

Switzerland

Key facts and issues

Switzerland is a federal country with a population of 8.3 million. Subnational governments are responsible for 61.5% of public expenditures, making it the 3rd most decentralised country in the OECD with regards to spending. Only around 38% of its population is living in predominantly urban regions. However, with 27.8 municipalities per 100 000 inhabitants, Switzerland is the 5th most administratively fragmented country in the OECD.

Switzerland's GDP per capita of around USD 60 500 is 47% above the OECD average, ranking it 4th among OECD countries. Inter-regional disparities in GDP per capita, as measured by the Gini index for small (TL3) regions, puts Switzerland around the OECD average. All its regions have unemployment rates below the OECD average. Youth unemployment has nevertheless risen between 2008 and 2014, especially in the worst performing regions. Switzerland has some of the highest rates of part-time employment in the OECD, and the 2nd largest regional disparities on this indicator. The inter-regional disparities in GDP per worker, educational attainment, life expectancy and unemployment have decreased since 2001, albeit the regional disparities in the gender gap in labour force participation rates have risen.

Switzerland: regional, urban and rural development policies

Policy Area	Enabling Document, Strategy, or Framework	Strategic Objectives and Means	Lead Ministry, Agency or Committee
Regional	Federal law on development policy (2006) Multi-annual programme of the New Regional Policy (NRP) (2016-2023)	Strong focus on better export capacities of firms, infrastructure targeted at sustaining value chains, and innovation support through a mixture of skill training and networks of actors	State Secretariat for Economic Affairs (SECO)
Urban	Federal Agglomeration Policy (2001, updated in 2015)	Attractiveness, quality of life, limiting sprawl, infrastructure, institutional co-ordination and reforms	Federal Office for Spatial Development (ARE)
Rural	Policy of the Confederation on Rural Spaces and Mountainous Regions (2015)	Rural-urban linkages and innovation; specific challenges of mountainous areas are taken in account	Federal Office for Spatial Development (ARE)

General policy approach

Switzerland's New Regional Policy is in its second round having been renewed in 2016 for another eight-year period. The aim of the Federal Law on Regional Policy is to “enhance the competitiveness and added-value creation of individual regions and thus contribute to the creation and safeguarding of jobs in the regions, to the safeguarding of a decentralised settlement pattern and to the reduction of regional disparities.” This round has a stronger focus on innovation and tourism. The three pillars consider: i) an increase in the economic strengths and competitiveness of regions (85% of total funding), ii) co-operation and synergies between NRP and sectoral policies (5-10% of total funding), and iii) capacity building in the knowledge system of regional policy (5-10% of total funding). In 2015, Switzerland updated its Federal Agglomeration Policy. It also issued its Policy on Rural Spaces and Mountainous Regions, which prioritises greater cross-sectoral and multi-level governance co-ordination as well as rural-urban linkages. Both serve as a complement to the NRP.

Recent policy changes

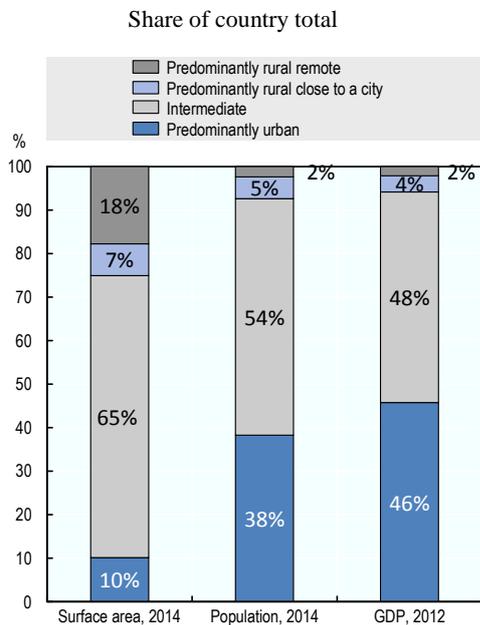
- With the next multi-annual programme 2016-2023, the New Regional Policy will focus first on innovation in small and medium-sized enterprises. To facilitate this, it will increasingly promote regional innovation systems. The federal government supports these networks provided they have a functional area orientation, i.e. they extend beyond cantonal or even national borders and are adapted to the needs of the defined target groups. The second focus of the New Regional Policy 2016-2023 is on promoting tourism.
- The updated Federal Agglomeration Policy (issued in 2015), has a “networks of cities” approach. Four objectives have been set as targets for 2030: quality of life (and social cohesion), attractiveness, high living standards, and efficiency of collaboration. It is based on a tri-partite system including the i) confederation, ii) cantons, and iii) cities and local governments. Funds allocated to cities and local governments for transportation infrastructure have been increased and streamlined.
- The new Policy on Rural Spaces and Mountainous Regions (2015) is based – for the most important part – on the existing sectoral policies for these areas. It not only forms a bracket around them and provides the so-far missing national framework of orientation, but also closes gaps between them.
- A reform on the system of tax allowances is underway.

