

ANNUAL REPORT 2025

FORWARD





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The annual report reflects the activities of KDZ in 2025.

It serves as an overview of the activities and services

of KDZ for the Management Board, KDZ members,

and interested individuals.

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FOR WARD

3

KDZ
ANNUAL
REPORT
2025



FORWARD

For us, “Forward” is more than just a motto for 2025. It represents an attitude of not merely managing crises, but using them as an opportunity to rethink established approaches and pursue new paths. This attitude has shaped KDZ’s work over the past year, in our collaborations with municipalities and cities, public administrations, and public sector organisations at federal, Länder, and EU levels, as well as in our contributions to the public debate on administrative and structural reforms.

In 2025, we supported numerous cities and municipalities across Austria, helping them improve their fiscal capacity through systematic analyses and quick-to-implement measures, as well as in-depth service and performance reviews.

At the same time, we consistently contributed our expertise on reform issues and supported the Austrian “Reformpartnerschaft”. We developed proposals for stabilising municipal finances, presented complex intergovernmental fiscal transfer relations between “Länder” and municipalities in an understandable way, and maintained a presence in the media and among experts.

A particular highlight was a conference on consolidation potential within Austria’s federal system, which brought together academia and representatives from all levels of government.

For us, “Forward” means new topics and approaches as well as organisational change. Peter Biwald’s retirement marks the end of a formative era in KDZ’s executive leadership. We would like to express our sincere thanks for his many years of commitment and dedication to municipal practice. At the same time,

a new chapter is beginning. A new team is taking responsibility for shaping the future of KDZ, aiming to preserve what has been tried and tested while resolutely driving forward new ideas.

“Forward” also means making targeted use of innovations. We are modernising management and benchmarking instruments, improving quality and impact, and providing guidance in an increasingly uncertain operating environment. This ranges from new data-based approaches to further developing CAF and digital support services. One concrete example is the benchmarking tool at www.offenerhaushalt.at: a modern benchmarking platform that enhances transparency and supports evidence-based decision-making.

This annual report illustrates our approach in 2025: solution-oriented, collaborative and focused on feasibility. It demonstrates that “Forward” and consolidation are not contradictory, as new ideas often emerge when objectives, processes and services must be refined due to limited resources.

We would like to thank all our employees, members and partner organisations for supporting us on this journey. They support us with expertise, trust and a willingness to collaborate, even during challenging periods.

In this sense, we see “Forward” as an opportunity. Let us continue to view challenges as opportunities and collaborate to create an efficient, resilient and forward-looking public sector.

THOMAS PROROK

PETER BIWALD
MANAGING DIRECTORS

ALEXANDER MAIMER

THIRTY-THREE YEARS OF STRENGTHENING THE PUBLIC SECTOR – A THEMATIC RETROSPECTIVE

1993

was the year that New Public Management reached Austria as a reform strategy, the new fiscal equalisation system came into force and I started working at KDZ.

These two thematic areas would go on to shape the work of KDZ and myself in the years that followed.

The 1993 Fiscal Equalisation Act introduced a major reform of user charges, doubling the equivalence principle to 200 per cent. This shaped one of my first projects, which focused on what municipalities could do with the surpluses generated from user-charge revenues. ‘Everything is possible’ was KDZ’s initial response, until the Constitutional Court clarified the framework of fee law in its 2001 ruling, stating that cost surpluses must be used within the same functional context. The issue of fees continues to accompany the KDZ to this day. Three key publications in 1997, 2007 and 2022, to which I contributed, as well as the current fee reviews, have established best practice in this area.

