</b> Number of persons	<b>Baseline:</b> 150	<b>Target:</b> 440	<b>Time:</b> Q4 2021
<p><b>Context:</b></p> <p>The objective of this investment is to provide trainings in soft, digital, and managerial skills to job seekers to facilitate their short-term re-integration on the labour market, and their mobility.</p> <p>Target 1A-5 is part of investment 1 (FutureSkills) under component 1A (Skilling, Upskilling and Reskilling), which aims at launching a set of trainings for job seekers.</p> <p>Target 1A-5 requires the participation of 440 job seekers in total to the FutureSkills training, including at least 150 aged 45 years and more as required under target 1A-4.</p>			

Target 1A-5 is the third and last target of the implementation of the investment and it follows the completion of milestone 1A-3 related to the signing by the programme partners of the agreement on the operational phase of the FutureSkills programme, and target 1A-4 requiring at least 150 participants aged 45 and more to have participated in the FutureSkills training. The investment has a final expected date for implementation in Q4 2021.

**Evidence Provided:**

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document duly justifying how the target was satisfactorily fulfilled.
- ii. Anonymised list of all job seekers having participated in the FutureSkills training, specifying their age, as well as the dates of their participation in the FutureSkills training and the reference to the training certificate for the participation in the FutureSkills training by each job seeker (*Data FutureSkills*).

The authorities also provided:

- iii. Description of the FutureSkills programme dated 27 August 2020 by the programme partners (Ministry of Labour, Employment, and Social and Solidary Economy, Chamber of Commerce, House of Training, and Chamber of Employees) (*Parcours Futureskills*).
- iv. Press release dated 6 October 2020 announcing the launch of the FutureSkills programme by Luxembourg's national employment agency ADEM (*Agence pour le développement de l'emploi, hereinafter referred to as "ADEM"*) (*Lancement Futureskills*).
- v. In the context of the sampling analysis, documents for each of the sampled unit (participant):
  - a. Training certificate, including start and end date of the training, age at the beginning of the training, number of trainings followed and attendance rate per training path.
  - b. Fiche of the ADEM with proof of being a jobseeker.

**Analysis:**

The justification and substantiating evidence provided by Luxembourg's authorities cover all constitutive elements of the target.

**A total of 440 job seekers have participated in the FutureSkills training.**

The dataset transmitted by Luxembourg lists all participants by gender, age at the time of starting the training, beginning and end date of the trainings, days of participation, number of training paths for which a certificate is issued, and reference of individual certificate per participant (see evidence No. ii).

According to the dataset, a total of 491 job seekers enrolled in the FutureSkills trainings. 434 participants completed at least a training path of the four offered under the FutureSkills programme as attested by a certificate of participation delivered to each one of them. The training certificates were delivered by ADEM and were jointly issued by the Ministry of Labour, Employment, and Social and Solidary Economy, ADEM, Chamber of Commerce, House of Training, and Chamber of Employees. In order to achieve a certificate for a specific training path, each participant should have reached an effective participation rate, calculated on attending online trainings and success rate of

e-learning on the specific training path, of at least 70%.

The Council Implementing Decision requires that a total of 440 job seekers have participated in the FutureSkills training. The number of job seekers that have participated to at least one training path of the four available under the FutureSkills investment is 434. Whilst this constitutes a minimal numerical deviation of 1.4% from the requirement of the Council Implementing Decision, the overall objective of this target is considered met notwithstanding this minor deviation. On this basis, it is considered that this constitutive element of the target is satisfactorily fulfilled.

The evidence provided for a sample of 60 units includes the enrolment fiche of each participant, the certificate of attendance to the trainings issued by ADEM, and the register number given by ADEM to the participant as job seeker (see evidence No. v).

The following variables were verified in the context of the sampling: start and end date of the training, age at the beginning of the training, number of trainings followed and attendance rate per training path, and status of job seeker at the enrolment. The evidence provided for each unit in the sample, confirmed that the criteria set in the CID Annex have been met: the participant is a job seeker and has attended at least a training path of the four offered under the FutureSkills programme.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number: 1B-1</b>	Related Measure: Reform 1 – Strengthening health system resilience — Gesondheetsdësch	
<b>Name of the Milestone:</b> Kick-off and preparatory phase of the Gesondheetsdësch process with the aim to address the six thematic priorities		
<b>Qualitative Indicator:</b> Start of the consultation process		<b>Time:</b> Q3 2020
<p><b>Context:</b></p> <p>The measure aims to create a consultation process among the stakeholders concerned by the health policy – ministries, health insurance managers, doctors and health professionals - in order to modernise the governance of the health sector and respond to pre-identified challenges.</p> <p>Milestone 1B-1 concerns the organisation of the first kick-off meeting to launch of the preparatory phase of the consultation process (<i>hereinafter referred to as "Gesondheetsdësch"</i>).</p> <p>Milestone 1B-1 is the first step of the implementation of Gesondheetsdësch and it is followed by milestone 1B-2 related to the publication of the work programme. The reform has a final date for implementation in Q4 2021.</p> <p>Following the completion of this milestone, in line with the description of the measure in the Council Implementing Decision, other health reforms presented in Luxembourg's recovery and resilience plan - reforming the competences of health professionals, creating a digital register of health professionals and developing telemedicine solutions – will be based on the outcome of this consultation.</p>		
<b>Evidence provided:</b>		

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document duly justifying how the milestone was satisfactorily fulfilled.
- ii) Copy of the minutes of the first kick-off meeting, dated 14 February 2020.
- iii) Supporting document to the minutes: a presentation used in the first kick-off meeting of 14 February 2020 proving that the preparatory phase of the *Gesondheetsdësch* process with the aim to address the six thematic priorities listed in the description of the milestone (1. Better complementarity between inpatient and outpatient sectors; 2. Improving relations between patients and care providers; 3. Demography of medical and nursing staff: levers to prevent a shortage; 4. Prevention in the health sector; 5. Use of new technologies in health care; 6. Financing the health system: financial sustainability of the system) has been launched.

The authorities also provided:

- iv) Project manual, version of 22 August 2022, drafted by Muller Healthcare Consulting.

**Analysis:**

The justification and substantiating evidence provided by Luxembourg's authorities cover all constitutive elements of the milestone.

**First kick-off meeting of *Gesondheetsdësch* process with the aim to address the six thematic priorities (1. Better complementarity between inpatient and outpatient sectors; 2. Improving relations between patients and care providers; 3. Demography of medical and nursing staff: levers to prevent a shortage; 4. Prevention in the health sector; 5. Use of new technologies in health care; 6. Financing the health system: financial sustainability of the system.)**

The copy of the minutes of the first kick-off meeting, dated 14 February 2020 (see evidence No. ii), demonstrates that the kick-off meeting took place on 14 February 2020 at the Convention Centre Luxembourg. The *Gesondheetsdësch* is structured as a continued dialogue platform (as demonstrated by end of point 1 and conclusions of the minutes – evidence No. ii – slide 13 of the Supporting presentation to the minutes – evidence No. iii – and point 5 of the Supporting presentation to the minutes – evidence No. iii) with the aim to address the six thematic priorities: 1. Better complementarity between inpatient and outpatient sectors; 2. Improving relations between patients and care providers; 3. Demography of medical and nursing staff: levers to prevent a shortage; 4. Prevention in the health sector; 5. Use of new technologies in health care; 6. Financing the health system: financial sustainability of the system, as described on page 2 of the minutes. Additionally, the launch of the *Gesondheetsdësch* is demonstrated by the publication of the Communication from the Ministry of Social Security of 14 February 2020 on the following dedicated website: <https://www.gesondheetsdesch.lu/ressources>.

**Furthermore, in line with the description of the measure, Luxembourg has launched a consultation process (*Gesondheetsdësch*) among the ministries, health insurance managers, doctors and health professional representatives to modernise the governance of the health sector and respond to a number of pre-identified challenges in six thematic work areas.**

The copy of the minutes of the first kick-off meeting demonstrates that the consultation process was launched and that ministries (Ministry of Social Security and Ministry of Health), health insurance managers (*Caisse nationale de santé* CNS), doctors and health professional

representatives (Association of Medical Doctors AMMD and Federation of Hospitals FHL) participated in the launch of the consultation process.

The second paragraph of the minutes refer to the objective of a new governance of the health sector and page 2 groups the work in six thematic work areas, which are further detailed with pre-identified challenges in the supporting presentation. Each thematic work area is dealt with by a specific working group of Gesondheetsdëschr. Stakeholders participating in each working group are listed in the supporting presentation.

The evidence submitted by the authorities describes the measures to be taken to ensure that Gesondheetsdëschr takes action to modernise the governance of the health sector and respond to the pre-identified challenges. Namely, the fourth paragraph of the minutes indicates that the stakeholders are asked for their written contributions that will feed into the National Health Plan of 2023. The second paragraph on page 2 of the minutes and slides 37 and 38 of the presentation specify the dates for the next steps for modernising the governance of the health sector and respond to pre-identified challenges: meetings of the above-mentioned working groups dealing with the various thematic work areas, and the issuance of an interim report on 8 July 2020. Additionally, the project manual, which is a project management tool to ensure implementation of Gesondheetsdëschr, point 3.2., establishes a steering group responsible for strategic steering of Gesondheetsdëschr and composed of health and social security ministers and officials. Point 3.3. establishes the project group in charge of operations of Gesondheetsdëschr and consisting of consultancy project managers and health and social security officials.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number: 1B-2</b>	Related Measure: Reform 1 – Strengthening health system resilience — Gesondheetsdëschr	
<b>Name of the Milestone:</b> Work programme		
<b>Qualitative Indicator:</b> Publication of the work programme		<b>Time:</b> Q4 2021
<p><b>Context:</b></p> <p>The measure aims to create a consultation process among the stakeholders concerned by the health policy – ministries, health insurance managers, doctors and health professionals) in order to modernise the governance of the health sector and respond to pre-identified challenges.</p> <p>Milestone 1B-2 concerns the publication of a work programme to guide the implementation of the consultation process (Gesondheetsdëschr) for modernising the governance of the health sector and responding to pre-identified challenges.</p> <p>Milestone 1B-2 is the second and last milestone of the reform and it follows the completion of milestone 1B-1 related to organising the kick-off meeting for the launch of the Gesondheetsdëschr.</p> <p>Following the completion of this milestone, in line with the description of the measure in the Council Implementing Decision, other health reforms presented in Luxembourg's recovery and resilience plan - reforming the competences of health professionals, creating a digital register of health professionals and developing telemedicine solutions – will be based on the outcomes of this consultation.</p>		
<p><b>Evidence provided:</b></p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following</p>		

evidence was provided:

- i) Summary document duly justifying how the milestone was satisfactorily fulfilled, including a link to the published work programme.
- ii) Copy of the work programme (slides).

The authorities also provided:

- iii) Summary of the Gesondheetsdësch discussions, covering Working groups 1-3.
- iv) Presentation of an information session, dated 13 July 2021.
- v) Presentation of a government press conference on the interim results of the Gesondheetsdësch, dated 22 July 2021.
- vi) Project manual, version of 22 August 2022, drafted by Muller Healthcare Consulting.

**Analysis:**

The justification and substantiating evidence provided by Luxembourg's authorities cover all constitutive elements of the milestone.

**Publication of the work programme to guide the implementation of the Gesondheetsdësch programme, with the aim of establishing a structural framework to accommodate policy discussions on the health system.**

The work programme has been published on the [Gesondheetsdësch website](https://www.gesondheetsdesch.lu/ressources) <https://www.gesondheetsdesch.lu/ressources>. Additional evidence shows that the projects to be developed under the work programme have been presented in an information session on 13 July 2021 in the European Convention Centre and published in a [press release](https://gouvernement.lu/fr/actualites/toutes_actualites/communiqués/2021/07-juillet/22-schneider-lenert-gesondheetsdesch.html) of the government press conference on the interim results of the Gesondheetsdësch on 22 July 2021: [https://gouvernement.lu/fr/actualites/toutes\\_actualites/communiqués/2021/07-juillet/22-schneider-lenert-gesondheetsdesch.html](https://gouvernement.lu/fr/actualites/toutes_actualites/communiqués/2021/07-juillet/22-schneider-lenert-gesondheetsdesch.html).

The Gesondheetsdësch is not a decision-making process, but it has put in place a structural framework with the objective of collecting ideas and interests of stakeholders so that Ministers can take them into account in the development of the National Health Plan. Six thematic working groups have been set up in that framework to discuss the following topics: better complementarity between hospital and extra-hospital sectors; improvement of relationships with protected persons and providers; medical care demographics and how to prevent shortages; health through prevention; the medicine of the future; financing the health system. To ensure that the coordination of the various working groups of the Gesondheetsdësch is optimal, a governance consisting of a steering committee and a project team has been set up. The main mission of this structure is to guarantee that the discussions undertaken within the framework of the Gesondheetsdësch result in proposals that will serve as a basis for the development of the National Health Plan. It can be inferred from those elements that the working groups implementing the Gesondheetsdësch programme operate in a structural framework with a view -to accommodate policy discussions on the health system.

Slide 4 of the work programme (evidence No. ii) presents a list of 19 projects, which are mapped according to the respective thematic working groups. Each thematic working group has a list of specific questions to discuss and solve, guiding their content work. Slide 3 of the work programme (evidence No. ii) specifies that the work programme was developed to facilitate health policy discussions with the aim of developing a common view among stakeholders on how to address the challenges encountered by the health system. Slide 2 explains the process followed by each working

group: i) identify shortcomings, ii) analyse scenarios and iii) propose priority measures, in the perspective of developing the National Health Plan in 2023. Therefore, the work programme is designed to guide the operations of the working groups, and therefore, the implementation of the Gesondheetsdësch programme, with the aim of establishing a structural framework to accommodate policy discussions on the health system.

The project manual (evidence No. vi), which is a project management tool used to ensure the implementation of the programme, gives more details on the process to implement the programme. Point 3.2. establishes a steering group responsible for the strategic steering of Gesondheetsdësch and validating the results of the projects and consisting of health and social security ministers and officials. Point 3.3. establishes the project group in charge of the operations of Gesondheetsdësch and consisting of consultancy project managers and health and social security officials. Point 3.4. assigns responsible officials for each project and describes their role. Point 4 describes a follow-up system: documentation to be kept up-to-date by the assigned officials, and the reporting obligation every 4 months.

**This work programme shall be developed by the six Gesondheetsdësch working groups: WG1: Better complementarity between inpatient and outpatient sectors WG2: Improving relations between patients and care providers WG3: Demography of medical and nursing staff: levers to prevent a shortage WG4: Prevention in the health sector: towards a paradigm shift WG5: Use of new technologies in health care WG6: Financing the health system: financial sustainability of the system.**

Slides 2 and 3 of the work programme (evidence No. ii) show that it has been developed by the six Gesondheetsdësch working groups: WG1: Better complementarity between inpatient and outpatient sectors, WG2: Improving relations between patients and care providers, WG3: Demography of medical and nursing staff: levers to prevent a shortage; WG4: Prevention in the health sector: towards a paradigm shift; WG5: Use of new technologies in health care; WG6: Financing the health system: financial sustainability of the system.