Switzerland: Main regional, urban and rural development policy tools

Policy Instrument	✓	Examples
Transport Infrastructure investments and systems of cities	✓	Urban: Federal Agglomeration Policy
Other Infrastructure investments	✓	Included in pillar 1 of NRP . Rural: covered by basic services policy
Service delivery (subsidies for public services)		Urban: Federal Agglomeration Policy (urban projects)
Business development/ innovation support	✓	Included in pillar 1 of NRP Urban: Federal Agglomeration Policy (pilot programme Active territories) Rural: covered by regional policy
Urban renewal	✓	Urban: Federal Agglomeration Policy (quality of public spaces)
Urban form and land use	✓	Urban: Federal Agglomeration Policy (densification)
Sustainability policies	✓	Rural: covered by environmental policy
Rural-urban linkages	✓	
Clusters/technology platforms/ centres of expertise	✓	Included in pillar 1 of NRP
Special economic zones		
Rural landscape preservation	✓	Rural: covered by spatial development policy and environmental policy.
Skills/training programmes	✓	Included in pillar 3 of NRP
Capacity building for subnational governments	✓	Included in pillar 3 of NRP Urban: Federal Agglomeration Policy (pilot programme Active territories), Co-ordination by the Tripartite Conference on Agglomerations

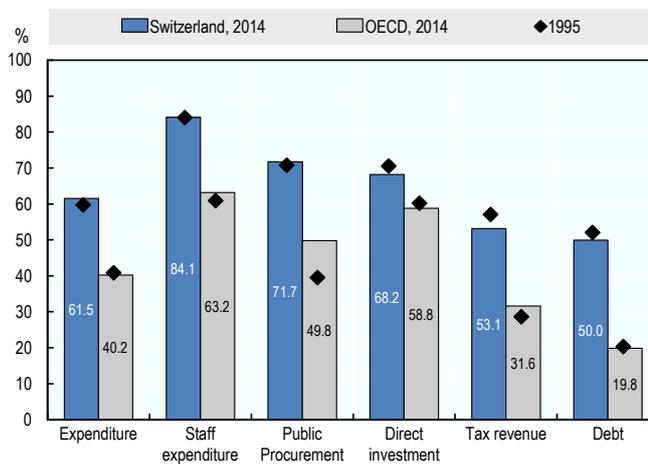
Note: Rural policies are based for the most part on existing sectoral policies. Existing tools are found in [agricultural policy](#) and [nature conservation policy](#) in terms of economic valuation of natural parks and protected areas.