For us, New Public Management was a multi-layered approach, as defined by Kuno Schedler and Isabella Proeller. Based on ‘customer and citizen orientation’, we introduced the concept of citizen service centres to Austria. Guided by the ‘Heidelberg approach’, the one-stop approach was introduced from 1996 onwards, beginning in Waidhofen an der Ybbs and Kapfenberg. This was achieved through seminars, consulting projects and evaluations at municipal and district authority levels. In recent years, digitalisation has also been incorporated. At the end of the 1990s, the ‘results and impact orientation’ led to the creation of the first municipal product service and performance indicator framework. In the mid-2000s, this was followed by integration into the balanced scorecard, with pilot projects in Burgenland and Innsbruck, as well as Kapfenberg. During the 2010 administrative reform,

benchmarking was incorporated into cross-level benchmarking initiatives. With the 2013 federal budget reform, impact orientation also became a central component of the reform. Attempts were even made to extend this to the municipal and ‘Länder’ levels, albeit with limited success. From 1999 onwards, a quality management system was introduced at federal, state and municipal levels under the heading of ‘quality orientation’, using the Common Assessment Framework (CAF), in which the KDZ continues to play a leading role.

From the mid-2000s onwards, inter-municipal cooperation and mergers were discussed and, in some cases, implemented under the heading of ‘structural reforms’, partly as a result of the Austria Convention. Examples include cooperation in municipal building administration and public works services, as well as municipal mergers in Styria. More comprehensive approaches, such as ‘5 municipalities = 1 administration’ or the regional municipality, have yet to be implemented.

Since 2010, the financial crisis, fiscal equalisation reform and transparency have once again become central issues for the KDZ. Although the intergovernmental fiscal transfer relations between Länder and municipalities have been made transparent throughout Austria, they have not yet been reformed. Proposals for a more task-oriented fiscal equalisation system have been drafted and are ready for future implementation. The strengthening of subnational tax autonomy has been conceptually advanced and is awaiting political implementation. Since 2012, www.offenerhaushalt.at has made municipal budgets readable and accessible to all interested citizens. The KDZ Quicktest, created in 1997, is a set of financial performance indicators that serves as a standard for meaningful budget analysis and the KDZ credit rating.

A portrait of Peter Biwald, a middle-aged man with grey hair and glasses, wearing a dark suit, white shirt, and a red and blue striped tie. The portrait is set against a dark grey background and is partially framed by a large white circular graphic element on the left side of the page.

**PETER
BIWALD**

Managing
Director

The 2015 VRV reform expanded state and municipal budgets, and KDZ has supported its implementation ever since. However, in light of the current fiscal pressures on public budgets, the focus over the last three years has once again been on ‘balancing the budget’.

In line with its statutory mandate, KDZ has pursued this broad range of topics not only at the national level, but also at the European level since EU accession, particularly in regions of EU accession candidates. This has only been possible thanks to the support of our 326 members, the KDZ team, and numerous partners.

The past 33 years have been rich in learning, content and topics. We have created transparency in many areas, raised reform issues and, in some cases, achieved reform successes, even if the results can sometimes be considered modest. Reforms bring change, and with it fears of loss. While failure to implement reforms alleviates these fears in the short term, in the long term everyone involved loses out. Breaking this cycle is currently a key challenge.

I would like to thank our members, partners, clients and, above all, KDZ employees for joining us on this journey, and I would like to ask everyone to remain loyal to KDZ.

A handwritten signature in blue ink, reading 'Peter Biwald', enclosed within a white circular graphic element that overlaps the bottom right corner of the portrait.

