

Austria

Key facts and issues

Austria is a federal country composed of 9 *Länder* with a population of 8.6 million. Subnational governments are responsible for 34% of public expenditure, ranking Austria the 14th most decentralised country in the OECD with regards to public spending. Around two thirds (65%) of its population is living in intermediate or predominantly rural areas, which is higher than in the majority of OECD countries.

With a GDP per capita of over USD 48 000, 17% above the OECD average, Austria ranks 7th in the OECD. Since 2000, GDP per capita inequalities among small regions (TL3), as measured by the Gini index have decreased, and are generally below OECD averages. Overall, Austria has the 2nd smallest regional disparities among OECD countries in terms of OECD regional well-being indicators. On the productivity front, since 2000 disparities among regions are down, and inter-regional gaps in educational attainment are also shrinking. Austria's regions are catching-up to the best performers in terms of labour productivity. On the other hand, other indicators have recorded an increased disparity among *Länder* in recent years, such as R&D expenditures, life expectancy, unemployment rates and the gender gap in participation rates. Despite a low country average in terms of youth unemployment, Austria has notable gaps between the *Länder* with the lowest and highest youth unemployment rates. The share of young people not in education, employment, or training is relatively low, as are inter-regional disparities on this indicator.

Austria: regional, urban and rural development policies

| Policy Area | Enabling Document, Strategy, or Framework | Strategic Objectives and Means | Lead Ministry, Agency or Committee |
|-------------|---|---|---|
| Regional | ÖREK 2011 STRAT.AT 2020 (Partnership Agreement) (2014) | Spatial planning guidelines for competitiveness, social diversity and solidarity, climate change, adaptation resource efficiency, and co-operative and efficient governance | Federal Chancellery (Directorate for Territorial Co-operation) & Austrian Spatial Conference (ÖROK) |
| Urban | ÖREK 2011 | Not a federal responsibility – ÖREK proposes planning guidelines for <i>Länder</i> and subnational governments | Federal Chancellery |
| Rural | Austrian Rural Development Programme (2014) | Agricultural development, primary sector innovation and productivity; long-standing focus on mountainous areas | Federal Chancellery (Directorate for Territorial Co-operation) |

General policy approach

Austria's regional policies mainly consist of EU programmes implemented in co-ordination between the federal government (Federal Chancellery) and *Länder*. Austria's distinctively national framework is a non-binding legal document proposing planning guidelines and planning practices to achieve various strategic objectives. Some support is provided to firms in economically disadvantaged areas. In terms of urban policy, while there is no specific national strategy per se, the Austrian Spatial Development Concept (ÖROK 2011) covers urban areas and includes the development of an Austrian agglomeration policy. Given the country's geography, a special focus on mountainous areas has been an important consideration in rural policy, where environmental factors and competitiveness are connected.

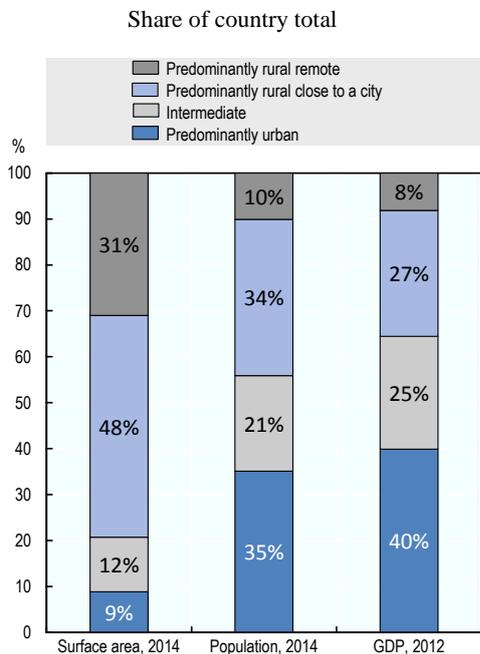
Recent policy changes

- Within the European Regional Development Fund (ERDF) framework, all but one region are now designated as a “more developed region”, while the remaining region, Burgenland has been designated as a “transition region”, which significantly reduces the overall level of ERDF funding.
- For the 2014-20 programming period, the nine ERDF programmes at *Land* level have been merged into a single programme covering all of Austria.
- The ÖROK Secretariat is to be the managing authority of the ERDF for the 2014-20 programming period.