In addition, the presentation of the press conference (evidence No. v) and the summary of Gesondheetsdësch discussions (evidence No. iii) describe in more detail how the projects constituting the work programme have been developed by the six working groups. Namely, these documents list the ideas and proposals of the stakeholders in each working group and a summary of the preparatory work that was done: studies and workshops (slide 6 of the Presentation of the press conference – evidence No. v). Slides 7-8 of the presentation name the stakeholders that participated in each working group and expressed the proposals. Slides 9-10 list the projects that were selected for the work programme.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number: 1B-7</b>	Related Measure: Investment 2 - Strengthening health system resilience — Telemedicine solution for remote medical follow-up of patients	
<b>Name of the Milestone:</b> “Maela”		
<b>Qualitative Indicator:</b> The remote monitoring solution “Maela” allowing remote medical monitoring between health professionals (including doctors and nurses) and patients is operational		<b>Time:</b> Q1 2021
<b>Context:</b>		



Milestone 1B-7 of component 1B is part of investment 2 (Strengthening health system resilience – Telemedicine solution for remote medical follow-up of patients). The measure aims to develop a remote medical monitoring system, building on a system of teleconsultations implemented during the COVID-19 pandemic (“*Maela*”) and resulting in a more advanced solution (“*IdeoPHM*”).

Milestone 1B-7 requires that the remote-monitoring solution Maela, allowing remote medical monitoring between health professionals (including doctors and nurses) and patients, is operational with 3000 remote monitoring protocols carried out between 23 March 2020 and 7 February 2021.

Milestone 1B-7 is the first step of the implementation of investment 2, and it will be followed by milestone 1B-8 related to the replacement of the remote monitoring solution Maela with IdeoPHM.

Independently of these milestones, and in line with the description of the measure in the Council Implementing Decision, Luxembourg’s Ministry of Health has also set up a helpdesk in the interest of the digital inclusion of people with low digital skills and the elderly that can be reached via e-mail or telephone, in order to improve the accessibility of healthcare and limit the pressure on healthcare professionals, while reducing the need for physical travel in the context of the COVID-19 pandemic. This is a further step in this reform which is not linked to the milestones and targets of the Council implementing decision.

**Evidence provided:**

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document duly justifying how the milestone was satisfactorily filled (*1B-7 Summary Document\_Maela\_v4*).
- ii) Contract signed on 23 March 2020 between the contractor (Maela SAS, represented by its President) and the contracting authority (eSanté Agency) for the implementation of the remote monitoring solution Maela (*1B-7\_1 Contrat initial de prestation entre Aes et la société Maela SAS*).
- iii) Certificate signed on 25 October 2022 by the contractor (Maela SAS, represented by its President) and certified by the competent authority (Minister of Health) explaining that Maela was operational between 23 March 2020 and 7 February 2021 (*1B-7\_5 attestation Maela\_déploiement LU*).
- iv) Spreadsheet extracted from the CARE PLUS database showing that at least 3000 anonymised remote medical monitoring protocols were carried out between 23 March 2020 and 7 February 2021 with the remote monitoring solution Maela, with a unique identifier for each remote monitoring protocol (*1B-7\_9\_request\_AV\_Maela.20221115 clean*).
- v) Letter signed by the Directorate of Health, dated 8 December 2022, confirming that the data relating to at least 3000 remote monitoring protocols carried out with Maela between 23 March 2020 and 7 February 2021 was onboarded through the CARE PLUS system and that the contracting authority requested the deletion of the Maela database (*1B-7\_11\_Certification enrolement patients*).

The authorities also provided:

- vi) PDF document containing screenshots from the CARE PLUS database, dated between 24 April 2020 and 19 January 2021, for the 60 remote monitoring protocols sampled Sampling (*1B-7\_Care+\_Screenshots\_Maela\_COMPLETE*).
- vii) Two additional clauses to the contract between the eSanté Agency and Maela SAS: one clause signed on 7 October 2020, which extends the initial contract for three months, and

another clause signed on 15 December 2020, which re-extends the contract for another three months (*1B-7\_2 1er avenant au contrat initial du 23 mars 2020 and 1B-7\_3 2ème avenant au contrat initial du 23 mars 2020*).

- viii) Email exchanges, dated 5 January 2021, 5 February 2021 and 7 February 2021, between the eSanté Agency and the Ministry of Health confirming that monitoring through Maela was stopped and the contract was not renewed after March 2021 (*1B-7\_4 Courriel du 7 février 2021*).
- ix) PDF document including screenshots from the Maela system dated 25 March 2020, in addition to complementary text which explains how a health professional adds a patient to the Maela database (*1B-7\_6\_MAELE inscrip\_patient*).
- x) PDF document dated 17 April 2020 containing screenshots from the Maela system, which demonstrate the remote monitoring protocol process in pediatrics (*1B-7\_7\_MAELE intro\_protocole\_PEDIATRIE*).
- xi) PDF document demonstrating the COVID-19 protocol process, including the list of questions asked to patients (*1B-7\_8\_Protocole COVID-Luxembourg VF2.0*).
- xii) Screenshots from CARE PLUS database, dated 8 November 2020, showing an example of a COVID-19 positive protocol (*1B-7\_10\_Screenshots application CARE PLUS Suivi Covid positifs et contact tracing*).
- xiii) Excel file with the list of CARE PLUS callers and their profession (*Copie de Appelants Care Plus dossier audit*).
- xiv) Work contract signed on 4 April 2020 between the first doctor involved in the follow-up of patients and the Ministry of Health, for an initial period of 5 April 2020 to 29 May 2020. The contract was extended on 28 May 2020, for the period 30 May 2020 to 31 December 2020. It was re-extended on 20 December 2020, for the period 1 January 2021 to 31 March 2021 (*CDD and avenant*).
- xv) Work contract signed on 29 April 2020 between the second doctor involved in the follow-up of patients and the Ministry of Health, for an initial period of 30 April 2020 to 29 May 2020. The contract was extended on 28 May 2020, for the period 30 May 2020 to 31 December 2020. It was re-extended on 20 December 2020, for the period 1 January 2021 to 31 March 2021 (*CDD and avenant*).
- xvi) Email exchanges dated 24, 25 and 26 August 2020, as well as 11 January 2021, which show that the two aforementioned doctors were in charge of handling the follow-up of patients in Maela (*1B-7\_12\_Mail 1 Docteurs traitant and 1B-7\_13\_Mail 2 Docteurs traitants*).
- xvii) Letter signed by the Director of Health dated 10 March 2023 certifying that five health professionals were in charge of registering patients in Maela database (*Attestation Directeur*).
- xviii) Screenshots from the national register of doctors and health professionals providing the names of the five health professionals and classification as health professionals (*Screenshots registres professionnels MiSa*).
- xix) Email dated 26 April 2021 from eSanté Agency to Maela requesting the deletion of Maela database (*1B-7\_15\_Mail 2 Demande de suppression de Maela*)

**Analysis:**

The justification and substantiating evidence provided by Luxembourg's authorities cover all constitutive elements of the milestone.

**The remote-monitoring solution Maela shall be operational between 23 March 2020 and 7 February 2021.**

Luxembourg's authorities have provided a certificate, signed on 25 October 2022 by the President

of Maela SAS and certified by the Minister of Health (evidence No. iii), which confirms that the Maela system was operational between 23 March 2020 and 7 February 2021, evidencing that the main element of the milestone is met.

The fact that Maela was operational during this period is also evidenced by the initial contract signed on 23 March (evidence No. ii) and its two corresponding additional clauses (evidence No. vii), signed between the contractor (Maela SAS, represented by its President) and the contracting authority (eSanté Agency). The contract states that Maela SAS is contracted to put in place, as an emergency measure, a digital solution for the remote monitoring of COVID-19 patients in the context of the management of the COVID-19 pandemic in Luxembourg. The initial contract was signed on 23 March 2020 for the duration of the initial period of the epidemiological crisis linked to COVID-19, commencing after its signature and for a maximum of six months. The contract was extended on 7 October 2020 for three months, and re-extended on 15 December 2020 for another three months starting 7 January 2021; Maela was therefore in use for the remote monitoring of COVID-19 patients in Luxembourg from 23 March 2020 until 6 April 2021.

After the end of the contract with Maela, the eSanté Agency requested on 26 April 2021 the deletion of the Maela database in accordance with the General Data Protection Regulation and Luxembourg's Law of 17 July 2020 on data protection in the context of personal data collected during the pandemic (Email dated 26 April 2021 from eSanté Agency to Maela requesting the deletion of Maela database – evidence No. xix).

### **3000 remote-monitoring protocols between patients and health professionals carried out between 23 March 2020 and 7 February 2021.**

The Maela remote monitoring entailed three main stages:

- Stage 1: Covid patients who were initially registered in the CARE PLUS database (a dedicated tool for Covid patient management and contact tracing in Luxembourg) were asked whether they would accept to benefit from remote medical monitoring through the “Maela” system.

The spreadsheet provided by Luxembourg (evidence No. iv), includes 3065 patients registered in CARE PLUS who agreed to participate in the remote monitoring solution Maela. The dataset includes a unique identifier for each patient and the date of the associated patient's COVID-19 test result, occurring between 23 March 2020 and 7 February 2021. A sample of 60 remote monitoring protocols confirmed that the patients had been registered in Maela. The screenshots provided (see PDF document containing screenshots from the Maela system – evidence No. vi) confirmed that each unique identifier in the evidence does match the unique identifier for the same sample in the sampling request. Furthermore, the date of the COVID-19 test result for each sample is within the period 23 March 2020 to 7 February 2021. An indication that the patient has accepted to use the remote monitoring solution Maela is confirmed in each of the 60 samples, (as evidenced by the “suivi Maela” box ticked in every sample of the PDF document containing screenshots from the Maela system – evidence No. vi).

- Stage 2: Patients that orally consented to participate in Maela were integrated by five health professionals into the Maela database, who filled out a questionnaire with each of them.

Once patients gave their oral consent, they were registered by five health professionals,

who were responsible for integrating them into the Maela database (see PDF document explaining how a health professional adds a patient to the Maela database – evidence No. ix). The procedure for integrating a patient into the Maela database required that one of these five health professionals be in contact with each patient to address questions related to the patient’s health profile<sup>3</sup> (see Letter dated 10 March 2023 signed by the Director of Health certifying that five health professionals were in charge of registering patients in Maela database – evidence No. xvii – and the Screenshots from the national register of doctors and health professionals – evidence No. xviii).

According to the certificate signed on 25 October 2022 by the President of Maela SAS and certified by the Minister of Health, 3826 patients used the remote monitoring solution Maela between 23 March 2020 and 7 February 2021 (see Certificate signed on 25 October 2022 by the contractor (Maela SAS, represented by its President) and certified by the competent authority - evidence No. iii).

- Stage 3: Once registered in the Maela database, patients could complete a daily on-line questionnaire for 14 days to monitor their health status. In this context, two doctors received alerts from the Maela system and were able to monitor the Maela patients.

Patients registered in the Maela database could then access an on-line questionnaire for themselves or their children (see *PDF document 1B-7\_8\_Protocole COVID-Luxembourg VF2.0* – evidence No. xi – and *1B-7\_7-MAELA intro\_protocole\_PEDIATRIE* – evidence No. x), which was to be completed daily so that their condition, or the one of their children, could be monitored for a period of up to 14 days. Two doctors were contracted by the Ministry of Health (their contracts have been provided by the Luxembourg authorities – evidence No. xiv and xv) to monitor the patients’ health based on their responses to these questionnaires; the doctors received alerts from the Maela system. The email exchanges (evidence No. xvi) show that these doctors were in charge of monitoring the follow-ups.

In line with the milestone, the Maela system was operational between 23 March 2020 and 7 February 2021, with 3000 remote monitoring protocols carried out in the same period:

- More than 3000 patients gave their consent to be monitored through Maela (as clearly established by the sampling analysis) (stage 1);
- In order to be monitored through the Maela database, patients who gave their consent had to be registered in Maela by a health professional who had to collect health information through a questionnaire filled in with the patient, according to the procedures 5as clearly established by PDF document explaining how a health professional adds a patient to the Maela database – evidence No. ix) (stage 2);
- A certificate signed by the CEO of Maela (French company) and the Minister of Health confirms that a total number of 3826 patients were registered in Maela (evidence No. iii).

<sup>3</sup> The procedure/questionnaire for integrating a patient notably requires that the health professional asks a series on questions related to possible comorbidity risks (see below extract) :

→ Répondez aux questions en compagnie du patient et enregistrez, des alertes bleues relatives aux comorbidités du patients peuvent se déclencher, celles-ci permettront aux équipes de suivi de mieux orienter le patient.

This number constitutes an overachievement of 27% compared to the required 3000 remote monitoring protocols;

- Once registered in the Maela database, patients were given the possibility to fill in a daily questionnaire (evidence No. x and xi), where two doctors were responsible for monitoring the patients based on alerts generated by such questionnaires (as shown by contracts and exchanges of emails between the Ministry of Health and these two doctors - pieces of evidence No. xiv, xv and xvi) (stage 3). The Maela database containing these questionnaires was, however, deleted following a request from the eSanté Agency to Maela for GDPR reasons and in accordance with Luxembourg’s legislation (as evidenced by email dated 26 April 2021 from eSanté Agency to Maela requesting the deletion of Maela database – evidence No. xix). The deletion of the database was acknowledged when agreeing on the Operational Arrangements, as Maela was meant to be a temporary solution during the Covid period.

As a result, there is reasonable assurance that all the constitutive elements of the milestone have been satisfactorily fulfilled:

- Pieces of evidence provided show that the remote-monitoring solution Maela was operational between 23 March 2020 and 7 February 2021;
- There is sufficient evidence that 3000 remote-monitoring protocols between patients and health professionals were carried out between 23 March 2020 and 7 February 2021.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number: 1C-1</b>	Related Measure: Reform – Housing Pact 2.0	
<b>Name of the Milestone:</b> Entry into force of the Housing Pact 2.0 Law		
<b>Qualitative Indicator:</b> Entry into force		<b>Time:</b> Q3 2021
<p><b>Context:</b></p> <p>Milestone 1C-1 is part of the reform Housing Pact 2.0. The main objective of the reform is to strengthen partnerships with municipalities to mobilise land for construction and dwellings for renovation, and to provide them with support for social housing development at the local level in view of the lack of affordable housing; and to encourage the construction of schools and nurseries to cope with the growing population. This reform included in the RRP is part of a broader set of measures aimed at improving the supply of housing, a policy area on which Luxembourg received country specific recommendations in 2019 and 2020.</p> <p>Milestone 1C-1 consists of a legislative reform putting in place a Housing Pact 2.0, which provides support and incentives for municipalities to make progress on the three operational objectives of the Housing Pact: increasing the supply of affordable and sustainable housing; mobilising the existing land and residential potential (including through renovation of existing properties); and improving residential quality. The aim of the Housing Pact is to draw up implementing agreements with the municipalities enabling the implementation by the municipalities of a Local Housing Action Programme (which is not part of the RRP).</p> <p>Milestone 1C-1 is the first step of the implementation of the measure, and it will be followed by targets 1C-2 and 1C-3, respectively related to the signature (on a voluntary basis) of the initial agreement, and the implementation agreement between the government and the participating</p>		

municipalities. The reform has a final expected date for implementation on 31 December 2032 (Article 1).

