

Spain

Key facts and issues

Spain is a quasi-federal country with a population of 46.4 million in 2015. Subnational governments are responsible for 48.9% of public expenditures, making it the 7th most decentralised country in the OECD with regards to spending. Around 59% of Spain's population lives in predominantly urban regions, making it the 6th most urbanised country in the OECD. With 17.8 municipalities per 100 000 inhabitants, Spain is the 9th most administratively fragmented country in the OECD.

At almost USD 34 500, Spain's GDP is 84% of the OECD average and ranked 23rd among OECD countries. Inter-regional disparities in GDP per capita in small regions (TL3), as measured by the Gini index, are relatively low in an OECD context, and have narrowed between 2000 and 2013. Employment in Spain has not yet recovered from the 2007-08 crisis and unemployment continues to be a challenge, with Spain having the 2nd largest disparities in the unemployment rate between the top and the bottom performing regions. Spain has the highest youth unemployment rate in the OECD – around 60% – with very large disparities among regions. The gap between regions in youth unemployment is the 3rd widest in the OECD, with up to 27 percentage point differences. The share of youth neither in employment nor in education and training (NEET) is 22.1%. The Basque Country has the lowest rate at 13.0%, but it ranges up to 29.2% for Ceuta. Labour productivity statistics show that a third of the country is outpacing the best performing regions (Basque Country and Madrid), while the rest of the country is keeping pace. No region is significantly falling behind.

Spain: regional, urban and rural development policies

Policy Area	Enabling Document, Strategy, or Framework	Strategic Objectives and Means	Lead Ministry, Agency or Committee
Regional	Partnership Agreement with the EU (2014-2020)	Focus on infrastructure and local policy-making, as well as sustainability and special economic zones for ultra-periphery regions	Ministry of Finance and Public Administration
Urban	Operational Programme for Sustainable Growth for the period (2014-2020)	Local Urban Sustainability focuses on the urban and territorial development dimension through targeted urban investments; accessibility, mobility and transport; urban governance; and social cohesion	Ministry of Public Works and Transport
Rural	National Framework on Rural Development (2014)	Rural competencies are devolved to the regions. Each region has its own rural development plan; national programmes invest in agricultural production and environmental sustainability	National Ministry of Agriculture, Food and the Environment Regional Ministries of Agriculture and Rural Development of the 17 Autonomous Communities

General policy approach

Regional development is mainly a responsibility of the Autonomous Communities (regions). However, the central government offers a general framework for financing regional development in the context of the Association Agreement Spain-EU. The Spanish government has additional measures, notably the Inter-territorial Compensation Fund and the Regional Incentives Programme that are measures to finance development projects in less-developed regions. In terms of urban policy, the Spanish Strategy on Local Urban Sustainability focuses on: the urban and territorial development dimension; urban planning instruments; accessibility, mobility and transport; urban governance; housing; and climate change. The regions have exclusive competences in rural development matters. Regional Rural Development Programmes (RDP) are implemented under EU Regulations. The National Ministry, in co-operation with the regions, develops the National Framework of Rural Development (NFRD) that establishes the minimum requirements to be met.

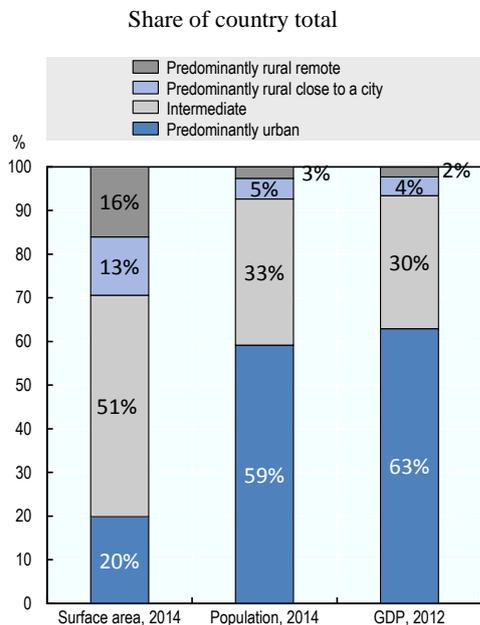
Recent policy changes

- There are some gradual changes in investment priorities away from infrastructure towards climate change and innovation.
- One of the main innovations in the EU programme period 2014-2020 is the significant increase in activities in urban areas.
- The Commission for the Reform of Public Administrations (CORA) process was launched in 2012 to address administrative streamlining, simplification of legislation and procedures, and to avoid duplication between central state and Autonomous Communities (AC). The CORA proposals focus on duplications between the central government and the ACs. Of the 217 proposals presented in the reform, 118 relate to eliminating duplications: at the national level and between national and subnational levels.
- The Law on the Streamlining and Sustainability of Local Governments (December 2013) aims at streamlining the services offered by the local public sector and to increase the responsibilities granted to provinces. As a result, provinces could be in charge of co-ordinating specific municipal minimum services to municipalities under 20 000 inhabitants.