Austria: Main regional, urban and rural development policy tools

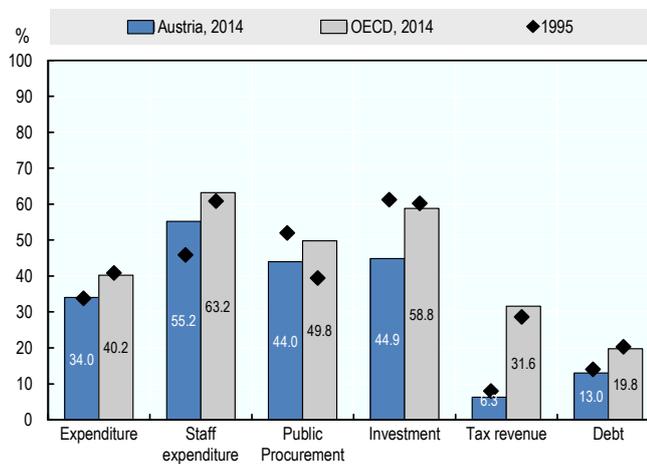
| Policy Instrument | ✓ | Examples |
|--|---|---|
| Transport Infrastructure investments and systems of cities | ✓ | Only through trans-border Operational Programs (OP). For example, the Central Europe OP |
| Other Infrastructure investments | ✓ | Some interregional OPs (such as Interreg V-A - Austria-Czech Republic) are funding research- and education-oriented infrastructure |
| Service delivery (subsidies for public services) | | |
| Business development/ innovation support | ✓ | ERP Regional Programme is offered by the European Recovery Programme. It provides low interest loans for businesses to engage in technology intensive activities in weaker regions of Austria; Investments in Growth and Employment Austria 2014-2020 - Operational Programme is focused around SME support in regions, as well as innovation |
| Urban renewal | | |
| Urban form and land use | | |
| Sustainability policies | ✓ | <i>Urban:</i> Investments in Growth and Employment Austria 2014-2020 - Operational Programme has a main focus on providing a low carbon economy through integrated sustainable urban development <i>Rural:</i> Austrian Rural Development Programme |
| Rural-urban linkages | | |
| Clusters/technology platforms/ centres of expertise | | |
| Special economic zones | | |
| Rural landscape preservation | ✓ | <i>Rural:</i> Austrian Rural Development Programme as well as interregional OPs such as Interreg V-A - Austria-Hungary |
| Skills/training programmes | ✓ | Some interregional OPs (such as Interreg V-A - Austria-Czech Republic) are aiming at improving cross-border human capital outcomes |
| Capacity building for sub-national governments | ✓ | Investments in Growth and Employment Austria 2014-2020 - Operational Programme provides technical assistance . Some Trans-border Operational Programmes such as the Alpine OP have a distinct governance dimension; ESPON 2020 OP through better policy evidence production |