**Evidence provided:**

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document duly justifying how the milestone is satisfactorily fulfilled, with appropriate references to the underlying evidence.
- ii) Law of 30 July 2021 (*hereinafter referred to as "Housing Pact 2.0"* (Article 15)), on the Housing Pact with the municipalities, with a view to increasing the supply of affordable and sustainable housing and modifying a) the amended Law of 19 July 2004 concerning municipal planning and urban development, b) the amended Law of 22 October 2008 on the promotion of housing and the creation of a housing pact with municipalities, c) the Law of 17 April 2018 concerning regional planning and, d) the Law of 25 March 2020 creating the Special Housing Development Support Fund.

The Law was published in the Official Journal on 18 August 2021 (Mémorial A, No. 624). The Law entered into force retroactively on 1 January 2021 (Article 16).

The authorities also provided:

- iii) An implementing regulation concerning the description of the required training of housing counsellors, published on 23 September 2023 in the Official Journal (entry into force on 16 September 2023). "*Règlement grand-ducal du 16 septembre 2021 fixant les modalités de la formation initiale et de la formation continue du Conseiller logement prévues par l'article 6 de la loi du 30 juillet 2021 relative au Pacte logement*".
- iv) An internal study of the ministry of housing on the methodology used to estimate the number of affordable housing units in the medium and long term.

**Analysis:**

The justification and substantiating evidence provided by Luxembourg's authorities cover all constitutive elements of the milestone.

**Entry into force of the Housing Pact 2.0 Law** (indicative timeline Q3 2021)

Article 16 of the Housing Pact 2.0 states that the Law entered into force retroactively on 1 January 2021.

**The 2.0 Housing Pact Law aims to increase the supply of affordable and sustainable housing at municipal level.**

Article 1 of Law of 30 July 2021 (evidence No. ii) sets out the three objectives of the Housing Pact 2.0, which are the following: to increase the supply of affordable and sustainable housing, to mobilise the existing land and residential potential, and to improve residential quality. Article 2 does not create new definitions of these concepts but refers to existing regulations, in particular to the Law of 25 February 1979 on Housing Support for definitions of affordable housing and sustainable housing; the Law of 20 December 2019 for the definition of residential quality; and existing local and regional development plans for definitions of land potential and residential potential.

**The reform shall put in place a Housing Pact 2.0, as a reference framework to encourage municipalities to mobilise land for construction, and dwellings for renovation, in order to increase social housing in view of the lack of affordable housing; and to encourage the construction of schools and nurseries to cope with the growing population.**

- **The reform shall put in place a Housing Pact 2.0, as a reference framework to encourage municipalities to mobilise land for construction, and dwellings for renovation:**

Article 10 of Law of 30 July 2021 (evidence No. ii) states that for each new district development plan (*Projet d'aménagement particulier nouveau quartier*, or PAP NQ), providing between 10 and 25 housing units, at least 10% of the maximum gross building area to be dedicated to housing is reserved for the construction of affordable housing. Gradually (a more thorough breakdown can be found in Articles 10 and 29 of the legal text) any number greater than 25 housing units would need to dedicate between 15% and 30% of the maximum developed area to the construction of social housing, depending on the characteristics of the new district development plan (*Projet d'aménagement particulier nouveau quartier*, or PAP NQ). Since social housing can only be managed by public entities, the Law provides for a sale of social housing units, including the corresponding proportion of building land, to the municipality (subsidiary to the State or a public promoter) in exchange of a compensation.

- **Strengthening the capacity to increase the public residential stock:**

Article 10 of Law of 30 July 2021 (evidence No. ii) provides that the part of the land corresponding to the social housing units is ceded to the municipality. In compensation for this transfer, the housing density of the new district development plan (*Projet d'aménagement particulier nouveau quartier*, or PAP NQ) (excluding the social housing units) can exceed by 10% the maximum density/height set out in the relevant General Development Plan applying to buildings in the municipality. The additional housing units are owed to the owner as a compensation in kind for the land and property ceded. This reduces the burden of the measure on public funds, thereby allowing to scale-up the measure outreach. Furthermore, the Housing Pact 2.0 contains provisions limiting the sales conditions of public social housing aiming to retain public ownership of acquired housing units. In particular, the public supply will be in the form of either renting (Article 7(5)) or partial sale with the land on leasehold (emphyteusis, Article 11 indent2) with a right to recover the property at a fixed price, at the end of the contract.

- **Encourage the construction of schools and nurseries to cope with the growing population.**

The Implementation Agreement gives the right to financial contributions for projects contributing to the objectives of the Housing Pact 2.0. Article 8 of Law of 30 July 2021 sets out a taxonomy of projects which give right to financial contributions. In particular, the subcategory of acquisition of public and collective equipment in the area of youth, education and childcare is expected to encourage the construction of schools and nurseries.

**The aim of the Housing Pact is to draw up implementing agreements with the municipalities enabling the implementation of a Local Housing Action Programme.**

Article 1 of Law of 30 July 2021 (evidence No. ii) defines the Housing Pact 2.0 as a partnership between the State (namely the Ministry of Housing) and the municipalities, with the aim of assisting municipalities in achieving the objectives of the Pact. The Housing Pact 2.0 takes place between 1 January 2021 and 31 December 2032. To achieve these objectives, the State and the municipalities will be able to conclude two consecutive conventions, granting subsidies and defining a Local Housing Action Program to define priorities and fields of action. This framework reflects the aim to establish a closer cooperation between the State and municipalities, which is a key objective of the reform, to strengthen the public sector capacity to increase meaningfully the public residential stock and scale up the practice of affordable and sustainable rental housing.

**Furthermore, in line with the description of the measure, under the Housing Pact 2.0, each municipality may engage by signing an initial convention with the State, which allows the**

**municipality to be assisted by a housing counsellor. If it does so, the municipality shall then set up and adopt its own municipal strategy for housing development (Programme d'action local logement, or PAL). Municipalities shall then sign an implementation convention with the State, which entails an obligation for the municipality to implement the development projects detailed in the PAL, with financial support from the State on the basis of the affordable housing units placed on the rental market in the previous year.**

According to the description of the measure in the annex of the Council Implementing Decision, under the Housing Pact 2.0, each municipality may engage by signing an initial convention with the State, which allows the municipality to be assisted by a housing counsellor. If it does so, the municipality shall then set up and adopt its own municipal strategy for housing development. In accordance with Article 3, the initial convention entitles the municipality to a financial contribution to finance the services of the housing counsellor. As part of the execution of the agreement, the municipality undertakes to develop, with the technical and administrative support of the counsellor, a Local Housing Action Program ('*Programme d'action local logement*', PAL) in order to contribute to the achievement of the objectives of the Housing Pact 2.0. The Program must be established within twelve months.

Municipalities can engage in signing an initial convention (Article 3 of Law of 30 July 2021 – evidence No. ii): As part of the execution of the initial convention, the municipality undertakes to develop, with the technical and administrative support of a housing counsellor, a Local Housing Action Program in order to contribute to the achievement of the objectives of the Housing Pact. (Article 5) The Local Housing Action Program draws up the priorities and fields of action that the municipality intends to implement with a view to achieving the objectives of the Housing Pact and an indicative list of the projects that the municipality intends to implement in this regard. The deadline for drawing up the Local Housing Action Program is twelve months, extendable once for a further maximum period of twelve months.

As set out in Article 4 of Law of 30 July 2021 (evidence No. ii), any municipality for which a Local Housing Action Program has been adopted by the municipal council may sign an implementation convention with the State. The implementation convention entitles the municipality to receive financial contributions from the State to finance the projects implementing the Local Housing Action Program. The Local Housing Action Program draws up an inventory of the priorities and fields of action that the municipality intends to implement with a view to achieve the objectives of the Housing Pact 2.0 and lists, for information purposes, the projects that the municipality intends to implement (Article 5).

Article 13 of Law of 30 July 2021 (evidence No. ii) amends the Special Housing Development Support Fund to provide financing for investments under the Housing Pact 2.0., while subsidies linked to the construction of affordable and sustainable housing development will support the implementation of Local Housing Action Programmes.

**Furthermore, in line with the description of the measure, the Housing Pact 2.0 provides that the financial envelope available for State transfers to municipalities is calculated on the basis of the number of affordable housing units in their territory placed on the rental market during the previous year (either through construction or acquisition and renovation), and no longer on the basis of population growth. In addition, the financial contributions granted to municipalities shall be paid on the basis of the implementation of projects approved under the Housing Pact 2.0 and aimed at achieving its objectives.**

The financial envelope available for transfers to municipalities is partially based on the number of affordable housing units in their territory placed on the rental market, or emphyteutic sale, during the previous year, either through construction or acquisition and renovation (Article 10 of Law of 30



July 2021 – evidence No. ii), and no longer based on population growth, as was the case with the agreements signed under the Housing Pact 1.0. Similarly, the financial contributions granted to municipalities are to be paid proportionally to the implementation of projects approved under the Housing Pact 2.0 and aimed at achieving its objectives. Article 7(4) sets out a contribution of EUR 19 000 to be granted to a municipality having signed an implementation convention, for any housing unit located on its territory and whose acquisition or construction was agreed with the Minister of Housing in the previous year. Article 7(5) sets out an additional contribution of EUR 2 500 to be granted to municipalities that have signed an implementation convention, for any dwelling located on their territory having been assigned during the previous year to social rental.

**Furthermore, in line with the description of the measure, the reform aims to place on the market at least 1200 housing units by 2025.**

In line with the description of the measure of the annex of the Council Implementation Decision, the reform aims to place on the market at least 1200 housing units by 2025 (see Housing Pact 2.0 – evidence No. ii). In this vein, Article 10 defines a minimum of affordable housing units for each new district development plan (*Projet d'aménagement particulier nouveau quartier*, or PAP NQ). According to estimates submitted by Luxembourg's authorities in the summary description, the number of affordable housing units built under the Housing Pact 2.0 is expected to lie between 9 700 and 14 300 units. An additional document by the Ministry of Housing (Internal study of the ministry of housing on the methodology used to estimate the number of affordable housing units in the medium and long term) reports on an internal study of the Ministry of Housing and explains the methodology used to estimate the number of affordable housing units in the medium and long term. According to the detailed estimates provided, 3842 units are foreseen to be built within the next three years. The financial incentives set out in Article 7 of the Housing Pact 2.0 applying upon signing an implementation convention, the reform is expected to contribute to the achievement of the objective to place on the market at least 1200 housing units by 2025.

**Furthermore, in line with the description of the measure, the Housing Pact 2.0 shall take into account the development priorities set out in the sectoral plans and the new national Master Programme for Spatial Planning (PDAT), and to the extent the number of signing municipalities allows, contribute to a coherent land use development at the national level, with a view to sustainably increase the housing supply.**

Through the financial incentives set out in Article 7 of Law of 30 July 2021 (evidence No. ii) takes into account the development priorities set out in the sector plans insofar as it contributes to the financing of affordable housing created. In particular the objectives of the housing sector plan are: define the land intended for the creation of housing by means of the reservation of surfaces for the realisation of projects intended mainly for housing; promote the creation of affordable housing and the implementation of a mix of housing types; contribute to concentric urban development; promote the reconversion of industrial wasteland into projects intended primarily for housing; establish State-municipal territorial cooperation agreements; and list the purposes of projects intended primarily for housing. Likewise, the municipalities with a priority residential area on their territory, as defined by the *Master Programme for Spatial Planning (PDAT)* will be proposed to create more affordable housing and can therefore receive more grants as part of the Housing Pact 2.0.

The Housing Pact 2.0 takes into account the development priorities set out in the new national Master Programme for Spatial Planning. The Master Programme for Spatial Planning (PDAT) is one of the main instruments of land use planning policy in Luxembourg and constitutes a framework for its territorial development. This programme aims to strengthen the quality of life through a coherent, structured, and sustainable development of the country. The objectives of the Housing Pact 2.0 set out in Article 1: to increase the supply of affordable and sustainable housing, and to

improve residential quality (as defined in Article 8 of Law of 30 July 2021 (evidence No. ii) are in line with the priorities of the new national Master Programme for Spatial Planning as mentioned above (and summarised in pages 115 and 116), in particular those related to supporting poor households' access to affordable housing and maintaining and creating multifunctional, safe and inclusive public spaces of quality, and to ensure social diversity through the creation of affordable and differentiated housing.

Additionally, through the provisions set out in Article 7, the Housing Pact 2.0 takes into account the development priorities set in the new Master Programme for Spatial Planning, the project of which was published in 2022 and will be formally adopted by the government in May 2023, after the ongoing public consultation. Specifically, the financial contributions set out in Article 7 subparagraph 4 concerning the agreements between municipalities and the Ministry of Housing will support the development of larger number of affordable housing units in the priority areas identified for Development and Attraction Centres, as explained in the Master Programme for Spatial Planning, thereby contributing to a coherent land use development at the national level, with a view to sustainably increase the housing supply.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number: 2A-1</b>	Related Measure: Reform - Electrification of the fleet of contracting authorities and entities, and of public transport	
<b>Name of the Milestone:</b> Grand-Ducal Regulation on the procurement of clean vehicles		
<b>Qualitative Indicator:</b> Entry into force		<b>Time:</b> Q3 2021
<p><b>Context:</b></p> <p>Milestone 2A-1 is part of the reform on the electrification of the fleet of contracting authorities and entities, and of public transport, which consists of going beyond the obligations of the Clean Vehicles Directive in terms of procurement of light-duty and heavy-duty vehicles by contracting authorities and entities.</p> <p>Milestone 2A-1 consists of the entry into force of a legal framework which defines the minimum percentages of clean vehicles among vehicles procured by public contracts (at least 38.5% of light-duty vehicles, 45% of clean buses and 10% of heavy-duty vehicles over 2021-2025). These percentages are to be reached by each contracting authority and contracting entity over the period 2021-2025.</p> <p>Milestone 2A-1 is the only milestone of this reform. The reform had a final expected date for implementation in Q3 2021.</p> <p>Following the completion of this milestone, in line with the description of the measure in the Council Implementing Decision, the Luxembourg State as a contracting authority has set higher internal objectives for itself and plans to fully electrify the fleet of buses operated by the public transport operator RGTR by 2030. The authorities of Luxembourg have adopted the project E-Bus RGTR, which envisages on page 49 the objective of reaching the zero-emission by the whole fleet of buses of RGTR by 2030. This is a further step of this reform that is not linked to the milestones and targets in the Council Implementing Decision.</p>		
<p><b>Evidence provided:</b></p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p>		

- i) Summary document duly justifying how the milestone was satisfactorily fulfilled.
- ii) Copy of the publication in the Official Journal of the Grand-Ducal Regulation of 2 November 2021 on the promotion of clean road vehicles in support of low-emission mobility and repealing the Grand-Ducal Regulation of 17 June 2011 on the promotion of clean and energy efficient road transport vehicles (Mémorial A, No. 772 of 10 November 2021).

