LUXEMBOURG

The OECD Regional Outlook reviews recent trends, policy developments, and prospects across OECD regions, including the underlying causes driving regional inequalities in performance and well-being. The report offers evidence, guidance and policy recommendations on how to improve competitiveness and productivity, promote inclusive growth, accelerate the net-zero transition and raise well-being standards through effective regional development policy and multi-level governance.

Territorial definitions

The data in this note reflect different sub-national geographic levels in OECD countries. In particular, **regions** are classified on two territorial levels reflecting the administrative organisation of countries: large regions (TL2) and small regions (TL3). In Canada, TL2 corresponds to the provinces and territories.

Small regions are classified according to their access to metropolitan areas (Fadic et al. 2019). The typology classifies small (TL3) regions into metropolitan and non-metropolitan regions according to the following criteria:

- **Metropolitan regions**, if more than half of the population live in a FUA. Metropolitan regions are further classified into **metropolitan large**, if more than half of the population live in a (large) FUA of at least 1.5 million inhabitants; and **metropolitan midsize**, if more than half of the population live in a (midsize) FUA of at 250 000 to 1.5 million inhabitants.
- **Non-metropolitan regions**, if less than half of the population live in a midsize/large FUA. These regions are further classified according to their level of access to FUAs of different sizes: **near a midsize/large FUA** if more than half of the population live within a 60-minute drive from a midsize/large FUA (of more than 250 000 inhabitants) or if the TL3 region contains more than 80% of the area of a midsize/large FUA; **near a small FUA** if the region does not have access to a midsize/large FUA and at least half of its population have access to a small FUA (i.e. between 50 000 and 250 000 inhabitants) within a 60-minute drive, or contains 80% of the area of a small FUA; and **remote**, otherwise.

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Overview

Population *(specify date)* and territory	645.397 inhabitants (as of 1 January 2022)[1], 2.586 km^2
Administrative structure *(unitary/federal)*	Unitary
Regional or state-level governments *(number)*	-
Intermediate-level governments *(number)*	-
Municipal-level governments *(number)*	102 municipalities (*communes*) (state of play 16/03/2023), [100 municipalities from 01/09/2023 onwards due to two municipal mergers]
Share of subnational government in total expenditure/revenues (2021)	11.0% of total expenditure 10.9% of total revenues [Source: Subnational governments in OECD countries: key data, 2023 edition]
Key regional development challenges	• Reducing territorial disparities, for example in terms of public service provision • Encouraging a joint and coordinated development in functional urban and rural areas
Objectives of regional policy	• Provide optimal living conditions for the entire population through the promotion and sustainable development of all parts of the national territory • Coordinate sector policies at the intermunicipal level with a territorial impact • Encourage municipalities to develop joint strategies
Legal/institutional framework for regional policy	• Modified Law of 17 April 2018 concerning Spatial Planning (*Loi modifiée du 17 avril 2018 concernant l'aménagement du territoire, Loi AT*)
Budget allocated to regional development (i.e., amount) and fiscal equalisation mechanisms between jurisdictions (if any)	Budget allocated to regional development 2022: • Nature parks: 2.104.500 € • Conventions of territorial cooperation: 645.000 €
National regional development policy framework	Master Programme for Spatial Planning of 2003 [new version to be adopted in 2023] (*Programme directeur d'aménagement du territoire, PDAT*)
Urban policy framework	• Master Programme for Spatial Planning of 2003 [new version to be adopted in 2023] (*Programme directeur d'aménagement du territoire, PDAT*) • National Urban Policy Information Unit convention and annual work programmes (*Cellule nationale d'Information pour la Politique Urbaine, CIPU*)
Rural policy framework	• Master Programme for Spatial Planning of 2003 [new version to be adopted in 2023] (*Programme directeur d'aménagement du territoire, PDAT*) • National Strategic Plan for the Common Agricultural Policy 2023-2027
Major regional policy tools (e.g., funds, plans, policy initiatives, institutional agreements, etc.)	• Conventions of territorial cooperation between the State and municipalities (*Syndicat Nordstad, Syndicat PRO-SUD, Syndicat Réidener Kanton*) • Regional forum (*Forum régional Centre*) • Nature parks (*Haute-Sûre, Our, Mëllerdall*) • Territorial visions for the three urban agglomeration areas

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	(*Nordstad*, *région Sud*, *Agglo-Centre*) and the *Réidener Kanton* rural area • Minett UNESCO Biosphere (UNESCO Man and the Biosphere Programme) • Monitoring system for the nature parks • Regional climate change adaptation strategies
Policy co-ordination tools at national level	Department of Spatial Planning, Ministry of Energy and Spatial Planning
Multi-level governance mechanisms between national and subnational levels (e.g., institutional agreements, Committees, etc.)	• Conventions of territorial cooperation between the State and municipalities (*Conventions de cooperation territorial Etat-communes*) • Nature parks (*Parcs naturels*)
Policy co-ordination tools at regional level	• Integrated regional strategies and territorial visions • Intermunicipal syndicates
Evaluation and monitoring tools	Regional systems of evaluation and monitoring (e.g. nature parks)
Future orientations of regional policy	• Implementation of the territorial visions for the three urban agglomeration areas • Development and implementation of a territorial vision for the *Réidener Kanton* rural area • Revision of the territorial analysis for the Nature parks and development of new ten-year work programmes • Development and implementation of strategies for six cross-border functional zones in the framework of the Interreg Grande Région cooperation programme

Recent policy developments

The Master Programme for Spatial Planning (PDAT), which defines an integrated strategy for the sector policies having a territorial impact and determines the general guidelines, priorities and measures of the government's spatial planning policy, has been revised and is currently [state of play 16/03/2023] in the adoption phase. It sets priorities and defines lighthouse projects for regional development and cooperation in so-called "Action areas" (Espaces d'action), which are functional areas that can be either urban or rural as well as either national or cross-border.