Land, population and economy in rural and urban regions



Subnational government role in public finance

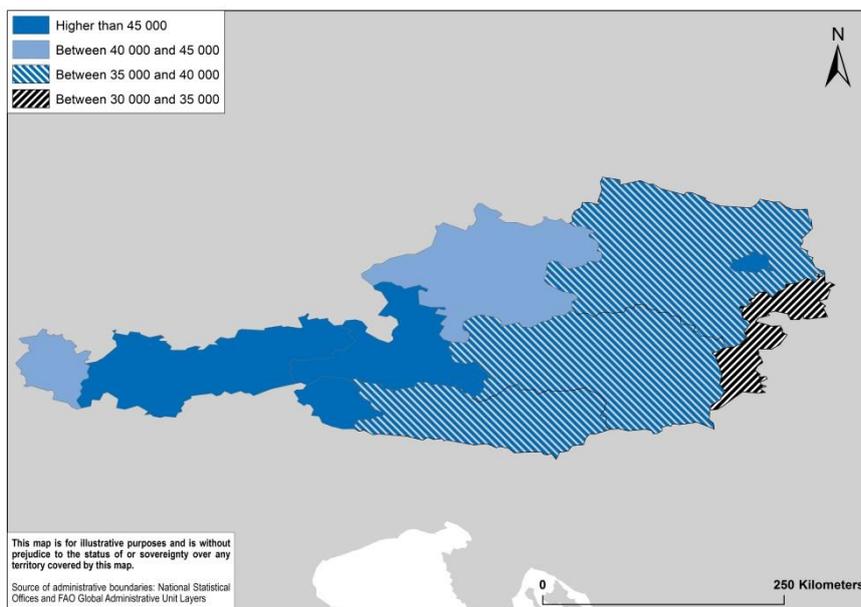
Share of general government



Number of subnational governments

| Municipal level | Intermediary level | Regional or state level | Total |
|-----------------|--------------------|-------------------------|-------|
| 2 100 | | 9 | 2 109 |

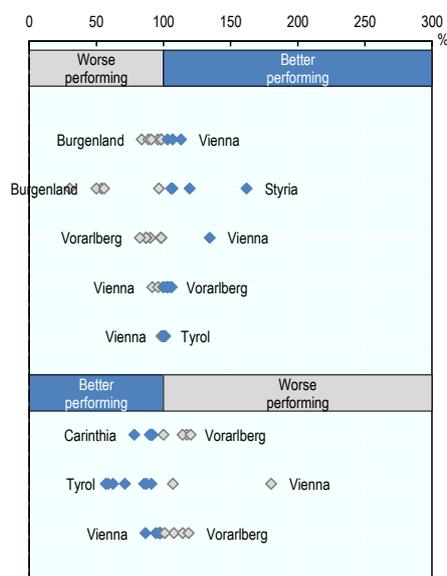
Regional differences in GDP per capita levels, 2013



Note: GDP per capita in constant prices and constant USD PPP (base year 2010).

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Inter-regional disparities (as a % of the country average)

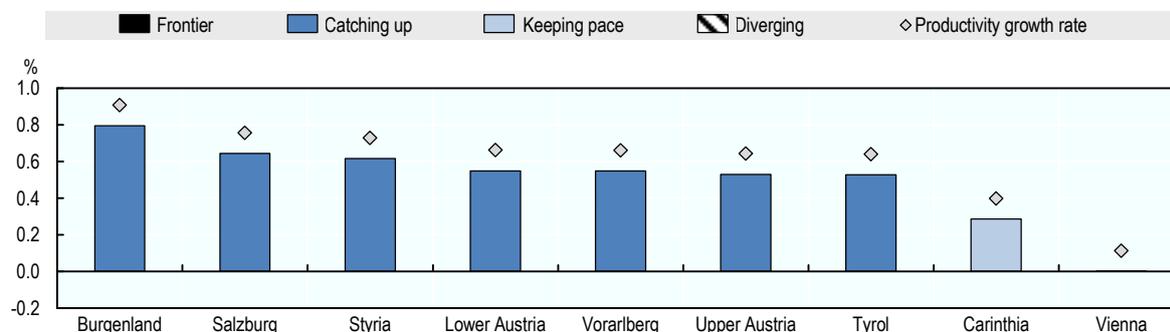


| Variable | Min. | Max. | Country Avg. | OECD Avg. | Disparities up or down since 2001 |
|--|--------|--------|--------------|-----------|-----------------------------------|
| GDP per worker (2013) | 68 439 | 92 398 | 81 672 | 74 520 | down |
| R&D expenditure as a % of GDP (2013) | 0.9 | 4.81 | 2.97 | 2.4 | up (2002) |
| Share of labour force with tertiary education | 26 | 42.4 | 31.5 | 32.3 | down |
| Disposable household income | 32 988 | 38 007 | 35 922 | 34 866 | up (2004) |
| Life expectancy | 82.2 | 80 | 81.2 | 80 | up |
| Share of workforce with only primary education | 11.6 | 17.8 | 14.8 | 25.2 | down |
| Unemployment rate | 3.2 | 10.1 | 5.6 | 7.3 | up |
| Gender gap in participation rate | -7.8 | -10.7 | -9 | -15.9 | up |