**Analysis:**

The justification and substantiating evidence provided by Luxembourg’s authorities cover all constitutive elements of the milestone.

**Entry into force of the Grand-Ducal Regulation defining the minimum percentages of clean vehicles (light vehicles, buses, heavy duty vehicles) among vehicles procured by public contracts to be achieved by each contracting authority and contracting entity over the period 2021-2025.**

The Grand-Ducal Regulation of 2 November 2021 was published in the Official Journal No. 772 on 10 November 2021 (evidence No. ii). It entered into force on 14 November 2021, four days after its publication, in accordance with Article 4 of the Law of 23 December 2016 on the Official Journal of the Grand-Duchy of Luxembourg, which provides for the rules applicable to the entry into force of a legal act in case this is not specified explicitly.

Articles 3(3), 3(4) and 3(5) define, by type of vehicle, the minimum percentages of clean vehicles to be procured between 2 August 2021, which is the date of entry into force of the Clean Vehicles Directive, and 31 December 2025.

- Article 3(3) refers to the percentage applicable to light vehicles: 38.5%,
- Article 3(4) (i) to N2 and N3 heavy-duty vehicles: between 10% and 15%; and
- Article 3(5) to N3 vehicles- buses: between 45% and 65%.

**The reform consists of going beyond the obligation of the Clean Vehicles Directive by requiring, not only that the minimum targets must be achieved as a national average for all vehicles procured but must also be achieved by each contracting authority and contracting entity individually.**

Furthermore, in line with the description of the measure, the Grand-Ducal Regulation of 2 November 2021 (evidence No. ii) goes beyond the obligation of the Clean Vehicles Directive by requiring that the minimum targets are achieved by each contracting authority and contracting entity individually and not just as a national average. Article 3(2)(ii) complies with this requirement by setting that the minimum objectives referred to in Article 3(2)(i) and specified in Articles 3(3) to 3(5) apply to all contracting authorities and contracting entities considered individually.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number: 2B-1</b>	Related Measure: Reform and investment: “Naturpakt”	
<b>Name of the Milestone:</b> Finalisation of the catalogue of measures		
<b>Qualitative Indicator:</b> Publication	<b>Time:</b> Q3 2021	
<b>Context:</b>		
The measure aims to set a national reference framework and support scheme to encourage municipalities to strengthen policies in favour of environmental protection and biodiversity.		
Milestone 2B-1 consists of the adoption of a catalogue of measures relating to natural environment and biodiversity policies in compliance with the Do No Significant Harm Principle.		

Milestone 2B-1 is the first step on the implementation of the reform and will be followed by the four subsequent milestones and targets 2B-2, 2B-3, 2B-4 and 2B-5, with the final aim of having at least 30 municipalities having signed a Naturpakt contract with the State by Q1 2024 and at least 15 municipalities having achieved a performance level of 40% of the maximum achievable score based on the Naturpakt catalogue of measures by Q1 2025. The measure has a final expected date for implementation in Q1 2025.

**Evidence provided:**

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document duly justifying how the milestone was satisfactorily fulfilled.
- ii) Copy of the publication in the Official Journal of the Grand-Ducal Regulation of 30 July 2021 setting out the catalogue of measures under the Naturpakt (Mémorial A, No. 596 of 6 August 2021) (<https://legilux.public.lu/eli/etat/leg/rgd/2021/07/30/a596/jo>).

The authorities also provided:

- iii) A copy of the publication in the Official Journal of the Law of 30 July 2021 setting out a Naturpakt with municipalities and modifying the Law of 31 May 1999 setting out a Fund for the protection of the environment ( Mémorial A, No. 595 of 6 August 2021) (<https://legilux.public.lu/eli/etat/leg/loi/2021/07/30/a595/jo>).
- iv) A Do No Significant Harm assessment of the catalogue of measures dated 30 April 2021 and undertaken by the Ministry of Finance.

**Analysis:**

The justification and substantiating evidence provided by Luxembourg's authorities cover all constitutive elements of the milestone.

**Publication of the adopted catalogue of measures relating natural environment and biodiversity policies in the context of the Naturpakt, that is in line with the Do No Significant Harm principle.**

The Grand-Ducal Regulation of 30 July 2021 was published in the Official Journal No. 596 of 6 August 2021. It sets out the catalogue of measures under the Naturpakt (evidence No. ii). The set of measures included consist for instance of the development of a general strategy by the municipality to protect nature and biodiversity; actions in the urban area such as development and protection of green areas or plantation of new trees; actions to protect the landscape such as a minimum share of agricultural areas belonging to the municipality to be managed through a system of extensive farming or specific interventions to enhance biodiversity; actions in the water environment such as interventions to address the risk of floods; ecological interventions in rivers or programmes of protection of water for human consumption. The catalogue has been accompanied by an assessment on the Do No Significant Harm Principle by the authorities which provides the required explanations on the impact on the six dimensions of the principle and is considered to be compliant with it (evidence No. iv). The assessment confirms that the project contributes substantially to stabilising greenhouse gas concentrations in the atmosphere by enhancing land-based carbon sinks through forest restoration; the project contributes substantially to stabilising greenhouse gas concentrations in the atmosphere through forest restoration; the measures proposed to municipalities support the protection and improvement of the status of aquatic ecosystems while promoting the sustainable use and protection of available water sources; the catalogue prevents or reduces the generation of waste and prepares the re-use and recycling of waste; finally, the

measures of the catalogue also support the protection and restoration of biodiversity and ecosystems.

**Furthermore, in line with the description of the measure, the possible categories of actions and actions themselves are listed in a catalogue published by the State – they stem from the national strategies for natural environment protection and conservation, including in relation to nature protection, hydrographic districts management and adaptation to climate change.**

In line with the description of the measure, the Annex to the Grand-Ducal Regulation specifies the possible categories of actions stemming from the national strategies for natural environment protection and conservation. On that basis, Article 1(1) of the Law of 30 July 2021 setting out a Naturpakt with municipalities (evidence No. iii) sets out that those signing a Naturpakt contract commit to implement the national plan on the protection of nature adopted by the Law of 18 July 2018 on the protection of nature and natural resources. The catalogue of measures (evidence No. ii), which arises from the signature of the Naturpakt contract by the municipalities includes actions related to:

- nature protection (point 3.14) such as the development of an Action Plan on preservation of landscapes integrating at least one priority action from the second national plan for the protection of nature, which was adopted on 13 January 2017, and is organised across several priorities and axis;
- hydrographic districts management (point 4.1), such as the information and communication to the public on the implementation of the Framework Directive on water (Directive 2000/60/EC) and the Floods Directive (Directive 2007/60/EC) by Luxembourg; and
- adaptation to climate change (point 1.1), such as the adoption by the municipality of a multi-annual strategy for the protection of the nature and water, vegetation of localities and adaptation to climate change.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number: 2B-2</b>	Related Measure: Reform and Investment - "Naturpakt"	
<b>Name of the Milestone:</b> "Naturpakt" Law		
<b>Qualitative Indicator:</b> Entry into force		<b>Time:</b> Q4 2021
<p><b>Context:</b></p> <p>The measure aims to set a national reference framework and support scheme to encourage municipalities to strengthen policies in favour of environmental protection and biodiversity.</p> <p>Milestone 2B-2 consists of the entry into force of a Law setting out a Naturpakt with municipalities and modifying the Law of 31 May 1999 setting out a Fund for the protection of the environment. This Law aims to allow the State to financially support efforts of municipalities receiving a certification, over the 2021-2025 implementation period, once they present a sufficient level of performance in the light of a catalogue of measures relating to natural environment and biodiversity policies.</p> <p>Milestone 2B-2 is the second step on the implementation of the reform after the completion of milestone 2B-1 requiring the adoption of a catalogue of measures for the protection of environment and biodiversity. Milestone 2B-2 will be followed by the three subsequent milestones and targets 2B-3, 2B-4 and 2B-5, with the final aim of having at least 30 municipalities having signed a Naturpakt contract with the State by Q1 2024 and at least 15 municipalities having achieved a performance level of 40% based on the Naturpakt catalogue of measures by Q1 2025. The measure</p>		

has a final expected date for implementation in Q1 2025.

**Evidence provided:**

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document duly justifying how the milestone was satisfactorily fulfilled.
- ii) Copy of the publication in the Official Journal of the Law of 30 July 2021 setting out a Naturpakt with municipalities and modifying the Law of 31 May 1999 setting out a Fund for the protection of the environment (Mémorial A, No. 595 of 6 August 2021) (<https://legilux.public.lu/eli/etat/leg/loi/2021/07/30/a595/jo>) with a reference to the provision on the entry into force (Article 8 of the Law of 30 July 2021).

**Analysis:**

The justification and substantiating evidence provided by Luxembourg's authorities cover all constitutive elements of the milestone.

**Entry into force of the Law establishing a Naturpakt allowing municipalities to sign a Naturpakt contract with the State, whereby they commit to implementing natural environment and biodiversity protection actions on their territory for the period until 2030 and receive a certification and associated financial subsidies once they present a sufficient level of performance in the light of a catalogue of measures relating to natural environment and biodiversity policies.**

The Law of 30 July 2021 setting out a Naturpakt with municipalities and modifying the Law of 31 May 1999 setting out a Fund for the protection of the environment was published at the Official Journal No. 595 of 6 August 2021.

Article 8 of the Law of 30 July 2021 specifies its entry into force on 1 January 2021.

Article 1(1) of the Law allows municipalities to sign a Naturpakt contract with the State whereby the municipalities commit to implementing actions related to the nature protection, fight against the decline of biodiversity, water management and adaptation against climate change until 31 December 2030.

Article 3 envisages the award of the certification called *Naturpakt Gemeng* to the municipalities having reached a score of at least 40% of the maximum score (40% of all the actions listed in the catalogue) based on Article 1(2) of the Law of 30 July 2021 and on the catalogue of measures adopted by the Grand-Ducal Regulation of 30 July 2021. Article 4(1) indent 3 provides that the municipalities having reached at least 40% of the maximum score as per Article 3(1) are eligible to benefit from financial subsidies from the State between EUR 25 000 and EUR 70 000 depending on the level of certification plus a variable component which depends on the certification category, on the year in which the first certification of the municipality and surface area of the municipality.

**Furthermore, in line with the description of the measure, municipalities having signed the Naturpakt contract benefit from the assistance of a counsellor funded in the context of the Naturpakt scheme and receive a yearly participation subsidy. Furthermore, the State covers additional costs in relation to the implementation of the Naturpakt, such as the costs of the technical assistance and audits.**

Furthermore, in line with the description of the measure, Article 4(2) of the Law envisages the possibility of financing up to EUR 30 000 by the State of the expenses of the assistance by a counsellor. Article 4(1) also envisages a yearly grant of EUR 10 000 until 2030 to the municipalities having signed a Naturpakt for their functioning expenses which are meant to include technical

assistance and audit.

**Furthermore, in line with the description of the measure, in the first year after having signed the Naturpakt contract, and at least every three years thereafter, municipalities undergo an audit to determine their level of performance against the actions listed in the catalogue.**

Article 2 of the Law provides that the municipality shall assess its level of performance through the catalogue of measures on a yearly basis and that this assessment must be verified by a person certified under the Law of 21 April 1993 on the approval of natural or legal persons, private or public, which is independent from the State, for the performance of technical studies and verification tasks in the area of environment.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number: 3A-3</b>	Related Measure: Investment 1 - Development and deployment of test infrastructure and ultra-secure connectivity solutions
<b>Name of the Milestone:</b> LuxQCI Laboratory	
<b>Qualitative Indicator:</b> Entry into operation of LuxQCI Laboratory	<b>Time:</b> Q3 2021
<b>Context:</b> <p>The objective of this investment is to develop and test the necessary research infrastructure to gain knowledge and experience in the field of quantum communication.</p> <p>Milestone 3A-3 is the first step of this measure, which consists in the entry into operation of the LuxQCI Laboratory. This laboratory shall provide the necessary expertise to the scientific community to develop and operate the quantum communication infrastructure.</p> <p>There are two other milestones related to this investment: milestone 3A-4, which is due by Q1 2023 consists in establishing a cross-border connection demonstrating a land-based quantum key distribution system. Milestone 3A-5, which is due by Q3 2024, consists in a cross-border demonstration of a quantum distribution system through a satellite connection. The investment has a final expected date for implementation in Q3 2024.</p>	
<b>Evidence provided:</b> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"><li>i) Summary document duly justifying how the milestone (including all the relevant elements) was satisfactorily fulfilled. The summary document contains a clear explanation as to why the LuxQCI Laboratory, taking into account its equipment, is intended to gain the expertise needed to develop and operate a quantum communication infrastructure.</li><li>ii) A report dated 11 November 2022 (<i>3A-3_1_LUQCIA Luxembourg Quantum Communication Infrastructure Lab Milestone 1 Report</i>), which is signed by the Deputy Director of the Department of Media, Connectivity and Digital Policy from the Ministry of State and the Director of Economic and Budgetary Affairs from the Ministry of Finance (the contracting authorities), and by the Director of the Interdisciplinary Centre for Security, Reliability and Trust - SnT, University of Luxembourg and the Principal Investigator of LuxQCI/LUQCIA, Head of SIGCOM Research group (the contractors). This report shows that the LuxQCI laboratory is operational, i.e. the equipment of the laboratory has been installed and</li></ul>	

tested.

The authorities also provided:

- iii) Minutes of the first inter-ministerial committee on 23 November 2022 confirming the delivery and installation of the equipment of the LuxQCI Laboratory signed by representatives of the government (3A-3\_2\_LUQCIA - *Compte-rendu Comité interministériel Nr 1 – 20221123*).

**Analysis:**

The justification and substantiating evidence provided by Luxembourg's authorities cover all constitutive elements of the milestone.

**LuxQCI Laboratory is operational and ready to gain the expertise needed to develop and operate a quantum communication infrastructure.** (Both abbreviations LuxQCI and LUQCIA refer to the Luxembourg Quantum Communication Infrastructure Lab).

In order for LuxQCI Laboratory to be operational, different actions have been performed by the University of Luxembourg/Interdisciplinary Centre for Security, Reliability and Trust (SnT):

The University of Luxembourg/Interdisciplinary Centre for Security, Reliability and Trust (*hereinafter referred to as "SnT"*) performed an analysis of the relevant hardware and commercially available solutions necessary to develop the quantum communication infrastructure. SnT made a study comparing different equipment such as Quantum Key Distribution (QKD) platforms from ID Quantique (Cerberis XG and Cerberis XGR), QKD system nodes from Toshiba Europe, and different optical and quantum devices from Aurea Technology (the report includes a brief description of the comparative analysis; see page 11, section 2.3.4 of the Report of 11 November 2022 – evidence No. ii). After the analysis, the SnT team ordered the equipment from Toshiba Europe and Aurea technologies (the list of purchased equipment is listed on page 13 of the Report of 11 November 2022 in section 3.2 – evidence No. ii – and includes photos of the material obtained). The procurement process started in early 2022 and the equipment was delivered by the end of June 2022.