PETER BIWALD

113 PROJECTS

WERE COMPLETED TO FULL SATISFACTION

27

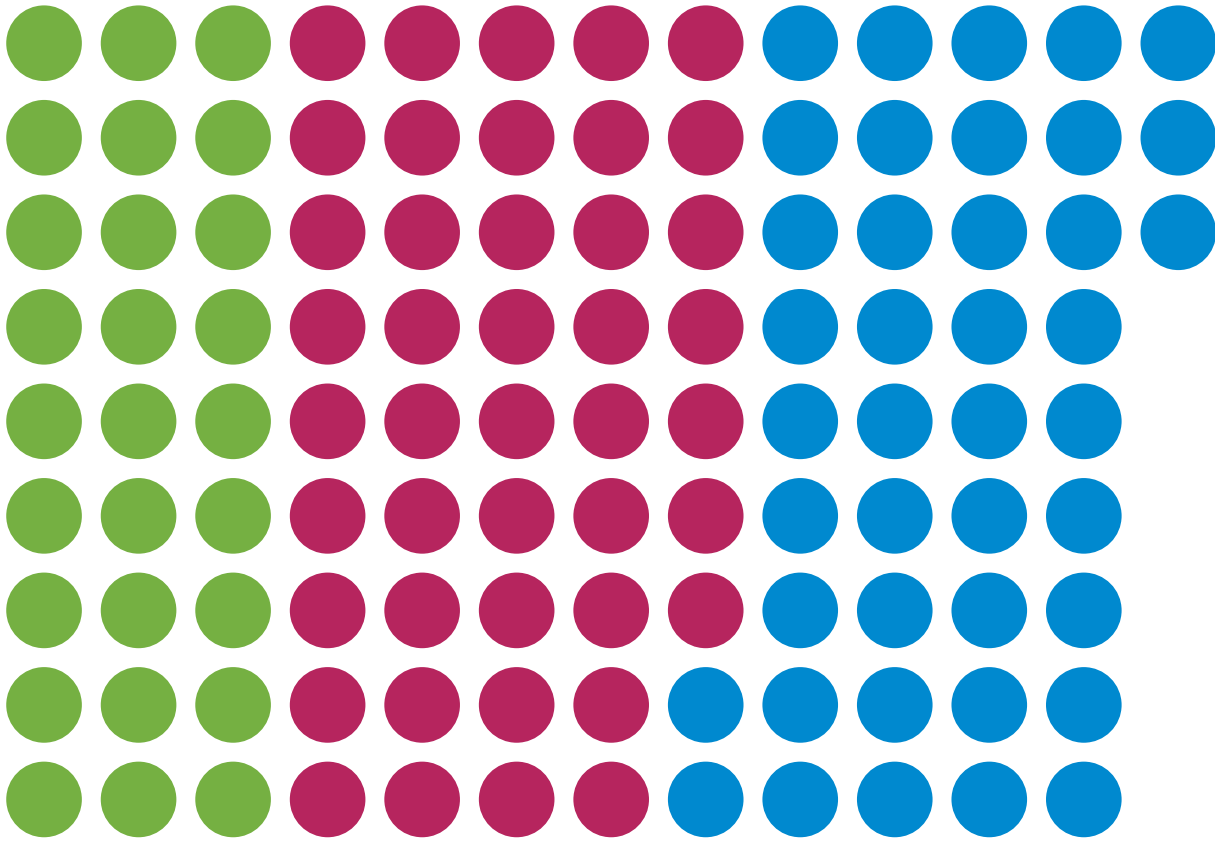
PUBLIC MANAGEMENT
CONSULTING

45

PUBLIC FINANCE
AND FEDERALISM

41

EUROPEAN GOVERNANCE
AND URBAN POLICY



326

MEMBERS

108

EXTERNAL
CONSULTANTS

136

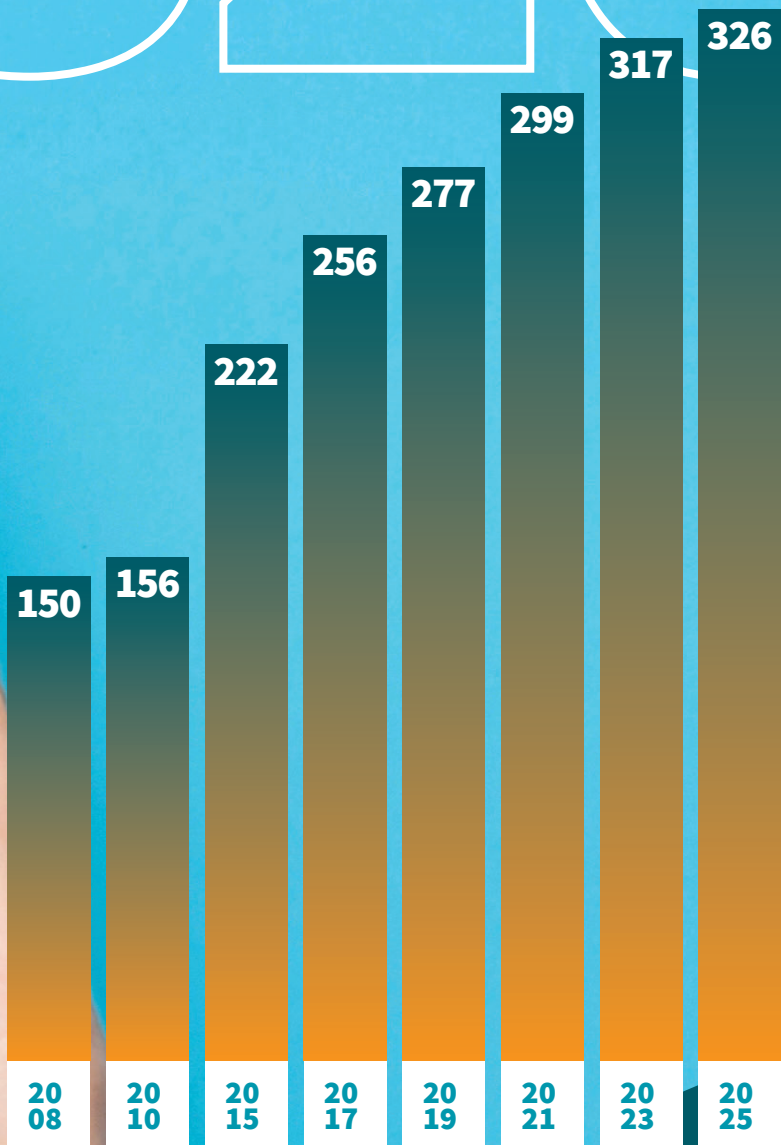
SEMINARS AND
WEBINARS HELD

1,812

PARTICIPANTS TRAINED
IN SEMINARS

136,940

VISITS TO
WWW.OFFENERHAUSHALT.AT



8 NEW MEMBERS

SINCE 2010, WE HAVE BEEN PRODUCING THE **KDZ INTELLECTUAL CAPITAL REPORT** WHICH MEASURES OUR INTELLECTUAL ASSETS, GROUPED INTO HUMAN, STRUCTURAL, AND RELATIONAL RESOURCES.



HUMAN RESOURCES

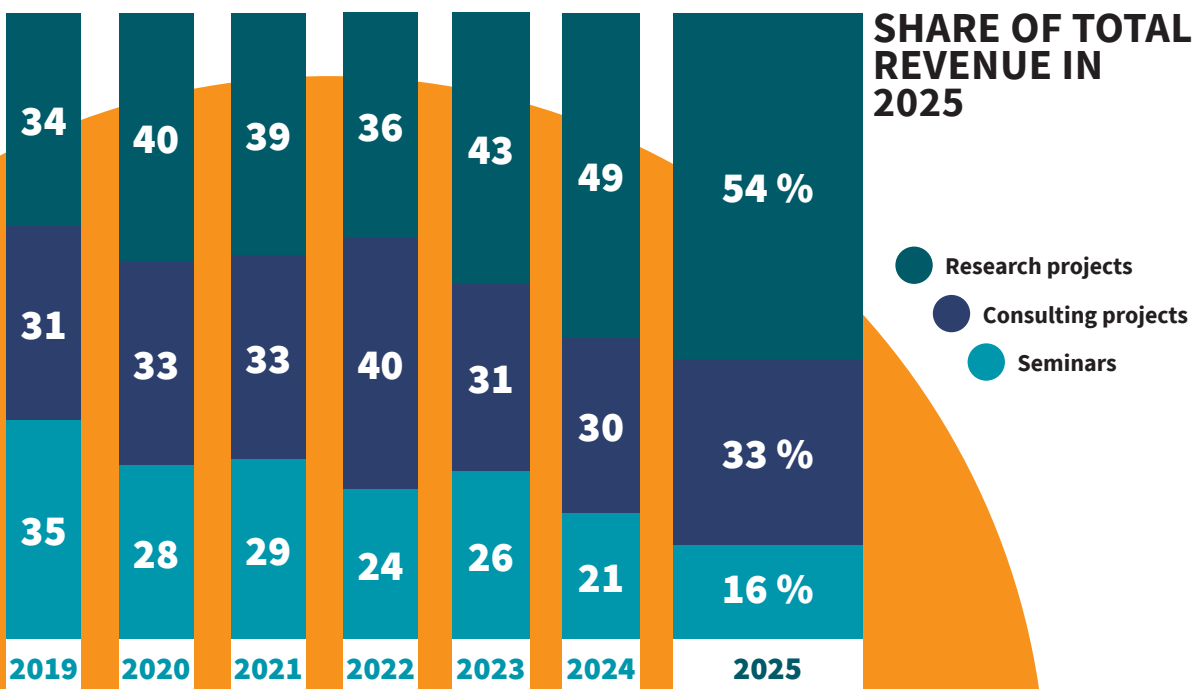
	2010-24	2025
Staff structure		
Total headcount	24	28
Consultants and external experts	92	108
Number of members in the Board of Trustees	39	34
Qualifications		
Proportion of employees with more than 5 years of professional experience	85%	79%
Employees with teaching assignments at universities and universities of applied sciences	4	3
Number of teaching assignments	5	4
Proportion of employees who spoke at symposiums	48%	40%
Theme leadership		
Proportion of employees who publish in relevant specialised media	61%	61%
Number of articles in external journals and books	33	39
Number of presentations	43	36
Interdisciplinarity (proportion of employees active in multiple areas of expertise)	73%	58%
Number of employees active on social media	13	15
Number of KDZ blog posts	40	44