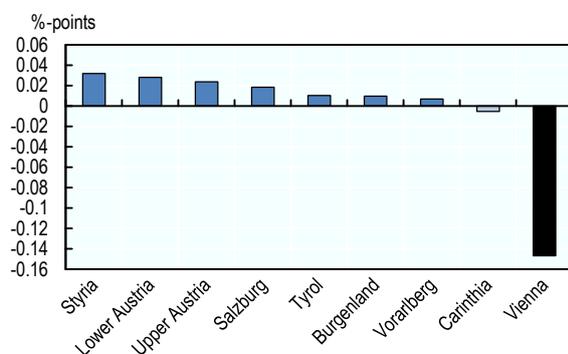
Note: Each diamond represents a TL2 region. Unless specified, all data are for 2014. Disparity is measured as the difference between the top and bottom region in the country.

Productivity and catching-up trends among regions

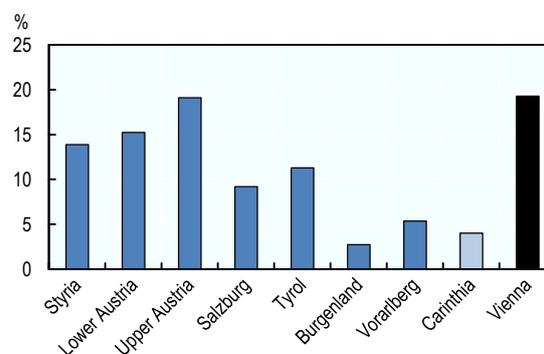
Average annual labour productivity (GDP per worker) growth rate [diamonds] and deviation from the growth rate of the country's productivity frontier [bars], 2000-2013
See country page notes for classification of regions



Contribution to annual labour productivity growth, 2000-13



Percentage contribution to national GDP growth, 2000-13



Note: Difference between national labour productivity growth as calculated with and without the indicated region.

Note: The contribution is the product of a region's GDP growth rate by its initial share of GDP.