Once the equipment was received, training sessions were provided by the manufacturer to the SnT Team (page 12 of the Report of 11 November 2022 – evidence No. ii).

The SnT Team set up the devices and performed different experiments to test the equipment. For instance, in-situ tests for the generation and reception of quantum keys, and signal interference tests between two different points. The tests performed were successful (pages 15 to 21, section 4 of the Report of 11 November 2022 – evidence No. ii).

In addition, the report also contains a section in which it is explained how the laboratory has been installed (in section 5, pages 24 to 29 of the Report of 11 November 2022 – evidence No. ii). It provides the laboratory's location (JFK building, University of Luxembourg), how the room has been prepared for the implementation of the technology (creation of an antistatic floor, maintenance work of the electric network and ethernet communication network, installation of fibre optics in the lab), and how the racks and the equipment have been installed in the room.

The creation of the laboratory, including its operational equipment and successful tests, allows the SnT research team to start familiarising itself with the functioning and management of such technology to obtain the necessary expertise to develop and operate quantum communication



infrastructure.

**Furthermore, in line with the description of the measure, The LuxQCI lab has been created in collaboration with the Research Institute SnT.** As explained above, the LuxQCI is operational and SnT has been involved in its creation through different actions such as the performance of an analysis of the relevant hardware and commercially available solutions necessary to develop the quantum communication infrastructure, an order for equipment, the setting-up of equipment and testing operations.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number: 3B-1</b>	Related Measure: Investment 1 – Electronic Document Management and Case Management
<b>Name of the Milestone:</b> Entry into operation of a central platform for electronic document management and case management	
<b>Qualitative Indicator:</b> Entry into operation of a complete platform	<b>Time:</b> Q4 2021
<p><b>Context:</b></p> <p>This measure aims to implement a central platform with the necessary features to cover electronic document management in public administrations and document exchanges between administrations, citizens, and businesses. Furthermore, it shall offer a repository for electronic document management and case management.</p> <p>Milestone 3B-1 concerns the entry into operation of a central platform for electronic document management and case management. The platform shall be operational and shall i) allow for electronic management of documents, ii) enable the exchange of documents between public administrations, and iii) improve document management by public administrations.</p> <p>Milestone 3B-1 is the first step of the implementation of this measure, and it will be followed by targets 3B-2 (due by Q4 2023), 3B-3 (due by Q4 2023), and 3B-4 (due by Q2 2024). The investment has a final expected date for implementation in Q2 2024.</p>	
<p><b>Evidence provided:</b></p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> <li>i) Summary document duly justifying how the milestone was satisfactorily fulfilled, with appropriate references to the underlying evidence.</li> <li>ii) An acceptance report (<i>procès-verbal de 41eception</i>) related to the last phase of implementation of the electronic document management platform GED (<i>Gestion électronique des documents, hereinafter referred to as "GED"</i>) and Case Management (Hive) on the Government IT Service (<i>Centre des technologies de l'information de l'État, hereinafter referred to as "CTIE"</i>) infrastructure; the document is signed by the contractor, represented by the Director General of AMEXIO, and the contracting authority, CTIE, represented by the Head of Service SCD (supporting document 3B-1_1 <i>Hive_PV de 41eception</i>), dated 21 June 2022 and 19 July 2022.</li> </ul> <p>The authorities also provided:</p>	

- iii) A document on the closure of the project describing the main features of the new platform of GED and Case management (supporting document 3B-1\_2\_ Cloture du projet) dated 22/02/2021.
- iv) A presentation of the new platform at the closing meeting of the project (supporting document 3B-1\_3 Hive\_ Présentation de clôture) dated 9 June 2022.

The justification and substantiating evidence provided by Luxembourg's authorities cover all constitutive elements of the milestone.

**A central platform allowing for electronic management of documents and exchanges of documents between public administrations shall be operational, improving document management by public administrations.**

The central platform for electronic document management and case management (called 'Hive') is operational since 13 July 2021 as is evidenced by the document on the closure of the project describing the main features of the new platform of GED and Case management (page 1 of the Supporting document 3B-1\_2\_ Cloture du projet – evidence No. iii). This document provides that the platform is capable of document management, case management, the implementation of workflows, monitoring of activities, scanning and acquisition of documents, and lastly provides an interface with third party solutions. In addition, all the main features of the platform have been implemented and are operational, as is evidenced by the acceptance report (concerning the final phase of the project to set up the GED and Case management (Hive) platform) signed by the contractor, represented by the Director General of AMEXIO, and the contracting authority the Government IT centre (hereinafter referred as CTIE), represented by the Head of Service SCD (supporting document 3B-1\_1 Hive\_PV de reception – evidence No. ii).

**The platform allows for electronic document management**

The report on the closure of the project describing the main features of the new platform of GED & Case management, which is named Hive (supporting document 3B-1\_2\_ Cloture du projet – evidence No. iii) dated 3 October 2022, page 1, provides that the platform has the following functionalities: acquisition of paper and electronic documents, the automatic or manual management of documents (including potential Artificial Intelligence (AI)), collaborative inter-organisational work (enabling the exchange of documents between public administrations), advanced research, navigation and consultation, digital archiving of current archives, management of the lifecycle of documents and files, management of templates documents and workflows, management of access rights and traceability, electronic signature, and reporting facilitator.

The technical platform, Hive, is operational as evidenced by the presentation of the new platform at the closing meeting of the project (supporting document 3B-1\_3 Hive\_ Présentation cloture – evidence No. iv) dated 9 June 2022 which allows to manage documents as explained in the previous paragraph.

**The platform enables the exchange of documents between public administrations.**

As outlined in the supporting document 3B-1\_2\_ Clôture du projet (evidence No. ii), one of the functionalities of the Hive platform is to allow collaborative work among different organisations (page 1). In addition, in the same document it is explained that the platform enables different public administrations to manage documents and improves the workflow (page 1).

**The platform improves document management by public administrators** as outlined in the report on the closure of the project describing the main features of the new platform of GED & Case management (page 1 of the supporting document 3B-1\_2\_ Clôture du projet – evidence No. iii), the platform enables different public administrations to manage documents, improve case management

and the workflow, and provide an interface with third party solutions. On page 1 of the report (evidence No. iii), the key features of the new platform are described. The features go beyond the capabilities of the current state of IT infrastructure of the administration, as they combine various features into one platform: the acquisition and storing of documents, the automatic filing and editing of documents, as well as the collaborative work of documents across public entities.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number: 3B-8</b>	Related Measure: Investment 2: Development of MyGuichet - Project 3/3: APP Mobile MyGuichet.lu	
<b>Name of the Milestone:</b> Deployment of a mobile version of MyGuichet (restricted audience)		
<b>Qualitative Indicator:</b> Mobile version of MyGuichet available for a restricted audience		<b>Time:</b> Q2 2021
<p><b>Context:</b></p> <p>The objective of this investment is to create a mobile application with the functionalities offered in MyGuichet.lu. This application shall provide access to desktop functions such as procedures with the public administration from a personal mobile phone.</p> <p>Milestone 3B-8 concerns the deployment of a mobile version of MyGuichet, which should be operational and available for a restricted audience (restricted scope of users).</p> <p>Milestone 3B-8 is the first step of the implementation of this investment, and it will be followed by milestone 3B-9, which aims to make this mobile application available to the general public. The investment has a final expected date for implementation in Q3 2021.</p>		
<p><b>Evidence provided:</b></p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> <li>i) Summary document duly justifying how the milestone was satisfactorily fulfilled, with appropriate references to the underlying evidence and including the date from which the mobile version of MyGuichet.lu has been operational and the number of restricted users of the mobile version of MyGuichet.</li> <li>ii) A certificate of completion of works, dated 10/11/2022, signed by the Director of the Government's IT Centre, certifying that the mobile version of MyGuichet is operational and available for a restricted scope of users.</li> </ul> <p>The authorities also provided:</p> <ul style="list-style-type: none"> <li>iii) The Official PowerPoint used in the press conference on 5 July 2021, explaining how the mobile version of MyGuichet works and what its different functionalities are.</li> </ul>		
<p><b>Analysis:</b></p> <p>The justification and substantiating evidence provided by Luxembourg's authorities cover all constitutive elements of the milestone.</p> <p><b>The mobile version of MyGuichet has been deployed, and it is operational and available for a restricted scope of users.</b></p>		

In line with the requirements of the Council Implementing Decision, Luxembourg's authorities provided the certificate of completion of works which also includes two screenshots of the platform where the mobile version was launched, certifying that the mobile version of MyGuichet has been deployed, is operational and available – on Testflight – and that it has been available for a restricted scope of users (28 people) (screenshot 2, page 4 – evidence No. ii), since 12 May 2021.

**Furthermore, in line with the description of the measure, the mobile application improves the effectiveness of exchanges between citizens and businesses with the public administration and makes it possible to perform different administrative procedures available in MyGuichet.lu with a mobile phone, by accessing the individual personal space of MyGuichet.lu in the application.**

As demonstrated by the PowerPoint used in the press conference of 5 July 2021 to present the application (evidence No. iii), from slides 14 onwards, the procedures integrated into the mobile application include, *inter alia*, the consultation of government communications, the possibility to book an appointment for a PCR test, and the access to personal data such as the COVID-19 vaccination certificates or the criminal records. Before the development of this app, these procedures were only available using a computer or in person, and therefore, the app responds to the commitment of providing citizens with cross-media accessibility to digital public services accessible on smartphones and tablets (as evidenced on slide 3 of the Official PowerPoint used in the press conference on 5 July 2021 – evidence No. iii). Therefore, it improves the effectiveness of exchanges between citizens and businesses with the public administration.

In addition, in line with the description of the measure, another function of this application is to provide the possibility of scanning documents, making the smartphone able to replace a scanner. It allows the conversion of photos made with the phone (document that the person has to send to the government) into PDF format. Using this function, the users have the possibility of scanning documents with their mobile phone, without using a scanner (as can be seen in the PowerPoint used in the press conference to present the application, on slides 21 onwards – evidence No. iii).

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 3B-9	Related Measure: Investment 2 - Development of MyGuichet - Project 3/3: APP Mobile MyGuichet.lu	
<b>Name of the Milestone:</b> Deployment of a mobile version of MyGuichet.lu to the general public		
<b>Qualitative Indicator:</b> Mobile version of MyGuichet available for the general public		<b>Time:</b> Q3 2021
<p><b>Context:</b></p> <p>The objective of this investment is to create a mobile application with the functionalities offered in MyGuichet.lu. This application shall provide access to desktop functions such as procedures with the public administration from a personal mobile phone.</p> <p>This milestone concerns the deployment of a mobile version of MyGuichet available to the general public.</p> <p>Milestone 3B-9 is the last milestone of this investment, and it follows the completion of milestone 3B-8, which made the mobile version of MyGuichet available for a restricted audience.</p>		
<p><b>Evidence provided:</b></p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> <li>i) Summary document duly justifying how the milestone was satisfactorily fulfilled, with</li> </ul>		

appropriate references to the underlying evidence. The summary document also provides the date from which the mobile application was available to the general public.

- ii) A certificate of completion of works, dated 10/11/2022, signed by the Director of the Government IT Centre (*Centre des technologies de l'information de l'État, hereinafter referred to as "CTIE"*), certifying that the mobile version of MyGuichet is operational and available for the general public. The certificate includes the name of the application and the link in order to download the app.

The authorities also provided:

- iii) The PowerPoint used in the press conference on 5 July 2021, explaining how the mobile app works and what its different functionalities are.

**Analysis:**

The justification and substantiating evidence provided by Luxembourg's authorities cover all constitutive elements of the milestone.

**The mobile version of MyGuichet has been deployed, and it is available to the general public.**

In line with the requirements of the Council Implementing Decision, Luxembourg's authorities provided a certificate of completion of works signed by the Director of the Government IT Centre, which includes two links (on page 1 – evidence No. ii) to the application, demonstrating that the application has been deployed and is available to the general public for download in Google Play (for Android devices) and the Apple Store (for Apple devices). The certificate of completion also provides two screenshots of Google Play and the Apple Store showing that the application is available for download. In addition, the certificate of completion shows that the mobile version of MyGuichet has been operational and available for the general public since 5 July 2021.

**Furthermore, in line with the description of the measure, the mobile application improves the effectiveness of exchanges between citizens and businesses with the public administration and makes it possible to perform different administrative procedures available in MyGuichet.lu with a mobile phone, by accessing the individual personal space of MyGuichet.lu in the application.**

As the only distinction between milestone 3B-8 and 3B-9 is the accessibility of the mobile version of MyGuichet, the features of the application are identical to the ones analysed in the above assessment of the satisfactory fulfilment of milestones 3B-8. Therefore, some of the procedures integrated into the mobile application are: the consultation of government's communications, access personal data such as the COVID-19 vaccination certificates or the criminal record, book an appointment for a PCR test, among others. In addition, the application facilitates the transfer of documents and allows to convert photos into PDF format. Using this function, the users have the possibility of scanning documents with their mobile phone, without using a scanner. Given that the mobile application allows users to perform different administrative procedures that were only available on a computer, it can be concluded that the mobile application improves the effectiveness of exchanges between citizens and businesses with the public administration.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number: 3B-10</b>	Related Measure: Investment 3 – "eADEM"	
<b>Name of the Milestone:</b> Creation of ADEM 2025 Strategy for the analytical phase		
<b>Qualitative Indicator:</b> Adoption of ADEM Strategy 2025		<b>Time:</b> Q4 2021
<b>Context:</b> The objective of this investment is to adjust Luxembourg's Agency for the Development of Employment ( <i>Agence pour le développement de l'emploi, hereinafter referred to as "ADEM"</i> ) to the		

ongoing job transformation patterns, by digitalising ADEM through the upgrading of its IT resources to improve its performance and contribute to a more transparent, efficient and resilient labour market.

Milestone 3B-10 concerns the creation of the ADEM 2025 Strategy and medium-term programme. The objective of this strategy is to tackle the operational and digital challenges brought by new labour market dynamics.

Milestone 3B-10 is the first step of the implementation of this investment, and it will be followed by milestone 3B-11 related to the implementation of eADEM and 3B-12 related to the implementation of digital assistants linked to eADEM, which will make the eADEM operational. They will include the hiring of an external consultant to identify the needs of the Agency as well as to define the functionalities needed for developing the eADEM. The investment has a final expected date for implementation in Q2 2024.

The aim of ADEM 2025 Strategy and medium-term work programme is to modernise the functioning of the Agency and mobilise its employees through the development of nine strategic objectives and specific actions attached to each of them, including those related to the digital transition and a better organisation of employment services.

