Iceland

Regions and Cities at a Glance provides a comprehensive assessment of how regions and cities across the OECD are progressing in a number of aspects connected to economic development, health, well-being and the net zero-carbon transition. It presents indicators on individual regions and cities to assess disparities within countries and their evolution since the turn of the new millennium. Each indicator is illustrated by graphs and maps. The report covers all OECD countries and, where data is available, partner countries and economies.

Territorial definitions

The data in this note reflect different sub-national geographic levels in OECD countries:

- **Regions** are classified on two territorial levels reflecting the administrative organisation of countries: large regions (TL2) and small regions (TL3). Small regions are classified according to their access to metropolitan areas (Fadic et al. 2019).
- **Functional urban areas** consist of cities – defined as densely populated local units with at least 50 000 inhabitants – and adjacent local units connected to the city (commuting zones) in terms of commuting flows (Dijkstra, Poelman, and Veneri 2019). Metropolitan areas refer to functional urban areas above 250 000 inhabitants.

In addition, some indicators use the degree of urbanisation classification (OECD et al. 2021), which defines three types of areas:

- **Cities** consist of contiguous grid cells that have a density of at least 1 500 inhabitants per km2 or are at least 50% built up, with a population of at least 50 000.
- **Towns and semi-dense areas** consist of contiguous grid cells with a density of at least 300 inhabitants per km2 and are at least 3% built up, with a total population of at least 5 000.
- **Rural areas** are cells that do not belong to a city or a town and semi-dense area. Most of these have a density below 300 inhabitants per km2.

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Regional economic trends

Employment and unemployment rates in regions

In Iceland, regional disparities in unemployment rates are moderate compared to other OECD countries. While in Capital Region 5% of the working force was unemployed in 2022Q2, the share was 3.3% in Other Regions.

Meanwhile, the difference in employment rate between the regions with the highest (Other Regions) and lowest (Capital Region) employment rates reached 4 percentage points in 2022.