Land, population and economy in rural and urban regions



Subnational government role in public finance

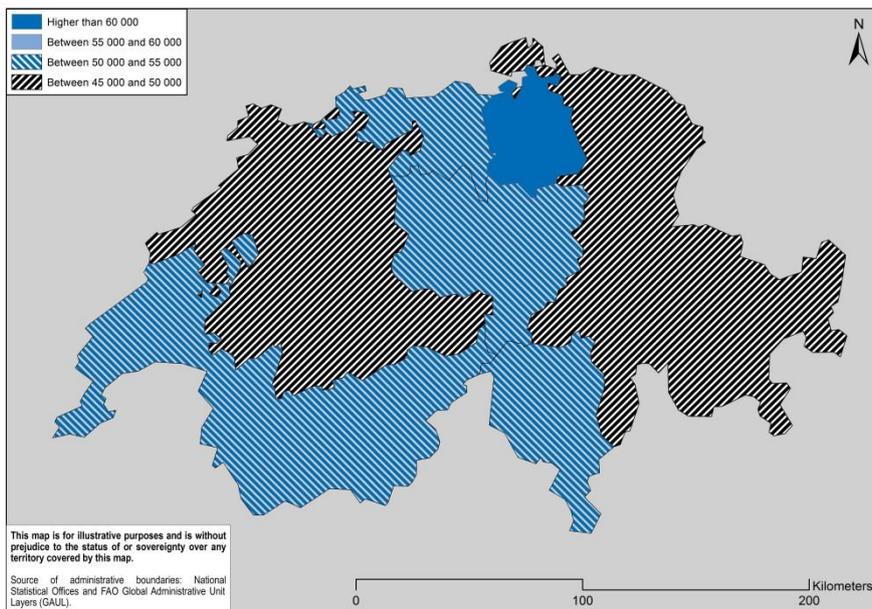
Share of general government



Number of subnational governments

Municipal level	Intermediary level	Regional or state level	Total
2 294		26	2 320

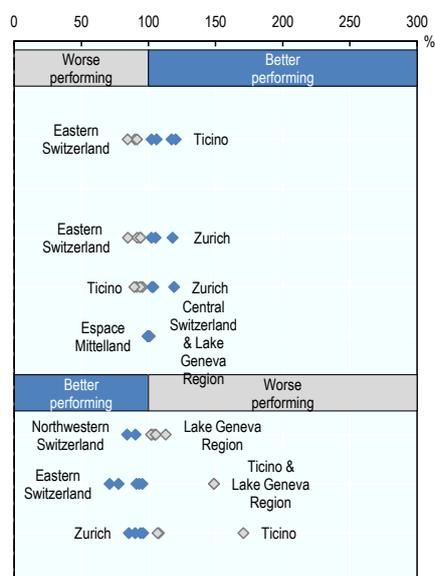
Regional differences in GDP per capita levels, 2012



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)

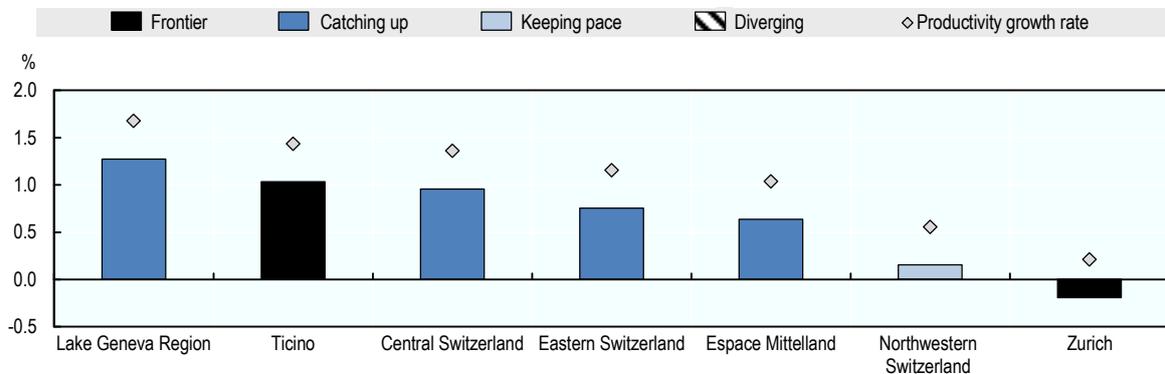


Note: Each diamond represents a TL2 region. Unless specified, all data are for 2014. Disparity is measured as the difference between the top and bottom region in the country.

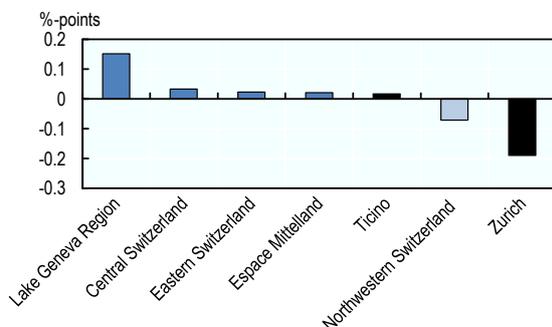
Productivity and catching-up trends among regions

Average annual labour productivity (GDP per worker) growth rate [diamonds] and deviation from the growth rate of the country's productivity frontier [bars], 2008-2013

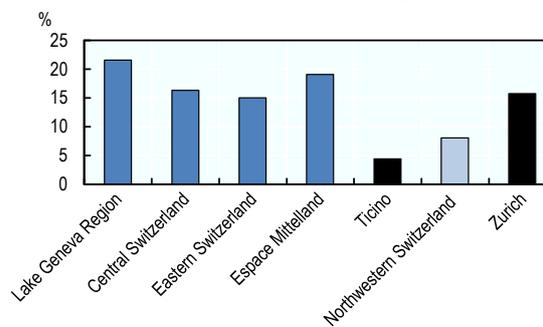
See country page notes for classification of regions



Contribution to labour productivity growth, 2008-13



Percentage contribution to national GDP growth, 2008-13



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.

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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.