Spain: Main regional, urban and rural development policy tools

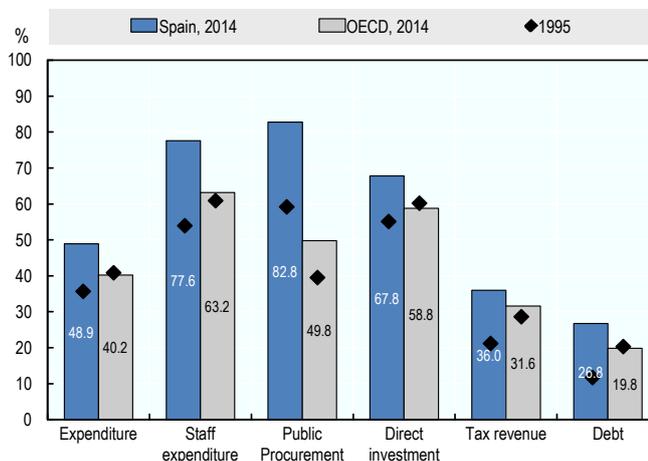
Policy Instrument	✓	Examples
Transport Infrastructure investments and systems of cities	✓	Investment by the State in the annual budget, as well as resources from EU funds, also used for urban transportation
Other Infrastructure investments	✓	Waterworks, irrigation, waste: investment by the State in the annual budget, as well as resources from EU funds
Service delivery (subsidies for public services)		<i>Urban:</i> Planned in the Operational Programme , funded by the ESF
Business development/ innovation support	✓	Grants and loans by the State in the annual budget as well as resources from EU funds
Urban renewal	✓	<i>Rural:</i> Knowledge transfer and co-operation Planned in the Operational Programme , funded by the EAFDR
Urban form and land use		
Sustainability policies	✓	<i>Urban:</i> Planned in the Operational Programme , funded by the ERDF
Rural-urban linkages		
Clusters/technology platforms/ centres of expertise	✓	Grants and loans by the State in the annual budget, as well as resources from EU funds
Special economic zones	✓	Grants by the State to the ultra peripheral regions in the annual budget as well as resources from the EU funds
Rural landscape preservation	✓	
Skills/training programmes	✓	Grants by the State in the annual budget as well as resources from EU funds <i>Urban:</i> Planned in the Operational Programme , funded by the ESF
Capacity building for subnational governments	✓	<i>Rural:</i> technical assistance

Land, population and economy in rural and urban regions



Subnational government role in public finance

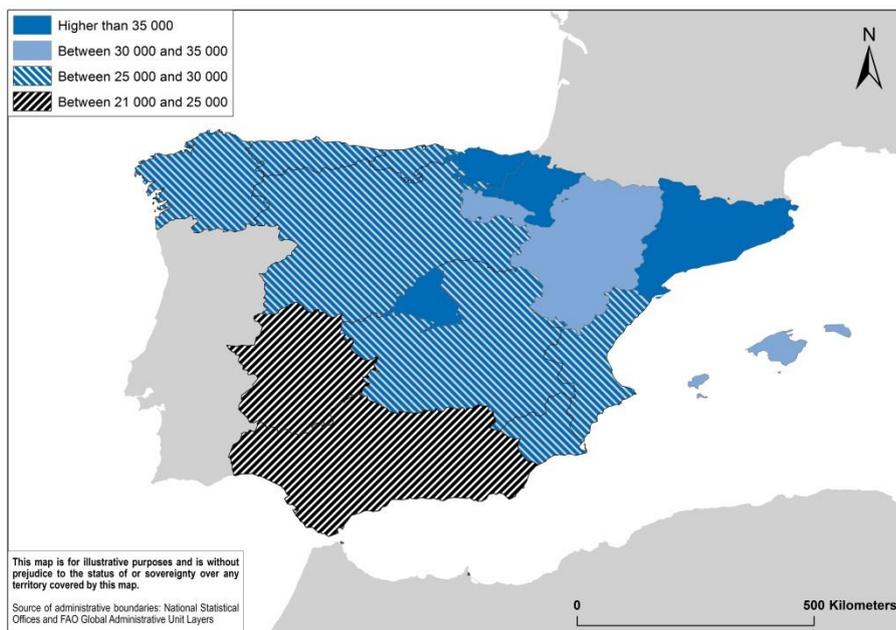
Share of general government



Number of subnational governments (2015)

Municipal level	Intermediary level	Regional or state level	Total
8 119	50	17	8 186