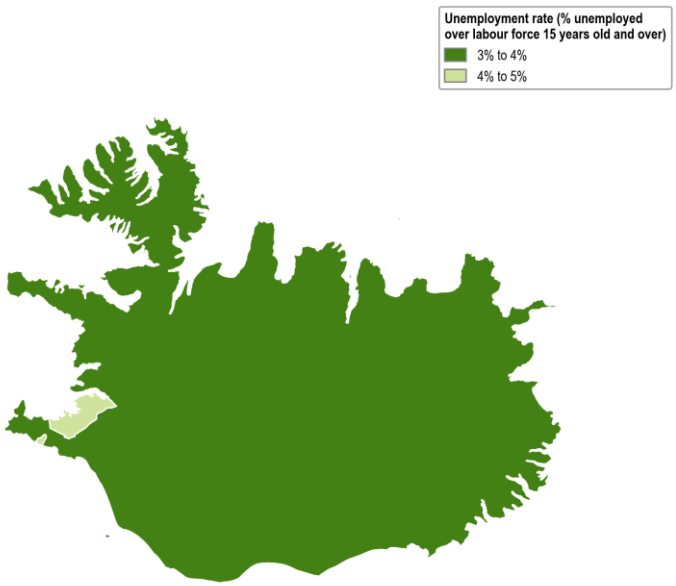

Figure 1: Unemployment rates in large regions, 2022Q2

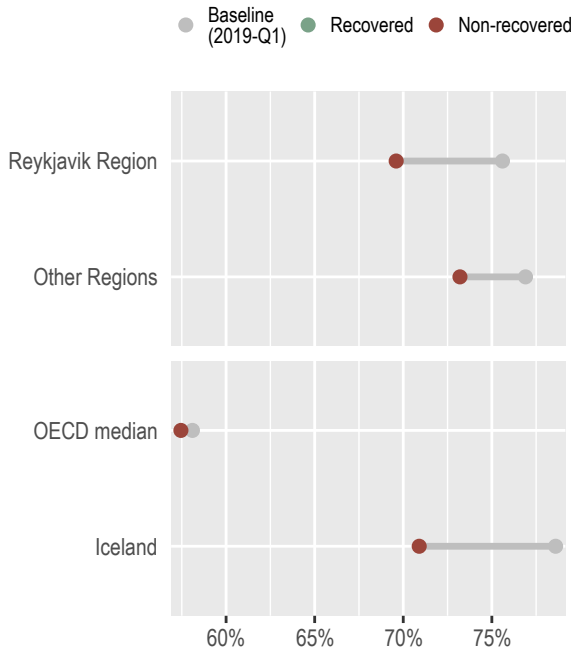

Figure 2: Change in employment rates in large regions, 2019Q1-2022Q1

Note: Harmonised employment and unemployment rates, aged 15 and over. The OECD median corresponds to the median employment rate in large regions.
Source: OECD (2022), "Short-term regional statistics", *OECD Regional Statistics* (database)

Well-being, liveability and inclusion in regions

Regional well-being

Iceland faces stark regional disparities across one well-being dimensions, with the starkest disparities in terms of jobs, safety and access to services.

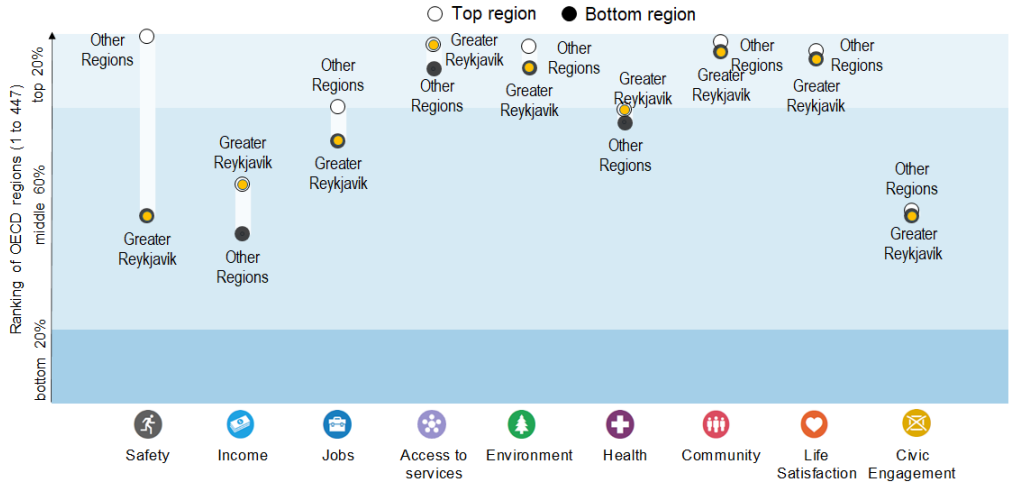

Figure 3: Regional gaps in well-being

Note: Regional indices provide a first comparative glance of well-being in OECD regions. The figure shows the relative ranking of the regions with the best and worst outcomes in the eleven well-being dimensions, relative to all OECD regions. The eleven dimensions are ordered by decreasing regional disparities in the country. Each well-being dimension is measured by the indicators in the table below.

Relative to other OECD regions, Iceland performs best in the access to services dimension, with all of Islandic regions lying in the top 20% of OECD regions.

The top 20% of Islandic regions rank above the OECD median region in 11 out of 14 well-being indicators, performing best in terms of life satisfaction and employment rate.

	Country average	Median OECD region	Icelandic regions	
			Top 20%	Bottom 20%
Jobs				
Employment rate 15 to 64 years old (%), 2020	80.3	68.5	78.1	77.6
Unemployment rate 15 to 64 years old (%), 2020	5.8	5.8	5.6	7.2
Safety				
Homicide Rate (per 100 000 people), 2015	0.9	1.4	0.0	1.4
Access to services				
Households with broadband access (%), 2012	93.0	86.0	93.0	91.0
Internet download speed: deviation from OECD average (%), 2021-Q4	+16.2	..	+29.5	-12.0
Life Satisfaction				
Life satisfaction (scale from 0 to 10), 2016-20	7.5	6.6	7.6	7.5
Income				
Disposable income per capita (in USD PPP), 2018	20 917	20 601	21 778	19 392
Environment				
Level of air pollution in PM 2.5 (µg/m³), 2020	5.6	10.8	4.9	5.9
Community				
Perceived social network support (%), 2016-20	97.5	90.5	98.3	96.9
Civic engagement				
Voters in last national election (%), 2020	66.9	66.7	67.2	66.8
Health				
Life Expectancy at birth (years), 2020	83.1	80.3	..	..
Age adjusted mortality rate (per 1 000 people), 2021	6.7	8.0	6.7	6.8
Housing				
Rooms per person, 2016	1.6	1.6	..	..
Education				
Population with at least upper secondary education, 25-64 year-olds (%), 2020	75.9	80.4	..	..

