AUSTRIA

Overview

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| Population and territory | 8,979,894 inhabitants (01/01/2022), 83,878 km² |
| Administrative structure *(unitary/federal)* | federal |
| Regional or state-level governments *(number)* | 9 Länder (federal states) |
| Intermediate-level governments *(number)* |  |
| Municipal-level governments *(number)* | 2,093 (2022) |
| Share of subnational government in total expenditure/revenues (2021) | 33.8% of total expenditure  36.6% of total revenues  [Source: [Subnational governments in OECD countries: key data, 2023 edition](https://stats.oecd.org/Index.aspx?DataSetCode=SNGF)] |
| Key regional development challenges | • Access to public services for small-scaled municipal structure;  • Adapt to climate change requirements, particularly in most affected mountain regions. |
| Objectives of regional policy | • Sparing use of resources at all scales, with a particular focus on spatial challenges;  • Strengthen social and spatial cohesion;  • Develop economic spaces and systems climate-friendly and sustainably;  • Support vertical and horizontal governance procedures. |
| Legal/institutional framework for regional policy | Diverse national sectoral strategies with spatial impact;  Treaty on the Functioning if the European Union, Art. 174;  Objectives of EU Cohesion policy and EU’s CAP; Climate Action Plan 2.0 of the Alpine Convention (2020). |
| Budget allocated to regional development (i.e., amount) and fiscal equalisation mechanisms between jurisdictions (if any) | \* Cohesion Policy Partnership Agreement 2021-2027: 1.3 bio. € of EU Structural Funds and 1.8 bio € of national co-financing.  \* 36.1 bio Euro (2020): Transfers from the federal government to states and municipalities are defined in the FAG, which distinguishes between general grants (quota allocation funds) and specific grants (to cover special needs or purposes). Based on Fiscal Constitutional Law providing for the Fiscal Equalization Law (*Finanzausgleichsgesetz*). |
| National regional development policy framework | The Partnership Agreement 2021-2027 for Austria covers the national ERDF programme and 14 INTERREG programmes (concerning territorial trans-national cooperation) |
| Urban policy framework | No specific policy regulation, but challenges highlighted in ÖREK 2030 (summary, p.19f.). |
| Rural policy framework | CAP Strategic Plan 2023-2027 (Federal Ministry of Agriculture, Forestry, Regions and Water Management) |
| Major regional policy tools (e.g., funds, plans, policy initiatives, institutional agreements, etc.) | • European Structural Funds and national co-funding.  • Rural Development Programme  • international agreement on Alpine Convention  • Institutional Agreements and Framework Programme Agreements.  • Local development programmes, including LEADER/CLLD, LA21, Climate and Energy Model Regions.  • Policies for employment and enterprise support by Länder (women and youth employment; specific support measures; SMEs)  • Tourism development support |
| Policy co-ordination tools at national level | • Department for Regional Policy and Spatial Planning, at Federal Ministry of Agriculture, Forestry, Regions and Water Management (BML)  • Austrian Conference on Spatial Planning (ÖROK; Coordination agency for vertical and horizontal governance of spatial planning issues) |
| Multi-level governance mechanisms between national and subnational levels (e.g., institutional agreements, Committees, etc.) | • National platform for spatial governance (ÖROK) for coordination, and monitoring of national regional policy activities and EU Structural Funds programmes; 10-year strategic document: Austrian Spatial Development Concept (ÖREK 2030)  • National Committee for the Co-ordination and Monitoring of the Regional Policy (Partnership Agreement Committee) |
| Policy co-ordination tools at regional level | • Policy guidelines (thematic and regional) at Länder level, as coordination tool for regions and local development activities;  • Inter-regional operational programmes. |
| Evaluation and monitoring tools | • Programming, Evaluation and Analysis Unit at BML for CAP, including national RDP monitoring and evaluation;  • Approach and systems for monitoring and evaluation of programmes in preparation  • System of territorial indicators and targets linked to the Partnership Agreement |
| Future orientations of regional policy | The continued application of Cohesion policy funds strengthens action to promote economic development, well-being, environmental sustainability and resilience in all regions through ERDF and ESF. Supporting European objectives, the national programmes to use these funds address structural challenges, aspects of circular economy, enhancing inclusive and just society, by strengthening multi-level governance arrangements and coordination. As the national priority is on the Rural Development Programme the measures for non-agricultural activities, diversification and value chain integration, and ecological performance are of particular relevance for regional development.  Future orientations include:  • Make use of complementarities between the different policy instruments and funds, exploiting specific characteristics to enhance innovation, well-being and adapted climate action;  • aim at sustainable growth to decouple economic development from natural resource use increase;  • enhance territorial cooperation at fine geographical level and for trans-national cooperation, to mitigate development obstacles due to fragmentation of small scales (municipality and regional levels). |

Recent policy developments

The Cohesion Policy Partnership Agreement between the EU Commission and Austria, adopted on 2 May 2022, sets out investment priorities for the period 2021-2027 to promote national cohesion and sustainable development. It foresees an amount of 1.3 bio € of Structural Funds support for Austrian programmes which will be co-financed by about 1.8 bio. € of national funds. Specific criteria to enhance an innovative and energy sufficient Austria are principles of circular economy, digitalisation and energy efficiency for selection of projects. Moreover, through the Just Transition Fund the country's transition to a climate-neutral economy through diversification of companies and start-ups to climate neutral and resource efficient activities that provide alternative jobs to replace those in energy intensive industries presently relying on fossil fuels as energy sources will be supported. The European Social Fund will support investments in infrastructures, jobs and education for persons with disabilities, people with migrant backgrounds and other disadvantaged groups. At the local scale, for support of life in cities and rural areas, projects on resource efficiency, climate adaptation, an innovation-oriented economy and local development will be supported. These activities continue on-going activities of several selected regions.

On the basis of the long-term strategy document, “ÖREK 2030”, a reorientation in priorities of regional development objectives has started recently and will be implemented over the next years. This includes in particular action on sparing use of land resources throughout the country, and climate action to achieve efficient and resilient resource use objectives. A series of national coordination and strategic planning activities will be implemented. So far, a land use development strategy to reduce the future land consumption and the high level of soil sealing by 2030 has been initiated. The second strategic working group (“Space for building culture”) aims at enhancing the societal role of architectural culture and heritage, in particular to strengthen town and city centres for shaping sustainable and resource efficient options of future spatial development.

Due to the specific relevance of landscapes for Austria’s regions, the renewed tourism strategy sets out a vision for this sector, particularly in relation to regional development options. The so-called “Plan T” sets the vision for sustainable tourism development.