



FUTURAL

Empowering the **FUT**ure through innovative Smart
Solutions for **rURAL** areas

Policies and governance mechanisms for community-led
innovation in rural Austria

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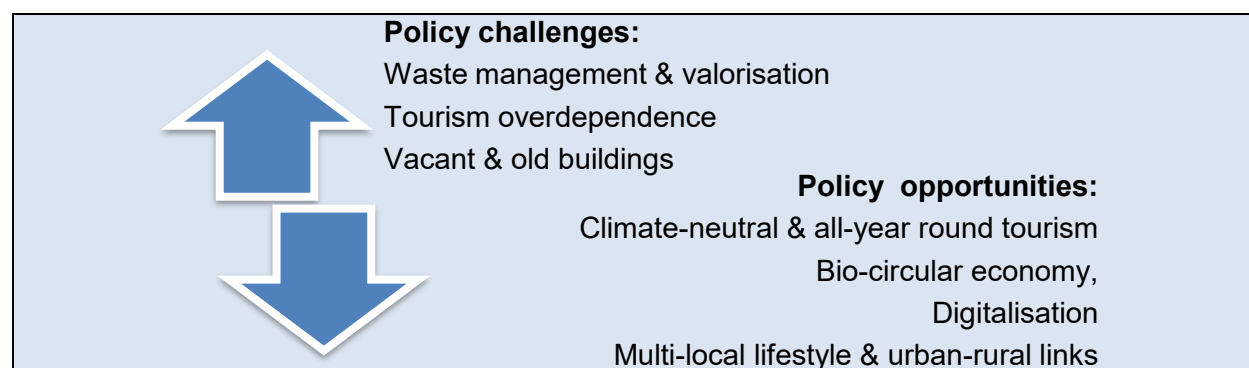
FUTURAL Case Study in Austria

The **FUTURAL Pilot** is situated in the **Pongau region**. This mountain region covers 25 municipalities for a population of approx. 80,000 inhabitants. Situated in southern Salzburg, Pongau is **an economically well-developed district** due to its proximity to commercial and industrial areas, with good transport hub and tourism industry.

However, the region faces a few interconnected challenges linked to the **overreliance of tourism** on the one hand, which generates **high volumes of waste**, and **empty and ageing buildings** due to a **decreasing population** on the other hand. In FUTURAL, two community-led innovations are being piloted to address these challenges in the rural Pongau:

- An **online circular bioeconomy platform** for the management of vacant buildings
- A **Crowd-sensing platform** tool to monitor and improve infrastructure resilience (e.g. old buildings, bridges, lifts, snow cannons)

Public policies could unlock transition of this region by unlocking the opportunities provided by **climate-neutral & all-year around tourism**; waste valorisation and **bio-circular economy**; **digitalization**, **multi-local lifestyles** and strengthened **urban-rural links**.



Rural areas and innovation in Austria

In Austria, rural land surface equals to approximately **86.6%** of the country surface and **38.9%** of the country population (Rural Observatory, 2021). The country is considered a **strong innovator**, with above EU average indicators on the presence of digital skills and internet take-up, but inadequate broadband penetration.

Table 1. Rural Areas in Austria. Source: FUTURAL Policy Analysis (2025).

	Rural Population	Rural Surface (Close to City)	Rural Surface (Remote)	Rural Surface (Total)
Austria	38.9%	39.9%	46.6%	86.6%
EU27	25.8%	34.2%	41.5%	75.7%

Table 2. Digital Economy and Society Index (DESI) in Austria. Source: FUTURAL Policy Analysis (2025).

	DESI Index			
	Broadband penetration	Basic digital skills	Above basic digital skills	Internet take up
Austria	67.6	64.7%	32%	94.9%
EU27	122	55.6%	27.3%	93.1%

Governance framework for enhanced community-led rural innovation

Austria is characterised by a **multi-level and decentralised** governance model based on the cooperation between three levels (State, 9 regions/Länders, sub-local level). This level of decentralization facilitates the emergence and support to **community-led innovation**. Policymaking for rural areas – both the CAP and other EU Structural and Investment Funds - is under the competence of the Ministry of Agriculture, which has existed in this form since February 2000. This Ministry has a specific unit dealing with [Innovation, Local Development and Cooperation](#). For the 2021-2027 period, Austria shifted to a single National Cohesion Policy Operational Programmes (instead of 9 regional ones) to increase efficiency, though multi-level coordination is expected to be maintained.

In Austria, the Federal Constitution and Article 15a of the Federal Constitutional Act Agreement provides for the division of legislative, executive and financial duties between the federal government and Länders. Länders are granted a **degree of autonomy**, including their own separate financial management and the right to levy taxes, and develop broad **spatial, territorial development and innovation strategies** at their regional level. Each Länder has a distinct **regional development agency** to support its strategies.

Since the 1980s, Austria pursued a territorial development policy based on endogenous local development (**Fund for Endogenous Local and Regional Development**). This evolved into the LEADER initiative and increasingly focused on innovation since the 2000s. Municipalities are independent and self-organising economic entities, and neither their population nor their size influence the scope or number of their tasks. **Local Development Agencies** bring together local actors and facilitate access to funding programmes.

Table 3 Institutional and Administrative Frameworks in Austria. Source: FUTURAL Policy Analysis (2025).