StatLink <http://dx.doi.org/10.1787/888933420214>

Country page notes

Main indicators

| | |
|--|---|
| OECD average | represents the weighted average of OECD country/region values for the given year or closest year available. |
| OECD Regional Well-being framework | considers a combination of individual characteristics and local conditions in eleven dimensions that shape people's material conditions (income, jobs and housing) and their quality of life (health, education, access to services, environment, safety, civic engagement and governance, community, and life satisfaction). |
| Gross domestic product (GDP); GDP per capita; and labour productivity (GDP per worker) | is the standard measure of the value of the production activity (goods and services) of resident producer units. Regional GDP is measured according to the definition of the System of National Accounts (SNA 2008). To make comparisons over time and across countries, it is expressed at constant prices (year 2010), using the OECD deflator and then it is converted into USD using purchasing power parities (PPPs). For regional labour productivity, GDP (gross value added for Turkey) is divided by the number of workers (at place of work) or, for GDP per capita, the number of residents. For comparisons of current (per capita) GDP across countries, GDP for 2015 is converted to USD using PPPs for 2015. |
| Subnational government role in public finance | is mainly derived from the OECD National Accounts, harmonised according to the new standards of the System of National Accounts (SNA 2008), with the exception of Chile, Japan and Turkey, which are still under SNA 1993. General government includes four sub-sectors: central/federal government and related public entities; federated government ("states") and related public entities; local government i.e. regional and local governments and related public entities, and social security funds. Subnational governments are local (regional and local) governments and state governments (in countries with a federal or quasi-federal government system). |
| Gini index (regional income inequality) | The Gini index is a measure of inequality in terms of GDP per capita among all regions of a given country, with equal weight for each region. The index takes on values between 0 and 1, with zero interpreted as no disparity. |
| R&D expenditure | is the total gross domestic expenditure on research and development by the government, higher education, business, and private non-profit sectors. |
| Household disposable income and poverty rate | is the income generated directly from market transactions, adding all current transfers from the government, except social transfers in kind, and subtracting current transfers, such as income or regular wealth taxes and social contributions. It is expressed in USD Purchasing Power Parities (PPP) at constant prices (year 2010) and using a standard equivalised size for households across the OECD. Due to a lack of data, the indicator is expressed in per capita terms for the Czech Republic, Estonia, Hungary and New Zealand. The poverty rate is here taken as the percentage of people with disposable household income per capita of less than half the country median. |
| Participation rate, unemployment rate, youth unemployment and NEETs | The (labour force) participation rate is the ratio of the labour force (employed and unemployed) aged 15+ to the population (15+). The gender gap is the difference between the participation rates for women and men. Unemployed persons are defined as those who are without work, are available for work, and have taken active steps to find work in the last four weeks. The unemployment rate is defined as the ratio of unemployed persons to the labour force. Youth unemployment considers the unemployed and the labour force aged between 15 and 24. "NEETs" refers to 18-24 year-olds who are neither in employment nor in education and training (as a percentage of the population of 18-24 year-olds). |
| Primary and tertiary education | Primary education includes primary education, pre-primary education and lower secondary education (ISCED 0-2). Tertiary education includes both university qualifications and advanced professional programmes (ISCED 5-8). Shares are defined with respect to the labour force aged 15 and over. |
| Elderly | are those aged 65+. The elderly dependency rate is the ratio of the elderly to the working age population (15-64). |
| Air pollution | is the 1km ² grid cell population weighted average of satellite-based estimates of small particulate matter (PM _{2.5}). |
| Life expectancy | measures the number of years a newborn can expect to live, if death rates in each age group remain constant. |

Typology of regions with respect to productivity

| | |
|---|--|
| Frontier | is the region leading its country in terms of labour productivity, measured by the real gross domestic product per employee. In some countries the leading region accounts for a small percentage of the total workforce. Where this is the case, the frontier is the weighted average of regions with the highest labour productivity levels accounting for 10% of the country's total employment. |
| Catching-up regions, diverging regions and regions keeping pace | is a classification of regions based on their labour productivity growth relative to the frontier. It is based on the growth in labour productivity between 2000 and 2013 (or closest year available). Regions where labour productivity grew/dropped by at least 5 percentage points more/less than in the frontier over the period are classified as catching-up/diverging regions (about 0.4 percentage points annually), with regions that are keeping pace falling within the +/- 5 percentage points band. |

Typologies of regions with respect to population or other functions

| | |
|---|---|
| Regions (TL2 and TL3) | are classified by the OECD into two territorial levels that reflect the administrative organisation of countries. OECD's large regions (TL2) represent the first administrative tier of subnational government. OECD small (TL3) regions are contained within a TL2 region. Reference to the 20% richest/top or poorest/bottom regions, indicates the top/bottom-performing regions according to the indicator accounting for 20% of the (relevant) population. |
| TL3 typology (urban, intermediate, rural) | TL3 regions have been classified as: predominantly urban (PU), intermediate (IN) and predominantly rural (PR) based on the percentage of regional population living in rural communities, combined with the existence of urban centres where at least one-quarter of the regional population resides. The terms "urban", "intermediate" and "rural" refer to these categories. |
| Metropolitan area | is a functional urban area with 500 000 or more inhabitants defined by population density and commuting flows. |

Further details and information: OECD (2016) *OECD Regions at a Glance 2016*, http://dx.doi.org/10.1787/reg_glance-2016-en.