**Evidence provided:**

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document duly justifying how the milestone was satisfactorily fulfilled, with appropriate reference to the underlying evidence. The document also includes the link to the publication of the ADEM 2025 Strategy on the ADEM webpage.

The authorities also provided:

- ii) Certificate signed by the Minister of Labour, Employment and Social and Solidarity Economy, dated 12 December 2022, certifying the adoption of the ADEM 2025 Strategy.
- iii) Copy of the ADEM 2025 Strategy published in June 2022 (<https://adem.public.lu/content/dam/adem/fr/publications/adem/strategie-adem-2025.pdf>).
- iv) Copy of a clarification note dated 27 July 2022, which defines the integration between MyGuichet and MyADEM and the related responsibilities and interactions.

**Analysis:**

The justification and substantiating evidence provided by Luxembourg's authorities cover all constitutive elements of the milestone.

**In line with the requirements of the Council Implementing Decision, the ADEM 2025 Strategy and medium-term work programme have been adopted in June 2022** and published on ADEM's website (<https://adem.public.lu/content/dam/adem/fr/publications/adem/strategie-adem-2025.pdf>). This is a non-legislative document which was adopted as follows: it has been validated by the Minister of Labour Employment and Social and Solidarity Economy upon proposal by the Director of ADEM, as confirmed by the certificate signed by the Minister of Labour, Employment and Social and Solidarity Economy.

The Strategy (evidence No. iii) has the objective to mobilise the staff of ADEM to tackle the operational and digital transformation challenges brought about by 'eADEM'. This is addressed by objective 5 of the Strategy (Increasing the match between the skills supply and demand - page 20);

objective 7 (achieve excellence operational and organisation agility); objective 8 (digitalise offered service and processes - page 26) and objective 9 (optimise financial management and the control of implementation - page 28). Some of the programmes included in the Strategy include the upgrade of the IT resources of the Agency by implementing new technologies such as data science or artificial intelligence (page 21); the digitalisation of different services (page 25 and 26); trainings and awareness-raising campaigns for staff regarding procedures related to the protection of personal data and information security (page 25), or the improvement in the efficiency of the Agency by increasing the speed at which requests for financial support related to short-time work are processed, which is achieved notably by putting financial support to individuals under one large department and putting financial support to employers under another one (page 29).

**In line with the description of the measure, one of the objectives of this investment is to digitalise ADEM by upgrading its IT resources, which shall increase the efficiency of ADEM in dealing with its clients and beneficiaries.** This is enshrined in objective 8 of the Strategy, which aims to bring jobseekers and employers closer based on a reinforced offer of digital services.

**The description of the measure adds that ADEM shall improve the efficiency of the Agency in relation to opening personalised accounts, instruction, execution and control of financial assistance to beneficiaries by the digitalisation of the process. The IT system shall also digitalise mechanisms to match job seekers and businesses at a faster pace.** ADEM envisages in pages 27 and 29 of the Strategy (objectives 8 and 9) specific actions and software for the digitalisation of applications, for the opening and management of personal accounts, for the matching between job demand and supply, for vacancy notices or for the management of financial subsidies by the State. The Strategy underlines that by 2025 the ADEM is to offer the services of an eAdministration in line with government objectives and so should be able to have an IT system aligned with the needs of different occupations and collaborating with other State administrations for data transfer.

**Also in line with the description of the measure, which outlines that the eADEM shall facilitate and speed up the work deployed by its staff by increasing their productivity,** objective 8 specifies that this will be achieved through a higher digitalisation of its internal procedures such as a full electronic management of documents or a standardised system of archiving (page 27).

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 3B-13	Related Measure: Investment 4 – National platform for the management of public investigations	
<b>Name of the Milestone:</b> Creation of a national platform for the management and publication of public surveys and related documents		
<b>Qualitative Indicator:</b> Creation of a national platform		<b>Time:</b> Q1 2021
<p><b>Context:</b> The measure aims to support the development of a national platform for the management of public surveys, consisting of (i) an internal portal, (ii) a back-office and (iii) an assistant on MyGuichet.lu. The aim of the investment is to centralise the publication of public surveys, improve their visibility and simplify access to increase participation.</p> <p>Milestone 3B-13 concerns the creation of a national platform for the management and publication of public surveys and related documents. The national platform shall i) be available to all public administrations organising public surveys with the key functionalities, ii) include the management and</p>		

publication of public surveys and related documents, and iii) offer the possibility for the general public to submit an online contribution.

Milestone 3B-13 is the first step of the implementation the measure and it will be followed by target 3B-14, according to which the national platform shall be available to 90 municipalities for the management of public surveys. The investment has a final expected date for implementation in Q4 2023.

**Evidence provided:**

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document duly justifying how the milestone was satisfactorily fulfilled, with appropriate references to the underlying evidence.
- ii) Acceptance report (dated 22 February 2021) signed by the contractor, Ministry of Digitalisation, and the contracting authority, Government IT Centre (*Centre des technologies de l'information de l'État, hereinafter referred to as "CTIE"*).
- iii) A link for the general public to submit an online contribution: <https://enquetes.public.lu/> (by clicking for each initiative on "I contribute").

The authorities also provided:

- iv) An official press release from the Ministry of Digitalisation on the presentation of the new National Portal of Public Press Surveys (published 7 January 2021).
- v) Catalogue of the services offered by CTIE available to all public administrations mentioning the availability and instructions of the platform (dated June 2021).
- vi) Document certifying that the municipalities have access to the Public Investigations Platform (dated 21 March 2023) signed by the Director of the State Information Technology Centre.

**Analysis:**

The justification and substantiating evidence provided by Luxembourg's authorities cover all constitutive elements of the milestone.

**The national platform is available to all public administrations organising public surveys**

According to page 110 of the Catalogue of the services offered by the CTIE, which is an official catalogue published by the Luxembourg CTIE and available to all public administrations to provide an overview of the digital solutions offered to Luxembourg public institutions and its different functionalities (page 2 and 3 of the catalogue – evidence No. v), the national platform for public surveys is accessible to all ministries and state administrations, public institutions and municipal administrations that are connected to the State computer network (RACINE). Officials who handle public surveys need to be included in the centralised authentication portal (IAM) of CTIE and can then have access to national platform. As stated in the document certifying that the municipalities have access to the Public Investigations Platform (dated 21 March 2023) signed by the Director of the State Information Technology Centre, (page 1) "this document certifies that the national platform for public inquiries, which allows the centralized posting and increased visibility of information about public inquiry procedures, facilitates citizens' participation to projects related to public inquiries as well as the digitalisation of these administrative procedures, is accessible to different types of public authorities, namely administrations, ministries, public establishments and more specifically municipalities". As can be seen in annex 2 of the certificate (page 6 to 10), "All municipalities received a circular (Number 3954) inviting them to participate in this project and contact the Planning and Environment Unit in the Ministry of Digitalisation to receive the necessary information and obtain



access to the National Platform for Public Surveys.

**The national platform has key functionalities, including in particular the management and publication of public surveys and related documents and the possibility for the general public to submit an online contribution**

The platform allows the public authorities that want to use it to manage a public inquiry to create, manage and publish a public survey in the back office of the platform (page 110 of the catalogue of the services provided by the CTIE – evidence No. v). Furthermore, relevant documents to the public inquiry can be attached in the back office. The back office is the back end of the platform, which is accessible only to public authorities that register and manage an inquiry. The back office application allows the authorities to perform different tasks: create a public inquiry in the context of a procedure, attach documents to the investigation, planning meetings and standby duties, identify the persons concerned more personally by the investigation, planning meetings and standby duties, identify the persons concerned more personally by the investigation, publish the survey on the National Portal of Public Surveys, prepare official notices to be communicated to the public, consult citizens' contributions, submit the opinion of the other authorities concerned, prepare a report with contributions and opinions, produce an archive with survey data and close the investigation and procedure and remove them from the platform.

A website (<https://enquetes.public.lu>) has been launched to allow for online contributions by the public. Individuals can see on the website a list of ongoing inquiries as well as the details and files of that inquiry. Furthermore, from the platform, citizens can launch the MyGuichet.lu service to submit a contribution to an inquiry. They can choose a public inquiry and submit their contributions by clicking on "I contribute". To submit a contribution on a public inquiry, the citizen can choose to authenticate or remain anonymous. The link that the general public can use to submit an online contribution has been provided.

**The national platform includes an assistant on MyGuichet.lu.**

Using the national platform, citizens can launch a MyGuichet.lu assistant to submit a contribution on a public inquiry, choose to authenticate or remain anonymous, attach documents (letters, photos, plans, etc.), submit its contribution and correct its contribution (as evidence in the Catalogue of services by the CITE – evidence No. v). The automatic service to identify as a citizen via the MyGuichet.lu platform is integrated in the procedure of submitting a contribution to a public inquiry (as can be seen in the link for the general public to submit an online contribution). By clicking on the "I contribute" button on the website, the MyGuichet.lu assistant opens, and the user can choose to identify himself via MyGuichet.lu or remain anonymous.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 3C-1	Related Measure: Reform 1 – Modernisation of corporate taxation	
<b>Name of the Milestone:</b> Act of 10 February 2021 amending the amended act of 4 December 1967 on income tax (formerly draft act No. 7547)		
<b>Qualitative Indicator:</b> Entry into force of act		<b>Time:</b> Q1 2021
<b>Context:</b> Reform 1 of component 3C contains a measure related to the modernisation of corporate taxation. The objective of this reform is to strengthen the resilience of the economy by addressing aggressive tax planning, namely via the entry into force of a legislative measure.		

Milestone 3C-1 concerns the entry into force of a legislative measure introducing for corporate income tax purposes the non-deductibility of interests and royalties paid to related undertakings established in jurisdictions included on the “EU list of non-cooperative jurisdictions for tax purposes”. Milestone 3C-1 is the only milestone of this reform.

**Evidence provided:**

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document duly justifying how the milestone was satisfactorily fulfilled, including a link to the publication of the Act.
- ii) Act of 10 February 2021, which was published in the Official Journal of the Grand Duchy of Luxembourg on 11 February 2021 (Mémorial A, No. 108).

**Analysis:**

The justification and substantiating evidence provided by Luxembourg’s authorities cover all constitutive elements of the milestone.

**Entry into force of the Act of 10 February 2021 amending the amended Act of 4 December 1967 on income tax (formerly draft Act No. 7547) introducing for corporate income tax purposes non-deductibility of interests and royalties paid to related undertakings established in non-cooperative tax jurisdictions.**

The Act of 10 February 2021 was published in the Official Journal Mémorial A, No. 108 of 11 February 2021. Article 2 of the Act of 10 February 2021 specifies its entry into force on 1 March 2021.

**Furthermore, in line with the description of the measure, the Act of 10 February 2021** (evidence No. ii) amending the Act of 4 December 1967 on income tax introduces the non-deductibility for corporate income tax purposes of interests and royalties paid to related undertakings established in jurisdictions included on the EU list of non-cooperative jurisdictions for tax purposes. The Act was published on 11 February 2021 in the Official Journal of the Grand Duchy of Luxembourg. As specified in Article 1 of the Act the following amendment is made: in Article 168 of the amended Act of 4 December 1967 on income tax, a new paragraph is inserted (paragraph 5). This paragraph provides for the non-deductibility of interests and royalties for countries on the EU-list of non-cooperative jurisdictions for tax purposes. It also provides a definition of what is considered ‘interests’ and what is ‘royalties’. As specified in Article 2 of the Act, this Act entered into force on 1 March 2021.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 3C-2	Related Measure: Reform 2 – Fight of money laundering and terrorist financing
<b>Name of the Milestone:</b> Act of 25 March 2020 on AML	
<b>Qualitative Indicator:</b> Entry into force of act	<b>Time:</b> Q1 2020
<b>Context:</b> Milestone 3C-2 of component 3C is part of reform 2, which concerns the fight against money laundering ( <i>hereinafter referred to as “ML”</i> ) and terrorist financing ( <i>hereinafter referred to as “TF”</i> ). This reform consists of four intertwined sub-measures and pursues two main objectives. Firstly, to	

strengthen the framework for fighting ML and TF, by reinforcing the national provisions applicable to professionals providing trust and company services, and investment services, in particular. Secondly, to deepen the identification, assessment and understanding of ML and TF risks.

Milestone 3C-2 concerns the entry into force of the Act of 25 March 2020 amending the Act of 12 November 2004 on the fight against ML and TF to reinforce and further harmonise the supervision and sanctioning powers of the supervisory authorities and self-regulatory bodies in charge of supervision of trust and company service providers and investment services in the field of ML and TF.

Together with milestone 3C-3, which concerns the entry into force of the Grand-Ducal Decree of 14 August 2020 on anti-money laundering, they form the first sub-measure of this reform. This sub-measure consists in a reinforcement of the national provisions on the fight against ML and TF that is applicable to professionals providing services to companies and trusts, and investment services. Milestone 3C-2 is the first step in the implementation of this sub-measure. This sub-measure has a final expected implementation date in Q3 2020.

**Evidence provided:**

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document duly justifying how the milestone was satisfactorily fulfilled, including a link to the publication of the Act in the Official Journal.
- ii) Act of 25 March 2020 amending the Act of 12 November 2004 on the fight against money laundering and terrorist financing, which was published in the Official Journal of the Grand Duchy of Luxembourg on 26 March 2020 (Memorial-A, No. 194).

**Analysis:**

The justification and substantiating evidence provided by Luxembourg's authorities cover all constitutive elements of the milestone.

**Entry into force of the Act of 25 March 2020 amending the Act of 12 November 2004 on the fight against money laundering and terrorist financing.**

The Act of 25 March 2020 entered into force on 30 March 2020, four days after its publication, in accordance with Article 4 of the Law of 23 December 2016 in the Official Journal of the Grand Duchy of Luxembourg, which provides for the rules applicable to the entry into force of a legal act in case this is not specified explicitly.

**Furthermore, in line with the description of the measure, the Act of 25 March 2020 reinforces the national provisions on the fight against ML and TF applicable to professionals providing services to companies and trusts, and investment services.**

Article 2 of the Act of 12 November 2004 on the fight against money laundering and terrorist financing (the "Act of 12 November 2004") provides for a definition of "professionals" and includes professionals providing services to companies and trusts, and investment services. The obligations of professionals are described in Articles 2-2 to 5 of the Act of 12 November 2004; these obligations include performing a risk assessment, a customer due diligence, having adequate internal management requirements and cooperation requirements in place.

The Act of 25 March 2020 introduces new obligations for professionals, in particular, to expand the scope of the risk assessment (Article 4) and customer due diligence (Articles 5, 6, 7, and 8).

- Article 4 of the Act of 25 March 2020, which amends Article 2-2 of the Act of 12 November

2004 reinforces the risk assessment by adding that professionals shall i) also consider the level and type of appropriate measures to apply in order to manage and mitigate ML and TF risks in addition to identifying and assessing the risks and ii) ensure that the information on the risks included in the national and supranational risk assessment or communicated by the supervisory authorities, self-regulatory bodies or the European Supervisory Authorities is incorporated in their risk assessment.