STRUCTURAL RESOURCES

	Ø 2010–24	2025
Members and supporters	245	326
New members	12	8
Library materials	49,783	49,932
Consulting projects (number)	59	68
Research projects (number)	30	46
Number of jour fixes for internal knowledge sharing	10	10
Proportion of jour fixes with external speakers	17%	20%
Number of innovations	5	7
Number of media reports	264	888
Share of total revenue		
Seminars	25%	16%
Consulting projects	34%	33%
Research reports	34%	51%
Number of research projects completed		
Public Management and consulting	8	4
Public finance	12	22
European governance and urban policy	11	19
Number of consulting projects completed		
Public Management and consulting	36	23
Public finance	8	23
European governance and urban policy	15	22
Training		
Number of seminars and courses	124	136
Share of webinars	52%	59%
Training days	131	102
Service Centre		
Number of digital platform	11	11
Number of FPM issues	3	2
Number of events conducted for members (Round Table, Regionalkonferenz, KDZ im Dialog)	5	13
Publications	1	0

RELATIONAL RESOURCES

	Ø 2010-24	2025
Members and clients		
Seminar participants	2,251	1,812
Participants in expert lectures	2,044	1,855
Share of participants who were very satisfied or satisfied with the seminars	96%	97%
KDZ network		
Twitter followers (has been closed, new on bluesky: 144 followers)	1,234	1,164
Facebook followers	1,061	1,157
LinkedIn followers	1,601	2,706
Number of German newsletter subscribers	6,470	5,355
Number of English newsletter subscribers	316	452
Number of newly registered municipalities on www.offenerhaushalt.at	92	88
Number of newly published digital funding reports	9	3
Number of newly registered municipal associations	10	26
Number of participants at member events	152	2,946



VISION

WE WANT A SUSTAINABLE MODERNISATION OF THE PUBLIC SECTOR.

KDZ – Centre for Public Administration Research is a non-profit association headquartered in Vienna. We are a competence centre and knowledge platform for the public sector, specifically for cities and municipalities, Länder, the federal government, and the European level. We think and act with a holistic and interdisciplinary perspective.

In the domains Public Management Consulting, European Governance and Urban Policy, Public Finances and Federalism as well as Training, we advocate for a high-quality public sector and develop made-to-measure concepts and solutions to achieve this.