Figure 4: How do the top and bottom regions fare on the well-being indicators?

Note: Regional well-being indices are affected by the availability and comparability of regional data across OECD countries. The indicators used to create the indices can therefore vary across OECD publications as new information becomes available. For more visuals, visit https://www.oecdregionalwellbeing.org.

The digital divide

Fixed Internet connections in Islandic cities and rural areas deliver speeds significantly faster than the OECD average (88% and 34%, respectively). This gap (54 percentage points) is larger than in most other OECD countries.

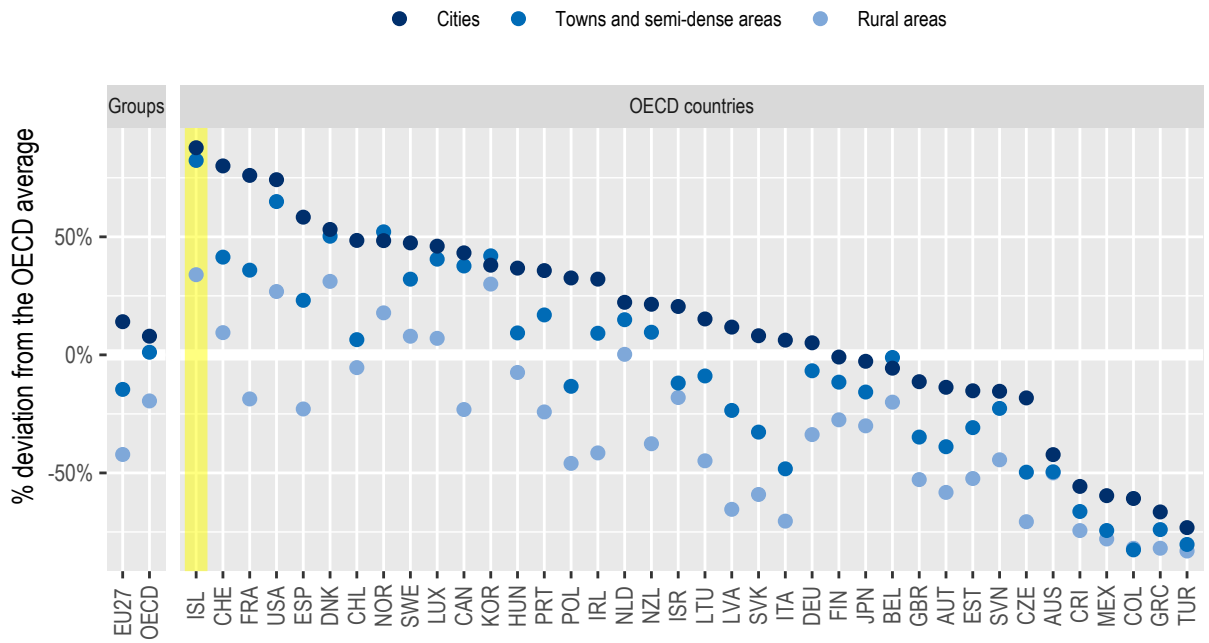

Figure 5: Speed of fixed Internet connections relative to the OECD average, by degree of urbanisation, 2021Q4

Note: Cities and rural areas are identified according to the degree of urbanisation (OECD et al. 2021). Internet speed measurements are based on speed tests performed by users around the globe via the Ookla Speedtest platform. As such, data may be subject to testing biases (e.g. fast connections being tested more frequently), or to strategic testing by ISPs in specific markets to boost averages. For a more comprehensive picture of Internet quality and connectivity across places, see OECD (2022), *"Broadband networks of the future"*.
Source: OECD calculations based on Speedtest by Ookla Global Fixed and Mobile Network Performance Maps for 2021Q4.