Institutional and Administrative Framework	
Institutional Framework	Federal state
EU Entrance	1995
Administrative Levels	3 Levels (State, Länder, sub-local)
Power distribution across Levels	Länder have significant influence over territorial development policies
Competence Level on Relevant Policy Areas	
CAP, Rural Development (incl. LEADER)	State & Länder
Regional Development (incl. CLLD)	State & Länder
Digital Policies	State
Social Policy/ Social	State (Länder) level; varies by state

Innovation	
Local Government	
No. Local Units	2,095 municipalities
Local Government Competences	Traffic and transport, gas, water and electricity supply, waste collection, sewage disposal, social welfare/education, culture and sport.
Local Government Autonomy Index	Medium-high (but decreasing)

Policy framework for enhanced community-led rural innovation

In Austrian rural areas, both the **CAP and Cohesion Policy** can be used to support community-led innovations. In the national CAP Strategic Plan, the **LEADER programme** covers more than 4/5 of the country's rural population, despite its budget does not exceed the 5% mandatory earmarking. Additionally, the ERDF National Operational Programme, under **Cohesion Policy**, foresees a dedicated measure for community-led development in mountain areas targeting integrated development, innovation and climate action in rural regions.

Over the 2021-2027 period, Austria included targeted interventions for **Smart Villages** in its CAP Strategic Plan targeted at rural communities¹ who develop innovative solutions to address local challenges in accordance with the [ENRD Guidelines](#), and with a strong emphasis on **digitalisation**. **At national level**, there are no national policies tailored specifically to community-led rural innovation, but opportunities to target community initiatives are more broadly included in sectoral policies (e.g. on digital innovation, rural development or social policies).

Table 4 Policy framework for community-led rural innovation (Austria). Source: FUTURAL Policy Analysis (2025).

Common Agricultural Policy- National Strategic Plan (2021-2027 period)	
LEADER	<ul style="list-style-type: none"> •Population Coverage: 83.12% of rural population, 5.77 mln people •Local Development Strategies: 80 •Preparatory Actions/projects: 0 •Budget: € 130.2 mln (5% of EAFRD)
Smart Villages	<ul style="list-style-type: none"> •Dedicated interventions <ul style="list-style-type: none"> ○Supporting village & city centers – revitalize, refurbish or rebuild empty, misused or underused buildings or public areas (73-10, INVEST); ○Vacancy reactivation through awareness raising & consulting, Development concepts & management for town and village center strengthening (77-04, COOP); ○Rural innovation systems under the EU Innovation Partnership (77-03, COOP).

¹ This includes municipalities <30,000 inhabitants, or rural municipalities with >30,000 inhabitants.

	<ul style="list-style-type: none"> •Other interventions: LEADER (77-05, COOP) •R40. Smart transition of the rural economy: 54 Smart Villages strategies projects •Budget: N/A
<i>Selected Indicators (PMEF result and outputs indicators)</i>	<ul style="list-style-type: none"> •R1: 1,355,703 people benefitting from advice, training, knowledge exchange or participating in EIP Operational Groups •R3: 7.75% Farms support for digital agricultural technology •R39: 1,864 Rural business developed (incl. bioeconomy) •O1: 156EIP operational group projects •O23: 376 Supported off-farm non-productive investment operations or units •O24: 6,957 Supported off-farm productive investment operations or units •O27: 100 Rural businesses receiving support for start-up
Cohesion Policy (2021-2027 period)	
<i>CLLD</i>	Smart regions Integrated Regional Development Using CLLD (SO5.2)
<i>National ERDF Operational Programme</i>	Interventions targeting rural innovation are foreseen within SO1.1 and SO1.3 (emphasis on support to businesses), SO2.1 (eco-innovation for energy efficiency), JTF (innovative pilots for transition to low/zero emission technologies).
Other Relevant National Policies	
<i>Digital and Innovation</i>	Research, Technology and Innovation (RTI) Strategy 2030 - AplusB programme - Forschungsprämie - Austria Digital Broadband Strategy 2030 – Digital Austria Act - Future Fund Austria – Municipal Digitalisation Package – Digitalisation Fund – Klima- und Energiefonds
<i>Social Policies</i>	Austrian Youth Strategy at the Federal Chancellery
<i>Rural, Local Development</i>	Austrian Spatial Development Concept (“ÖREK 2030”) ; EUSALP Strategy; EU Strategy for the Danube Region; Alpine Convention; Interreg Alpine Space

Good practices

Measure on ‘Smart Regions Integrated Regional Development using CLLD’ (ERDF Operational Programme 2021-2027). In the 2014-2020 period, the South Tyrol Region in Austria decided to implement CLLD under the Cohesion Policy to increase the cooperation among small-scale municipalities, reduce competitive thinking, and promote more integrated territorial development.

The Austrian experience with CLLD revealed to be a **success** to the extent that the 2021-2027 (now) national ERDF Operational Programme in Austria designed a specific intervention on ‘Smart Regions’ using CLLD. This intervention targets **rural areas** and provide its supports along three thematic areas: i) **Cooperation** between local authorities and regional stakeholders; ii) **Climate change** interventions (e.g by sustainable energy and mobility solutions, resource

efficiency, circular economy, regions and smart villages approaches, local and regional climate adaptation); iii) **Innovation-oriented local development**, in particular intermunicipal business locations (and complementary infrastructure), R&D, innovation and SME development and digitalization. A local development strategy will be developed to guide the overall approach. Austria opted for multi-funded approach, with EAFRD being the lead fund.

CLLD financing via the Interreg Italia-Austria. [Interreg Italia-Austria](#) is a cross-border programme for territorial cooperation. Since 2014, this programme has opted to finance small-scale and medium-scale CLLD initiatives through four projects ([Terra Raetica](#), [Wipptal](#), [Dolomiti Live](#), [HEurOpen](#)), for respectively 50,000 EUR and 200,000 EUR. Funding community-led initiatives was a novelty in Interreg programmes, and, given its success, has been continued in the 2021-2027 programming period. Eligible areas for community-led projects include Areas covered include **tourism, culture, multilingualism, and smart villages**.

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