Our range of services includes applied research, consulting, and training, and our expertise has been in demand since 1969.



PUBLIC MANAGEMENT CONSULTING

We support cities and municipalities as well as their companies, Länder, the federal government, associations, and NGOs with various issues related to organisational and administrative development, governance and management systems, citizen and customer services, and human resources management, and we provide support in strategy and innovation development.

The individual, customised, and needs-oriented solutions we provide help our clients harness their potential. A solution-driven approach, accuracy of fit, and feasibility are important benchmarks for us. A collaborative partnership, combined with transparent and professional project management, forms the essential foundation of sustainable, trustful, and reliable cooperation.

27

PROJECTS IN 2025





EUROPEAN GOVERNANCE AND URBAN POLICY

41

PROJECTS IN 2025

7 European Integration

6 Urban Policy

28 Public Governance

We stand for good governance, transparency, and open government in Europe. Good cooperation between the federal government, Länder, and the municipalities as part of national governance is particularly important to us.

Our projects contribute to the continued development of federal structures and multi-level governance architectures, and in doing so, we also highlight the benefits of public action (public value).

As part of our focus on urban and city-region policy, we promote an intensive exchange of knowledge beyond Austria's national borders, on the one hand. On the other hand, we facilitate city-regional initiatives, as we recognise that cities are always an integral part of the regions that surround them. Sustainability, participation, and quality in the public sector drive our actions.

This is particularly evident in our commitment to the UN sustainability development goals (SDGs) and the Common Assessment Framework (CAF).

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KDZ
ANNUAL
REPORT
2025

PUBLIC FINANCE AND FEDERALISM

45

PROJECTS IN 2025

3 Fiscal Equalisation and Federalism

13 Financing and Governance of Public Services

7 Public Finance and Municipal Budgets

22 User Charges and Budget Analysis

We are a strong and steadfast partner in advancing the governance and financing of public services within the framework of multi-level governance.

Our goal is to bring more transparency to complex issues of the federal state. In so doing, we illuminate financial dynamics and cooperative engagement between the players involved. Moreover, we devise forward-looking models aimed at optimising governance and improving collaboration within federalism.

Our efforts contribute to achieving equitable and progressive fiscal equalisation, alongside strategically advancing key areas of responsibility such as nursing, education, childcare, public transport, or climate action. Another of our key priorities is to present Austrian municipal finances in a transparent manner and to strengthen their sustainability.

40

Lectures and Press Conferences

29

KDZ In-House Publications and Formats

9

Published Studies/ Publications

32

Interviews and Contributions in Television and Radio

14

Expert Contributions in External Publications and Formats

16

KDZ ANNUAL REPORT 2025

All studies at:
www.kdz.eu/de/wissen/studien



Peter
Biwald



Marian
Haydn



Clemens
Hödl



Alexander
Maimer



Dalilah
Mitringer



Anna-
Gabriella
Nadolph



Jan
Neumair



Wolfgang
Oberascher



Philip
Parzer



Verena
Weixlbraun



Klaus
Wirth

PUBLIC MANAGEMENT CONSULTING



FISCAL CONSOLIDATION – SUCCESSFUL PROJECTS ACROSS AUSTRIA

In 2025, KDZ supported cities and municipalities across Austria in their municipal fiscal consolidation efforts. These projects helped the supported cities and municipalities balance their budgets and restore fiscal space

One particularly significant project was implemented on behalf of the Province of Salzburg, initiated by the Salzburg Association of Municipalities. KDZ developed comprehensive and practical guidelines for municipal fiscal consolidation for Salzburg’s municipalities. This guide covers an assessment and analysis of the municipality’s fiscal position, assessing the required scope of consolidation, identifying concrete consolidation measures and action areas (including so-called ‘quick wins’), the decision-making and communication process, and a catalogue of potential consolidation measures that can be implemented by municipalities.

Close and cooperative collaboration with the five pilot municipalities of Faistenau, Mariapfarr, Oberalm, Pfarrwerfen and Saalfelden am Steinernen Meer, as well as the Salzburg Municipal Association, was a key success factor of the project.