Demographic trends in regions and cities

Population in cities

Between 2010 and 2022, Reykjavik experienced a rise in population averaging 1.6% per year.

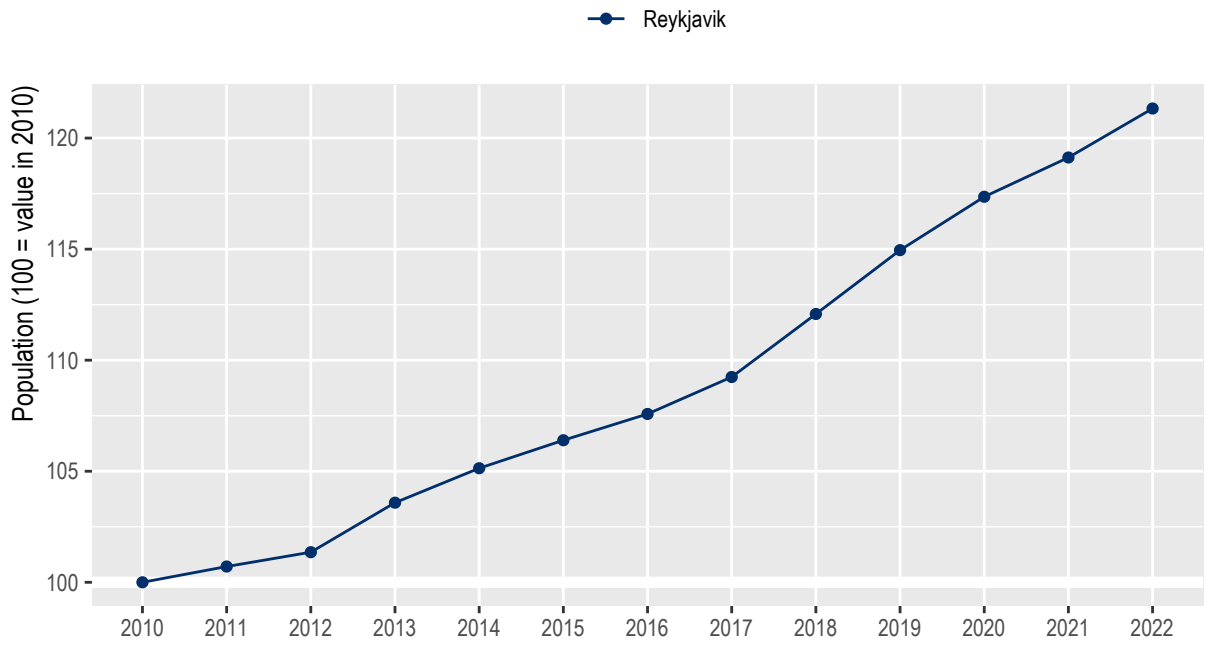

Figure 6: Population by size of functional urban area (100 = value in 2010), 2010-2022

Environmental challenges in regions and cities

Greenhouse gas emissions in regions

Since 1990, production-based greenhouse gas emissions have increased in all Islandic regions. Other Regions (67%) and Capital Region (16%) experienced the largest and lowest increase in emissions, respectively.