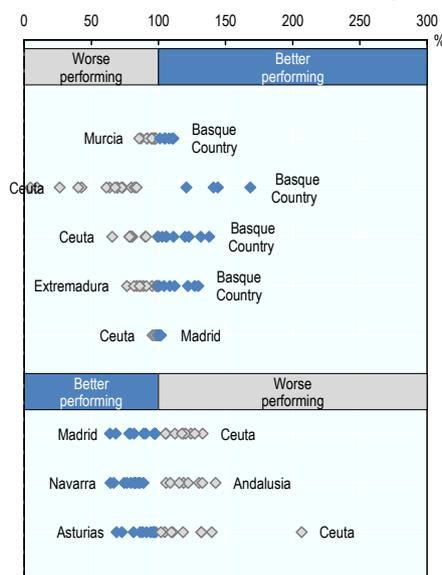
Regional differences in GDP per capita levels, 2013



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)

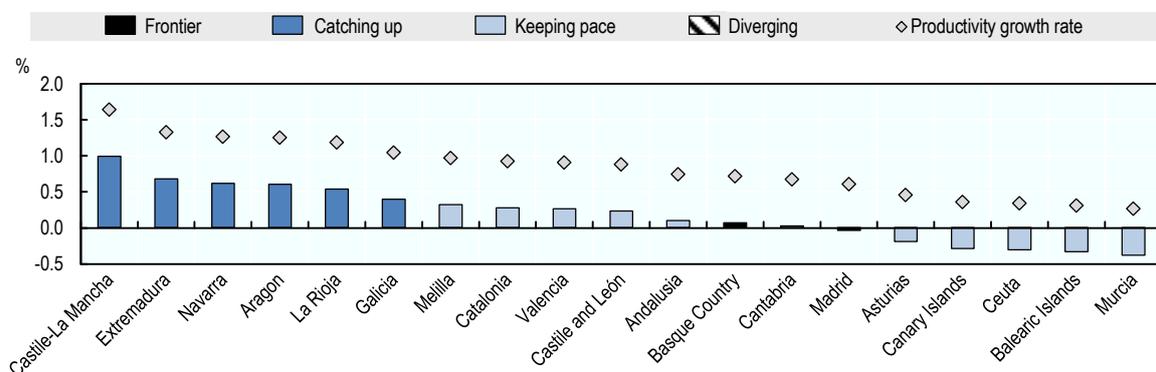


Variable	Min.	Max.	Country Avg.	OECD Avg.	Disparities up or down since 2001
GDP per worker (2013)	70 223	89 791	80 688	74 520	down
R&D expenditure as a % of GDP (2013)	0.33	1.79	1.24	2.4	down
Share of labour force with tertiary education	24.4	51.3	37.2	32.3	down
Disposable household income (2011)	22 875	36 179	27 893	34 866	up (2004)
Life expectancy (2013)	79.7	84.8	83.2	80	up
Share of workforce with only primary education	26.9	52.4	39.4	25.2	up
Unemployment rate	15.7	34.8	24.4	7.3	down
Gender gap in participation rate	-7.1	-21.3	-10.3	-15.9	up

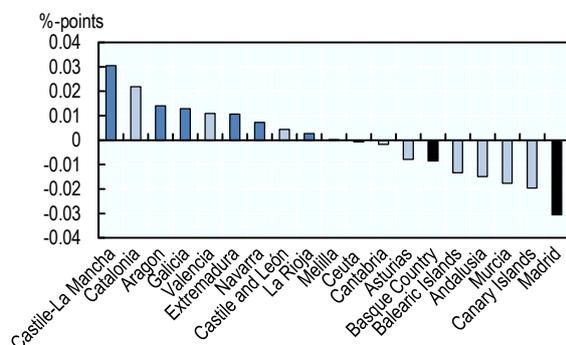
Note: Each diamond represents a TL2 region. Unless specified, all data are for 2014. Disparity is measured as the difference between the top and bottom region in the country.

Productivity and catching-up trends among regions

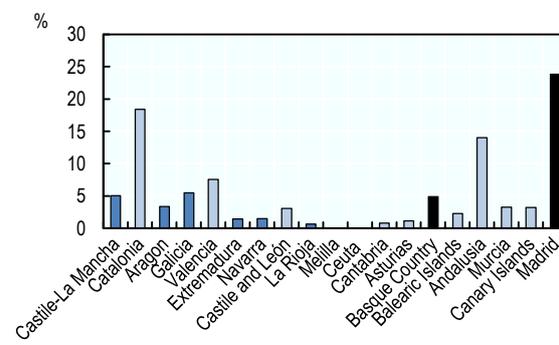
Average annual labour productivity (GDP per worker) growth rate [diamonds] and deviation from the growth rate of the country's productivity frontier [bars], 2000-2013
 See country page notes for classification of regions



Contribution to 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/10.1787/888933420481>

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.