

Regional Outlook 2019 ICELAND

Regional Development Policy in Iceland



General policy approach

The Regional Policy of Iceland 2018-24 is an integrated social and economic development plan that provides a framework for regional support. Its main goals are to: address depopulation in individual regions; address the lack of economic and industrial diversity; support technological changes and the development and adaptation of individual industries; outline necessary adaptation measures to counter the impacts of climate change; ensure smooth communications and access to services; and respond to increasing international competition for people and companies. Special emphasis is placed on economically disadvantaged regions in this regard.

On the basis of the Regional Policy, each of the eight regions develops its own regional plan of action (*Sóknaráætlun*), which is financed through eight regional plan-of-action contracts. Regional plans of action are strategic plans that include the jurisdictions of regional associations of local authorities. They set out regional priorities that take into account the main objectives of the regional development programme, national land-use policy, regional and detail plans, cultural policy, and other public policies. The governmental steering committee of regional development provides support to regional associations of local authorities in preparing plans of action and in negotiations between the associations and ministries. Regional plans of action are drafted in a consultative forum in each region.

The Icelandic Regional Development Institute supports regions (all rural areas) through financial assistance and loans, regional strategy development to implement government goals, and a network of eight industrial regional development agencies whose goal is to promote innovation.

Recent policy changes

- The governance network was set up in 2015 to support regional policy. The steering committee for regional development, with principles of vertical and horizontal co-operation and citizen participation, serves according to Law 69/2015.

Institutional arrangements to prepare for global megatrends

The Governmental Steering Committee for Regional Development is Iceland's long-term planning and strategic foresight unit. The role of the committee is to ensure harmonisation between government offices (ministries) in the implementation of regional policy, and to ensure active consultation with local governments. It is constituted of representatives from all ministries and a representative from the Icelandic Federation of Municipalities. The minister in charge of regional development appoints these representatives for a three-year period. The head of the steering committee is the representative of the Minister of Regional Development. The committee meets every year with local governments to develop and oversee the objectives of regional action plans.

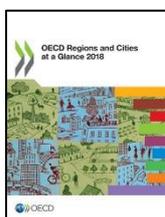
At the national level, the National Regional Development Plan 2018-24 also sets strategic priorities and actions for each sector. For instance, it includes actions on changing technologies (e.g. distance health services, utilisation of information technology for university courses, teleprocessing centres and digital technologies in rural areas); food and agriculture (e.g. cost-effective loans for agriculture, innovation in the food industry and farms in state ownership); and climate change (e.g. nature conservation and the development of rural regions). As an annex to the development plan, moreover, the report "Scenarios for settlement in Iceland towards 2030" was produced.

At the regional level, the Icelandic Regional Development Institute performs an evolution and situation analysis report on each of the eight regions on a two-year basis. In addition, the regional plans of action are constructed with a five-year time horizon, via a wide consultation process leading to a strategy document with local priorities for each area. Law 69/2015 stipulates that each area should align its regional plan with any development plan in force for that area and the country as a whole.

Other institutional arrangements include a forthcoming collaboration between the government and local authorities to develop a service map showing citizens' access to all general services provided by the state and private entities. The aim is to improve overall awareness of the current situation, so as to create a basis for measures to ensure access to services and to equalise costs.

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OECD Regional Outlook 2019: Leveraging Megatrends for Cities and Rural Areas

The 2019 edition of the *OECD Regional Outlook* examines the regional dimensions of global megatrends and their implications for the well-being of people living in different places. It discusses how place-based policies, public investment and multi-level governance reforms can respond to these megatrends to revive productivity growth, reduce inequalities, improve quality of life and increase sustainability.

Consult the full publication and the other country profiles on line: <https://oe.cd/pub/2vq>.