- Article 5 of the Act of 25 March 2020, which amends Article 3 of the Act 12 November 2004, reinforces customer due diligence obligations of professionals (professionals also include “professionals providing services to companies and trusts” as per Article 2 of the Act of 12 November 2004). The amendments of Article 5 of the Act of 25 March 2020 clarify and expand the scope of customer due diligence measures that professionals must take. For example, a new sentence is introduced which states that professionals are required to apply customer due diligence procedures not only to all new customers but also at appropriate times to existing customers based on their risk assessment.
- In addition, Article 7 of the Act of 25 March 2020 introduces amendments to Article 3-2 of the Act of 12 November 2004 concerning enhanced customer due diligence obligations for correspondent relationships or transactions involving high-risk countries.
- Article 8 of the Act of 25 March 2020, which amends Article 3-3 of the Act 12 November 2004, strengthens the provisions on customer due diligence performed by third parties, in order to ensure in particular that the third party is regulated, supervised and has measures in place in order to comply with customer due diligence and record-keeping requirements.

**Furthermore, in line with the description of the measure, the Act of 25 March 2020 transposes certain provisions of the fifth Anti-Money Laundering Directive.<sup>4</sup>**

The Act of 25 March 2020 notably amends the amended Act of 12 November 2004 on combating money laundering and the financing of terrorism with a view to transposing certain provisions of Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing and amending Directives 2009/138/EC and 2013/36/EU, OJ L 156, 19.6.2018, p. 43-74.

Example of such provisions transposing the fifth Anti-Money Laundering Directive include:

- Article 1(1)(b) of the fifth Anti-Money Laundering Directive (5AMLD) requires the consideration of real estate agents as obliged entities in the sense of the anti-money laundering directive. This is introduced by Article 2(1)(g) of the Act of 25 March 2020, amending Article 2 of the Act of 12 November 2004.
- The Act of 25 March 2020 by means of Article 1(2)(c) also introduces, in Article 1 of the Act of 12 November 2004, the relevant amended definition of ‘beneficial owner’ in the case of trusts, as required by Article 1(2)(b) of the 5AMLD.
- Furthermore, the Act of 25 March 2020 via Article 7 defines measures that comprise ‘customer due diligence’, amending Article 3(2) of the Act of 12 November 2004, transposing Article 1(8)(a) of the 5AMLD.

The assessment of the satisfactory fulfilment of milestone 3C-2 for the purposes of payments from the Recovery and Resilience Facility does not prejudice the assessment by the Commission in any other proceedings regarding compliance of the national law with Directive (EU) 2018/843 of the

<sup>4</sup> The Commission has assessed the Act of 25 March 2020 amending the Act of 12 November 2004 on the fight against ML and TF and concluded that the transposition is both complete and in conformity with the 5<sup>th</sup> Anti-Money Laundering Directive.

European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU.

**Furthermore, in line with the description of the measure, the Act of 25 March 2020 reinforces and further harmonises the supervision and sanctioning powers of the supervisory authorities, and self-regulatory bodies in charge of supervision of trust and company service providers and investment services in the field of ML and TF.**

The *Commission de Surveillance du Secteur Financier* (CSSF), established by the Law of 23 December 1998, is the competent authority for the prudential supervision of the entire Luxembourg financial centre, including all the supervisory and investigatory powers provided for in article 2-1 in the Act of 12 November 2004 on the fight against money laundering and terrorist financing. This Act defines the supervisory and sanctioning powers in chapter 3.1.

The Act of 25 March 2020 reinforces and further harmonises the supervision and sanctioning powers of the supervisory authorities, and self-regulatory bodies via Articles 13, 15, 17, 18 and 20, as explained in more detail below.

Article 13 of the Act of 25 March 2020 amends Article 8(1) of the Act of 12 November 2004 on the exercise of **supervisory powers by the supervisory authorities and self-regulatory bodies**. It introduces a new paragraph, which stipulates that supervisory authorities may order credit and financial institutions to adopt one or more enhanced due diligence measures in the framework of business relationships and transactions with natural persons or legal entities involving countries which insufficiently apply anti-money laundering and terrorist financing measures.

Article 17 of the Act of 25 March 2020 introduces a new paragraph in Article 8-4 of the Act of 12 November 2004, which stipulates that **supervisory authorities may impose an administrative fine** ranging between EUR 250 and EUR 250 000 on professionals which do not comply with Articles 5(4) and 8(3)(3) in the Act of 12 November 2004 on potential threats, and retaliatory or hostile action towards employees reporting breaches of professional obligations concerning ML and TF.

Article 18 of the Act of 25 March 2020 provides that in the exercise of their powers to impose administrative sanctions and measures, the **supervisory authorities shall cooperate closely “among themselves, with the self-regulatory bodies and with their foreign counterparts”**.

Article 15 of the Act of 25 March 2020 also **strengthens the supervision powers of self-regulatory bodies** and harmonises them with the previously specified powers of the supervisory authorities. It introduces a new article (Article 8-2*bis*) entitled ‘Supervision powers of self-regulatory bodies’ (*Pouvoirs de surveillance des organismes d’auto-régulation*) in the Act of 12 November 2004, which stipulates, for example, that the competent bodies within the self-regulatory bodies shall have access to any document, shall be able to request information from any person, and shall be able to carry out on-site inspections or investigations.

Article 20 of the Act of 25 March 2020 introduces a new section three in the Act of 12 November 2004, which is entitled ‘**Enforcement by the self-regulatory bodies**’ (*Répression par les organismes d’auto-régulation*). The new section three implements and harmonises the catalogue of sanctions and other enforcement measures that can be imposed by self-regulatory bodies with the sanctions

applicable to professionals supervised by the supervisory authorities. For example Article 8-10 of the Act of 12 November 2004 defines the sanctions that can be imposed by the self-regulatory bodies on professionals in case of a breach of their obligations as laid down in Articles 2-2, 3, 3-1, 3-2, 3-3, 4, 4-1, 5 and 8-3 (3) or measures taken for their enforcement, as well as with respect to members of their management bodies, effective managers or other persons subject to their supervisory powers, responsible for the trader's failure to comply with its obligations'. Possible sanctions include a warning, a temporary prohibition, and fines. In addition, Article 8-12 describes the publication of decisions by self-regulatory bodies when imposing a sanction or punitive measure.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number: 3C-3</b>	Related Measure: Reform 2 – Fight of money laundering and terrorist financing	
<b>Name of the Milestone:</b> Grand-ducal decree of 14 August 2020 on AML		
<b>Qualitative Indicator:</b> Entry into force of grand-ducal decree		<b>Time:</b> Q3 2020
<p><b>Context:</b></p> <p>Milestone 3C-3 of component 3C is part of reform 2, which concerns the fight against money laundering (<i>hereinafter referred to as "ML"</i>) and terrorist financing (<i>hereinafter referred to as "TF"</i>). This reform consists of four intertwined sub-measures and pursues two main objectives: Firstly, to strengthen the framework for fighting ML and TF, by reinforcing the national provisions applicable to professionals providing trust and company services, and investment services, in particular. Secondly, to deepen the identification, assessment and understanding of ML and TF risks.</p> <p>Milestone 3C-3 concerns the entry into force of the Grand-Ducal Decree of 14 August 2020 amending the Grand-Ducal Decree of 1 February 2010 specifying certain provisions of the amended Act of 12 November 2004 on the fight against ML and TF, to clarify certain provisions applicable to the trust and company service providers.</p> <p>Together with milestone 3C-2, which concerns the entry into force of the Act of 25 March 2020 on anti-money laundering, they form the first sub-measure of this reform. This sub-measure consists in a reinforcement of the national provisions on the fight against ML and TF that is applicable to professionals providing services to companies and trusts, and investment services. Milestone 3C-3 is the second step in the implementation of this sub-measure, following milestone 3C-2. This sub-measure has a final expected implementation date in Q3 2020.</p>		
<p><b>Evidence provided:</b></p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> <li>i) Summary document duly justifying how the milestone was satisfactorily fulfilled, including a link to the publication of the Grand-Ducal Decree in the Official Journal.</li> <li>ii) Grand-Ducal Decree of 14 August 2020 amending the Grand-Ducal Decree of 1 February 2010 specifying certain provisions of the amended Act of 12 November 2004 on the fight against money laundering and terrorist financing, which was published in the Official Journal of the Grand Duchy of Luxembourg on 20 August 2020 (Mémorial A, No. 694).</li> </ol>		
<p><b>Analysis:</b></p> <p>The justification and substantiating evidence provided by Luxembourg's authorities cover all constitutive elements of the milestone.</p>		
<b>Entry into force of the Grand-Ducal Decree of 14 August 2020 amending the Grand-Ducal Decree</b>		

**of 1 February 2010 specifying certain provisions of the amended Act of 12 November 2004 on the fight against money laundering and terrorist financing.**

The Grand-Ducal Decree of 14 August 2020 was published in Luxembourg’s Official Journal, Mémorial A on 20 August 2020. The Decree entered into force on 24 August 2020, four days after its publication, in accordance with Article 4 of the Law of 23 December 2016 in the Official Journal of the Grand Duchy of Luxembourg, which provides the rules applicable to the entry into force of a legal act in case this is not specified explicitly.

**The Grand-Ducal Decree clarifies certain provisions applicable to trust and company service providers.**

Article 1 point 2 of the Grand-Ducal Decree of 14 August 2020 replaces the words “appropriate authorities” with “Luxembourg authorities responsible for controlling anti-money laundering and countering the financing of terrorism”, with respect to the authorities to whom professionals (including, in accordance with Article 2 of the Act of 12 November 2004, trust and company service providers) must make their record-keeping documents available, in the context of customer due diligence. Before this amendment, professionals (including trust and company service providers) were obliged to make their customer due diligence records available only for the authorities which were competent on the basis of the applicable jurisdiction (the appropriate authority). This amendment clarifies the wording defining the scope of appropriate authorities, specifying that these professionals must make these records available for all authorities related to ML and TF.

In addition, Article 1 point 3 of the Grand-Ducal Decree of 14 August 2020 clarifies and strengthens customer due diligence obligations for professionals (including trust and company service providers), by introducing a minimum frequency for which these obligations must be carried out. It specifies that customer due diligence measures must be carried out at least every seven years, if not more frequently based on the assessed level of risk of ML and TF. Previously, there was no provision which specified a minimum time frequency.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number: 3C-4</b>	Related Measure: Reform 2 – Fight of money laundering and terrorist financing	
<b>Name of the Milestone:</b> Vertical risk assessment in the area of terrorist financing		
<b>Qualitative Indicator:</b> Publication of risk assessment		<b>Time:</b> Q2 2021
<p><b>Context:</b>  Milestone 3C-4 of component 3C is part of reform 2, which concerns the fight against money laundering (<i>hereinafter referred to as “ML”</i>) and terrorist financing (<i>hereinafter referred to as “TF”</i>). This reform consists of four intertwined sub-measures and pursues two main objectives: Firstly, to strengthen the framework for fighting ML and TF, with regards to professionals providing trust and company services, and investment services in particular. Secondly, to deepen the identification, assessment and understanding of ML and TF risks.</p> <p>Milestone 3C-4 requires the publication of a risk assessment of the threats Luxembourg faces of being a conduit for terrorist financing, upon the adoption by the ML/TF Prevention Committee of the Vertical Risk Assessment of Terrorist Financing.</p> <p>Milestones 3C-4, as well as 3C-5, which concerns the publication of the sectoral risk assessment for legal persons and 3C-6 that refers to the publication of the 2020 update of National Risk Assessment form the second sub-measure of this reform. This consists in deepening the identification, assessment, and understanding of ML and TF risks. Milestone 3C-4 is the second step</p>		

in the implementation of this sub-measure, following milestone 3C-6 and preceding milestone 3C-5. This sub-measure has a final expected implementation date in Q4 2021.

**Evidence provided:**

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i) Summary document duly justifying how the milestone was satisfactorily fulfilled, including a link to the publication of the vertical risk assessment on the Ministry of Justice's website.
- ii) Vertical risk assessment of the threats Luxembourg faces of being a conduit for terrorist financing, which was published on Ministry of Justice's website on 21 June 2022.
- iii) Extract of the minutes from the virtual meeting on 17 May 2022 in which the risk assessment was adopted by the ML/TF Prevention Committee. The extract has been signed by the President of the Committee.
- iv) Extract of the minutes from the virtual meeting on 14 July 2022 in which the adoption of the minutes of the previous meeting on 17 May 2022 was confirmed. The extract has been signed by the President of the Committee.

**Analysis:**

The justification and substantiating evidence provided by Luxembourg's authorities cover all constitutive elements of the milestone.

**The publication of a risk assessment of the threats Luxembourg faces of being a conduit for terrorist financing.**

Luxembourg published the risk assessment on 21 June 2022 on the Ministry of Justice's website.

**The risk assessment is published upon its adoption by the ML/TF Prevention Committee.**

The minutes of the ML/TF Prevention Committee meetings (evidence No. iii), signed by the President of the Prevention Committee, confirm that the risk assessment was adopted by the Committee on 17 May 2022.

**The risk assessment deepens the identification, assessment and understanding of terrorist financing risks in Luxembourg.**

The risk assessment (evidence No. ii) focusses on terrorist financing and identifies and assesses i) the actors, ii) their financing needs and iii) vulnerable sectors. In addition, it assesses the sectoral inherent and residual risk (from low to high), taking mitigating measures into account.

Section three of the risk assessment identifies the three stages of terrorist financing: i) raising funds: funds intended to be used to support a terrorist or a terrorist organisation are raised; ii) moving funds: those funds are then moved to finance a terrorist-related activity; and iii) using funds: ultimately those funds are used to meet the needs of a terrorist or a terrorist organisation.

Four categories of terrorism actors are identified in section four of the risk assessment: a) lone actors and small terrorist cells, b) foreign terrorist fighters, c) international terrorist organisations, and d) other terrorist actors. The risk assessment identifies their different financial requirements needed to maintain their activities. Small cells, lone actors and foreign terrorist fighters have low financial needs, whereas international terrorist organisations are characterised by high financial requirements. Section 5 of the risk assessment assesses the TF risks by looking at the terrorist risk in regions connected to Luxembourg either through its geographical proximity (the EU and the UK) or through its role as a financial centre (third countries in general). This is because the higher the terrorist activity in a certain region, the higher the need for TF.



To deepen the understanding, section six of the risk assessment describes the sectorial vulnerabilities. It concludes that TF exposure arising from lone actors and small cells operating within the EU and the UK typically materialises by much smaller movements of funds channelled through specific services of the financial sub-sectors, such as retail banking and the money value or transfer services sector. On the other hand, there is the TF risk arising from large flows of funds that may be channelled to or from foreign international terrorist organisations and which transit through Luxembourg’s financial centre.

