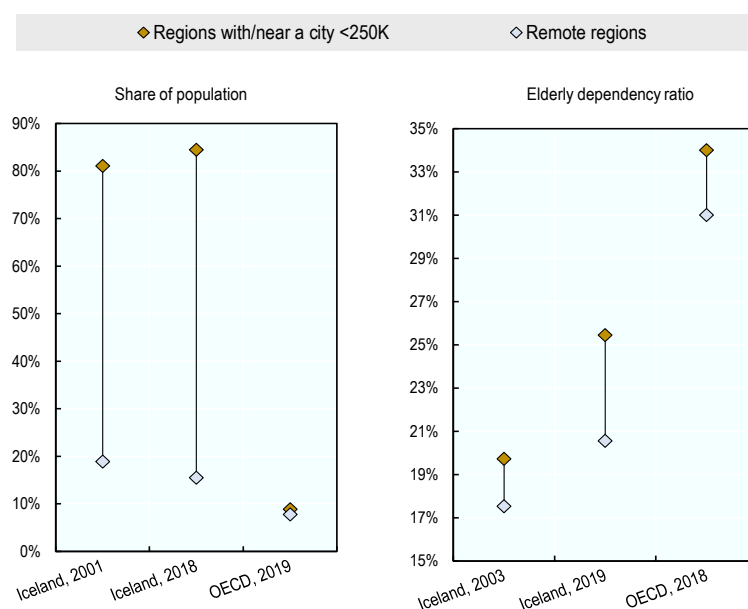


Iceland

Statistical profile

Figure 1. Statistical profile



| | Population growth 2008-2019 (%) | Growth in employment 2008-2016 (%) | GVA per worker (1 000 USD ppp) | GVA manufacturing share (%) | Hospital beds per 1 000 inhabitants |
|--------------------------------|---------------------------------|------------------------------------|--------------------------------|-----------------------------|-------------------------------------|
| Regions with/near a city <250K | 1.6 (0.2) | NA | NA | NA | NA |
| Remote regions | 0.0 (0.5) | NA | NA | NA | NA |

Note: OECD average is presented in parenthesis. The OECD average has been made with 33 countries with available data.
Source: (OECD, 2020[1]) OECD Regional Statistics (database), <http://dx.doi.org/10.1787/region-data-e>.

Policy framework and Institutional setting of rural development

Rural Definition

- ❖ There is not a single definition of rural area in Iceland. Overall, all areas outside the capital are seen as rural. Definition can change among policy programs, for example, the policy

support on transport for good define rural areas based on the distance from the capital area. All definitions recognises the existence of mixed rural/urban areas, rural areas close to cities and remote rural areas

National rural policy

- ❖ Iceland has a national rural policy defined by a strategic regional plan for 2018-2024. The policy acknowledge that in all parts of the country there will be flourishing settlements and powerful rural areas, which will help improve the living standards of the people with equal access to basic services and employment opportunities regardless of economy and residence. It aims to improve access to basic services (universal coverage of broadband in 2020, using internet as trading method), create equal opportunities for employment, and promote sustainable development throughout the country.

Lead ministry(ies) and other co-ordination bodies in charge

Table 1. Main institutions in charge of rural development policies at the national level

| Ministries/Committees (most important first) | Role |
|---|--|
| Ministry of Transport and Local Government | The ministry sets out a Regional Plan for 15 years at a time. The funding is on yearly basis but supports on 5 years fiscal plan. The Regional Council supports the implementation. |
| Icelandic Regional Development Institute | The Institute monitors and researches regional development in Iceland. Its main function is to contribute to regional development through the implementation of government policy via the introduction of regional strategies. Its operations are aimed at strengthening settlements in rural areas through the support of viable, long-term projects with diverse economic bases. |

Table 2. Main institutions in charge of rural development policies at the sub-national level

| Institutions | Role |
|--|--|
| Business development agencies in each region | Business development in the area, with the main goal of increasing employment opportunities. There are 8 agencies in Iceland in each region they strive to strengthen economic growth, furthering variety of jobs, creating favourable conditions for new projects and making the area a desirable alternative for residential choice. They support the national Regional development plan and write their own strategy for each region. |

Key objectives in rural policy and delivery mechanisms

- Iceland's rural development allocates a high degree of importance to economic areas (Table 3). Table 4 shows the main priorities of rural policy.
- The main delivery mechanisms of the rural development policy in Iceland are dedicated grants programmes (National funds and EU funds) and Frame conditions such as legislation and regulations.

Table 3. Relevance of sectors in rural development policy

| Policy areas | Weight on rural policy | Average OECD |
|--------------|------------------------|--------------|
| Economic | 25% | 40% |
| Environment | 35% | 30% |
| Social | 40% | 30% |

Note: Self-reported responses from country delegate to the question: “Please grade from 1 to 10 the importance rural development policies in your country assigns to economic, social and environmental areas”.

Source: OECD (2018), “Responses to the institutional survey on rural policy in OECD countries”.

Table 4. Relevant objectives in rural development policy

| Top objectives | Programmes | Main financial mechanisms to support the strategy |
|---|---|---|
| Agricultural production | Agricultural law | Agricultural Framework Agreement |
| Service delivery | Several actions in the Rural policy. A.2. Service map, A.5. Remote health care, A.8 and A.9.. Retail in rural areas. , A.17. Territorial incentives for transport of goods, A.18. Mapping of public services and balancing, B.6. State aid on commuting travel cost, B.8. Telework centres, | Funds from the rural policy budget lines and individual ministries. |
| Accessibility- via transport/ broadband | Action A. 1. Whole Iceland fibre-connected, B. 13 Digital advantage of Rural areas. | Funds from the broadband budget and from the rural policy budget line |
| Quality of life/well-being of rural residents | Rural policy programme | Funds from the rural policy budget lines |
| Innovation support to “rural” sectors | Action B.5. Innovation in food production Long-term loans to support recruitment, innovation and new investment | From Innovation ministry Iceland Regional Development Institute |
| Rural-urban linkages | Action A. 18 Definition of public service and ease of accessibility, B.7. Jobs without a placement | Funds from the rural policy budget lines |

Note: Objectives presented are the objectives with higher scores in the survey responses.

Source: OECD (2018), “Responses to the institutional survey on rural policy in OECD countries”.