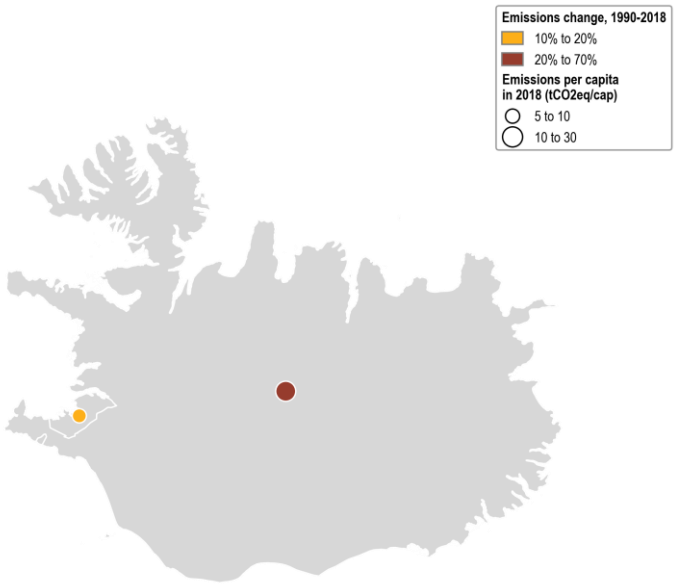

Figure 7: Change in production-based emissions in large regions, 1990-2018

Note: Bubbles are proportional to *per capita* greenhouse gas emissions, not to the overall level of greenhouse gas emissions in the region.
Source: OECD calculations, based on the Emissions Database for Global Atmospheric Research (European Commission. Joint Research Centre. 2019).

In 2018, greenhouse gas emissions per capita in Iceland were largest in Other Regions and Capital Region. Industry accounts for the largest share of greenhouse gas emissions in the three regions.

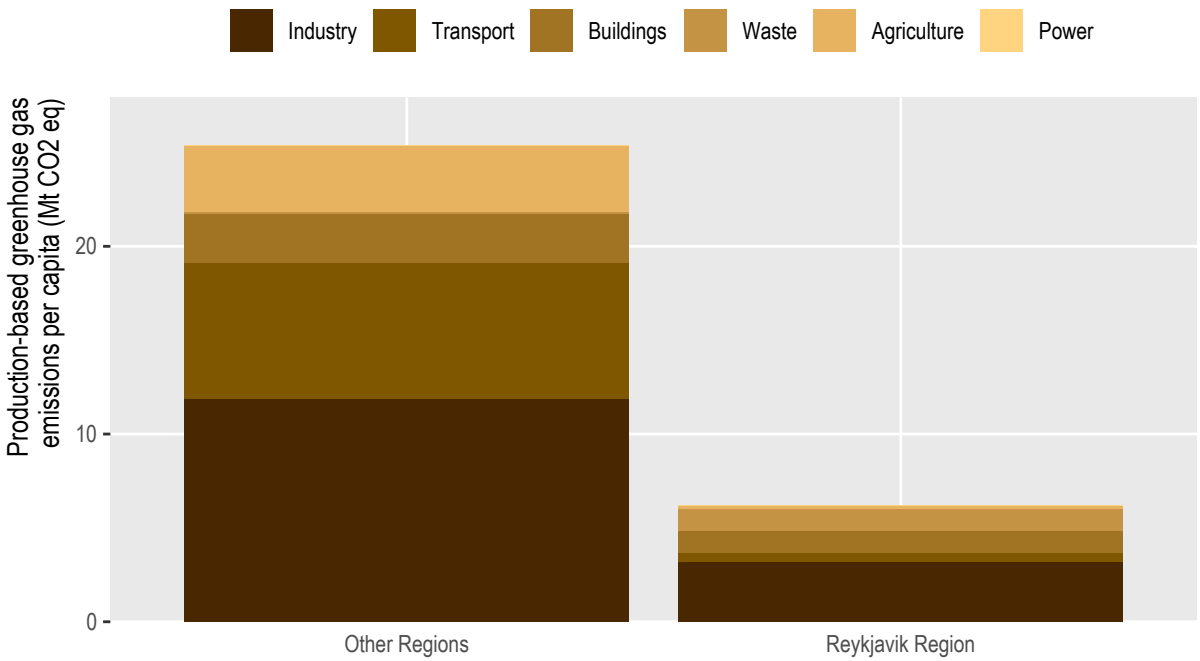

Figure 8: Production-based greenhouse gas emissions per capita in large regions, 2018

Note: Regions with low population counts may rank high in greenhouse gas emissions per capita while contributing relatively little to overall emissions in the country.

References

Source of administrative boundaries: © OECD, © EuroGeographics, National Statistical Offices, © UN-FAO Global Administrative Unit Layers (GAUL)

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