In addition, the assessment in section seven performs a mitigating-factor analysis to determine the residual terrorist financing risk across sectors, by taking into account the impact on the inherent risk of mitigating factors already in place in Luxembourg.

By identifying and assessing the risks of TF in Luxembourg from different terrorism actors, this risk assessment deepens the understanding of these risks, and in particular the residual risk that still exists despite mitigating measures that Luxembourg has already taking to counter TF.

In section eight, the report concludes that retail and business banks, money value and transfer services, and non-profit organisations which carry out development and humanitarian projects abroad are at a high inherent risk of being misused for TF. Consequently, taking the impact of mitigating factors into account, the risk assessment concludes that only non-profit organisations have a high residual risk, while banks and money value & transfer services have a medium residual risk.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number:</b> 3C-5	Related Measure: Reform 2 – Fight of money laundering and terrorist financing	
<b>Name of the Milestone:</b> Sectoral risk assessment of legal persons		
<b>Qualitative Indicator:</b> Publication of risks assessment		<b>Time:</b> Q4 2021
<p><b>Context:</b></p> <p>Milestone 3C-5 of component 3C is part of reform 2, which concerns the fight of money laundering against money laundering (<i>hereinafter referred to as “ML”</i>) and terrorist financing (<i>hereinafter referred to as “TF”</i>). This reform consists of four intertwined sub-measures and pursues two main objectives: Firstly, to strengthen the framework for fighting ML and TF, with regards to professionals providing trust and company services, and investment services in particular. Secondly, to deepen the identification, assessment and understanding of ML and TF risks.</p> <p>Milestone 3C-5 consists of the publication of a Sectoral Risk Assessment of Legal Persons and shall allow to develop new measures mitigating the identified residual risks of legal persons.</p> <p>Milestone 3C-5 is the third milestone of the second sub-measure, which consists in deepening the identification, assessment, and understanding of ML and TF risks, and followed the completion of milestones 3C-4 and 3C-6. This sub-measure has a final expected implementation date in Q4 2021.</p>		
<p><b>Evidence provided:</b></p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> <li>i) Summary document duly justifying how the milestone was satisfactorily fulfilled, with appropriate references to the underlying evidence.</li> <li>ii) ‘ML/TF Vertical Risk Assessment - Legal Persons and Legal Arrangements’ report, which was published on the website of the Ministry of Justice on 23 February 2022.</li> </ul>		

**Analysis:**

The justification and substantiating evidence provided by Luxembourg's authorities cover all constitutive elements of the milestone.

**Publication of a Sectoral Risk Assessment of Legal Persons.**

The risk assessment of legal persons was published on 23 February 2022 on the website of the Ministry of Justice. It was carried out under the leadership of the Ministry of Justice and adopted on 11 February 2022 by the Committee for the Prevention of Money Laundering and the Financing of Terrorism (ML/TF Prevention Committee).

In line with the description of the measure, the milestone consists in deepening the identification, assessment, and understanding of ML/TF risks, **including the risks related to professionals providing services to companies and trusts, and investment services.**

The National Risk Assessment (NRA) 2020 assessed the risk of misuse of its legal persons and legal arrangements as "High". Considering the relevance of the corporate sector to Luxembourg's economy and the findings of the 2020 National Risk Assessment, whose publication is a requirement of milestone 3C-6 of this measure, the Ministry of Justice conducted a specific risk assessment of legal persons and legal arrangements. In order to better identify, assess and understand the risks, the report provides an overview of Luxembourg's corporate environment regarding legal persons and legal arrangements in section 3. To analyse the risk of misuse of legal persons and legal arrangements in Luxembourg, two risks were considered, namely the corporate and entity-type specific risk. In section 4, the risk of misuse of the country's corporate sector for ML/TF purposes (the corporate risk) was assessed by studying Luxembourg's capacity to obtain and maintain basic and beneficial ownership information of six categories of companies (section 4.3 presents inherent risks and section 4.4.5 residual risk). Section 4.4.2 is dedicated to professionals providing services to companies and trusts, and investment services. The assessment highlights the overall risks pertaining to legal persons and legal arrangements and concludes that in the business sector, commercial companies and legal arrangements present a very high level of inherent risk. The impact of mitigating factors reduces this to a medium residual risk level. Civil societies, other legal persons and foundations present a high inherent risk. The impact of mitigating factors reduces this to a low residual risk level. Finally, non-profit organisations have the lowest risk category, with a medium inherent risk and a very low residual risk.

In section 5, a more granular entity type specific risk assessment is presented to explore the potential risk of misuse for ML/TF purposes of the most relevant type of entities. These are classified as *Societes Commerciales* (such as simplified joint stock company), non-commercial entities (such as foundations) and legal arrangements (such as *fiducies*). The inherent risk specific to the types of entities is defined according to the inherent vulnerabilities of each type of legal person and legal construct and the likelihood that these vulnerabilities will be used for ML and TF purposes. In section 5.3 the inherent risk per entity type is presented (for example for a simplified joint stock company it is medium and for a *fiducie* it is very high). The residual risk outcome is the result of the balance of applying mitigating measures against entity-type specific inherent risks. Section 5.4.5 concludes with the entity mitigating measures analysis outcome and the residual risk assessment specific to the types of entities. This highlights that *fiducies* are the riskiest type of entity with very high inherent and residual risk, despite mitigating measures. Public limited companies (SA) and limited liability companies (SARL) present a high inherent risk and a medium residual risk, after considering mitigating measures. Simplified joint stock companies (SAS), European Companies (SE), limited joint-stock partnerships (SCA), non-profit associations (ASBL) and foundations present a medium inherent risk and a low or very low residual risk. Finally, the inherent and residual risks of

European cooperative company (SCE), simplified private limited liability company (SARLS-S), common limited partnership (SCS), common unlimited partnership (SCSpe), general corporate partnership or unlimited company (SNC) and civil company are low or very low.

**Furthermore, in line with the description of the measure, the Sectoral Risk Assessment, as required under criterion 24.2 of recommendations of the Financial Action Task Force, shall allow to develop new measures mitigating the possibly identified residual risks.**

The report presents the residual risk outcome, which is the result of the balance of applying mitigating measures against entity-type specific inherent risks. The report studies three overall categories of mitigating measures, namely i) the controls performed by professionals subject to the 2004 Anti-Money Laundering / Counter Terrorist Financing Law; ii) international cooperation; and iii) the information kept by the different registers and the coordinated actions carried out by Luxembourg’s authorities. In section 4.4 for the corporate risk assessment and in 5.4 for the entity-type specific risk assessment, the mitigating factors and measures are explained, and their impact is scored. Section 4.4.5 of the report provides the outcome of the corporate inherent risk assessment, the impact of mitigating factors and the corporate residual risk outcome, which allows to develop new mitigating measures for the medium scored residual risk for *Societes commerciales* and Legal arrangements.

Section 5.3 presents the entity-type specific inherent risks and section 5.4.5 assesses the impact of the mitigating measures and the entity-type specific residual risk outcome. This allows to further develop new measures mitigating the high identified residual risks for *fiducies* and medium risk for public company limited by shares (SA) and private limited liability company (SARL).

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number: 3C-6</b>	Related Measure: Reform 2 – Fight of money laundering and terrorist financing	
<b>Name of the Milestone:</b> 2020 update of National Risk Assessment		
<b>Qualitative Indicator:</b> Publication of risks assessment		<b>Time:</b> Q4 2020
<p><b>Context:</b></p> <p>Milestone 3C-6 of component 3C is part of reform 2, which concerns the fight against money laundering (<i>hereinafter referred to as “ML”</i>) and terrorist financing (<i>hereinafter referred to as “TF”</i>). This reform consists of four intertwined sub-measures and pursues two main objectives. First, to strengthen the framework for fighting ML and TF that is applicable to professionals providing trust and company services, and investment services. The second objective consists in a better identification, assessment, and understanding of ML and TF risks.</p> <p>Milestone 3C-6 consists of an update of the National Risk Assessment (NRA) of ML and TF to further calibrate the preventive and mitigating measures, and the allocation by the State, the supervisory authorities, and self-regulatory bodies of resources to the fight against ML and TF.</p> <p>Milestone 3C-6 is the first milestone of the second sub-measure, which consists in deepening the identification, assessment, and understanding of ML and TF risks, and it was followed by milestones 3C-4 and 3C-5. This sub-measure has a final expected implementation date in Q4 2021.</p>		
<p><b>Evidence provided:</b></p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> <li>i) Summary document duly justifying how the milestone was satisfactorily fulfilled, with</li> </ul>		

- appropriate references to the underlying evidence.
- ii) '2020 National Risk Assessment of money laundering and terrorist financing, Luxembourg', which was published on the website of the Ministry of Justice on 15 September 2020.

**Analysis:**

The justification and substantiating evidence provided by Luxembourg's authorities cover all constitutive elements of the milestone.

**Publication of the 2020 update of the National Risk Assessment of Money Laundering and Terrorist Financing**

The 2020 update of the National Risk Assessment of Money Laundering and Terrorist Financing (NRA 2020) was published on 15 September 2020 on the website of the Ministry of Justice.

**Furthermore, in line with the description of the measure, the milestone consists in deepening the identification, assessment, and understanding of ML and TF risks.**

The National Risk Assessment identifies and assesses the inherent risks by i) analysing the threats from money laundering and terrorist financing and classifying them on a scale from one to five in section 5 and ii) presenting the vulnerabilities in sectors (such as financial sector, gambling, real estate, international trade) that are particularly exposed to misuse or abuse for ML and TF in section 6. The risks related to professionals providing services to companies and trusts, and investment services is presented in section 6.4.1 of the report. This is followed by section 7 that provides an overview of the mitigating factors of the anti-money laundering and combating terrorist financing framework in Luxembourg, namely i) national strategy and coordination, ii) prevention and supervision, iii) detection, iv) prosecution & asset recovery/inquiry and v) international cooperation. In section 8, a further understanding of the main emerging and evolving risks (such as virtual assets and their providers, new payment methods) and threats (such as cybercrime) that Luxembourg is exposed to in the future are analysed. The report concludes in section 9 with a residual risk assessment at sector level to identify the areas where Luxembourg remains exposed to the highest level of ML and TF.

**Furthermore, in line with the description of the measure, the milestone further calibrates the preventive and mitigating measures, and the allocation by the State, the supervisory authorities, and self-regulatory bodies of resources to the fight against money laundering and terrorist financing.**

Section 8.3 of the report presents developments regarding mitigating factors. These mainly focus on advanced technologies (such as block chain and artificial intelligence) to strengthen Anti-Money Laundering (*hereinafter referred to as "AML"*) / Counter Terrorist Financing (*hereinafter referred to as "CTF"*) controls and mitigating factors. In section 10 of the report the national AML/CTF strategy is presented which includes the preventing and mitigating measures the authorities focus on to strengthen the effectiveness of the AML/CTF framework. This strategy contains three levels: i) agency level plans for each competent authority, ii) a national action plan which aggregate the agency level plans and iii) national strategic priorities. There are four priorities i) further enhancing prosecution of ML and TF, ii) further developing the ML and TF investigation capabilities, iii) harmonising the supervision of designated non-financial business or profession (such as lawyers, accountants) and iv) improving market entry controls of trust & corporate service provider. These priorities have been translated into seven initiatives explained in section 10 of the report and include a set of actions to be implemented over the course of 2021-2023 by the competent authorities and other stakeholders. These actions include for example initiative one to ensure closer collaboration and coordination at national level, and initiative four to increase transparency of legal entities and arrangements.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

<b>Number: 3C-8</b>	Related Measure: Reform 2 – Fight of money laundering and terrorist financing
<b>Name of the Milestone:</b> Finalisation of the study on the reinforcement of the regime applicable to trust and company service providers	
<b>Qualitative Indicator:</b> Finalisation of a study	<b>Time:</b> Q4 2021
<b>Context:</b> <p>Milestone 3C-8 is part of reform 2, which concerns the fight against money laundering (<i>hereinafter referred to as “ML”</i>) and terrorist financing (<i>hereinafter referred to as “TF”</i>). This reform consists of four intertwined sub-measures and pursues two main objectives. Firstly, to strengthen the framework for fighting ML and TF by reinforcing the national provisions applicable to professionals providing trust and company services, and investment services, in particular. Secondly, to deepen the identification, assessment and understanding of these ML and TF risks.</p> <p>Milestone 3C-8 contains the finalisation of the study on the reinforcement of the regime applicable to trust and company service providers. The study contains a review of the current legal regime applicable to trust and company service providers. The second milestone of this sub-measure is 3C-9 relates to the entry into force of the act reinforcing the regime applicable to trust and company service providers.</p> <p>Milestone 3C-8 is the first milestone of the fourth sub-measure, and it will be followed by milestone 3C-9, which is the entry into force of the act reinforcing the regime applicable to trust and company service providers by Q3 2023. This sub-measure has a final expected implementation date in Q3 2023.</p>	
<b>Evidence provided:</b> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"><li>i) Summary document duly justifying how the milestone was satisfactorily fulfilled, including a copy of the finalised study.</li><li>ii) Submitted copy of a confidential study (The legal framework for trust and company service providers – state of play and future prospects), dated 24 February 2022.</li></ol>	
<b>Analysis:</b> <p>The justification and substantiating evidence provided by Luxembourg’s authorities cover all constitutive elements of the milestone.</p> <p><b>Finalisation of the study on the reinforcement of the regime applicable to trust and company service providers</b></p> <p>This confidential study was conducted by an external party and shared with the Ministry of Justice on 24 February 2022.</p> <p><b>Furthermore, in line with the description of the measure, the milestone consists of a study reviewing the current legal regime applicable to trust and company service providers.</b> The study describes the legal framework applicable to trust and company service providers. Section 1 of the report reviews the current legal regime applicable to trust and company service providers and concludes in section 1.4 that the vast majority of trust and company service providers activities are covered by existing regulations and laws. In order reinforce the regime the study recommends the legislator to clarify certain concepts in terms of terminology used in the AML/CTF Act which are i) likely to create legal uncertainty (for example the concept of “director”) or ii) lack a</p>	

precise definition of key concepts relating to the scope of trust and company service providers activities (in particular the absence of a definition of the term “in a professional capacity”). In order to remedy this the study recommends amending the AML/CTF Law to include the ‘trust and company service providers’ guideline definitions’ that specify certain concepts that are contained in the AML/CTF Law, because the guidelines have no legal force.

**Commission Preliminary Assessment:** Satisfactorily fulfilled

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<sup>i</sup> Article 22 (d) for the purpose of audit and control and to provide for comparable information on the use of funds in relation to measures for the implementation of reforms and investment projects under the recovery and resilience plan, to collect and ensure access to the following standardised categories of data: (i) (ii) name of the final recipient of funds; name of the contractor and sub-contractor, where the final recipient of funds is a contracting authority in accordance with Union or national law on public procurement; (iii) first name(s), last name(s) and date of birth of beneficial owner(s) of the recipient of funds or contractor, as defined in point 6 of Article 3 of Directive (EU) 2015/849 of the European Parliament and of the Council.