The guide was presented at an event organised by the Salzburg Association of Municipalities, after which it was made available to all Salzburg municipalities for autonomous application by all municipalities in Salzburg.



Given the continued fiscal pressures facing municipalities, budget consolidation will remain a key issue for cities and municipalities in the coming years. Many cities and municipalities have already realised ‘quick wins’ by reducing discretionary subsidies and grants and adjusting fees. However, the focus is now shifting towards an in-depth review of municipal service portfolios and expenditure structures. KDZ supports cities and municipalities in this process by providing a systematic approach to reviewing products and services, and helping them to achieve a structurally balanced and sustainable fiscal position. •

ARTIFICIAL INTELLIGENCE AS A DRIVER OF PUBLIC SECTOR RESILIENCE

Find out how technological innovation can help to make communities more robust and adaptable!

Municipalities are facing increasing pressure due to rising demands, skills shortages, limited budgets, and the desire for greater citizen engagement. In this context, resilience – the ability to cope with crises and adapt to changing conditions – is becoming increasingly important. Artificial intelligence (AI) can play a key role in this. AI offers tools that can automate administrative processes, support evidence-based decision-making and improve public service delivery. It can automate routine administrative tasks, recognise patterns and generate forecasts, thereby strengthening the resilience of local authorities. However, it is important to be realistic: not every solution labelled ‘AI’ goes beyond classic automation. When implemented professionally, automation can simplify processes and free up time for employees to perform more complex tasks. When used correctly, AI still offers considerable potential, which many municipalities have only partially exploited to date.

Robustness – a stable foundation

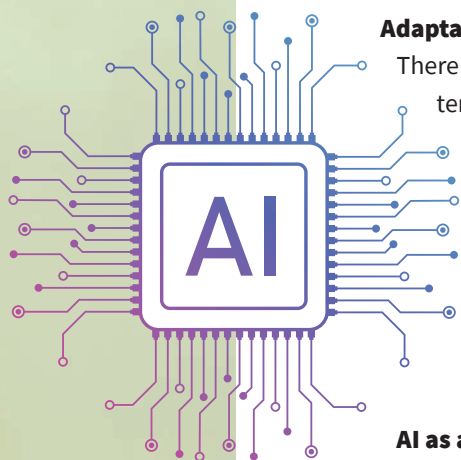
High-quality data is essential for reliable AI applications. This is also emphasised in the EU Artificial Intelligence Act, particularly in Article 10 on data governance. In practice, however, only limited datasets are often available for reasons relating to data protection or organisational hurdles. Inadequate data leads to unreliable outputs, including so-called ‘AI hallucinations’ from AI systems. Therefore, reliable databases are a prerequisite for applications in areas such as building permit procedures, spatial planning, large-scale data analysis, traffic flow forecasting and digital twin-based urban modelling.

Adaptability: Flexibility in a Volatile World

There are numerous applications in the area of adaptability. AI systems recognise patterns and trigger early warning mechanisms, for instance municipal budget monitoring, helping to avoid financial surprises. Additionally, internal processes can be made more flexible, with automatic monitoring and integration of legislative changes, targeted queries of administrative knowledge bases, and sensible combinations of electronic records and document management systems (ELAK) and AI solutions.

AI as an opportunity for the future

If used strategically, responsibly and in a structured manner, AI can make a significant contribution to municipal resilience. This requires not only technology, but also clear governance structures and organisational frameworks and a culture of learning and experimentation. KDZ supports cities and municipalities in this strategic transition, accompanying them on their journey towards a resilient and future-oriented public administration. •



INTER-MUNICIPAL BENCHMARKING 2025: A FOCUS ON CORE MUNICIPAL SERVICES

Ten cities are conducting an in-depth comparative analysis. The project examines performance strengths and identifies areas for further development in citizen services, social services and municipal finance.

Benchmarking requires openness to external comparison and a willingness to learn from peers. This is precisely what the joint benchmarking project with the Austrian Association of Cities and Towns offers. A structured framework has been created that makes staffing structures, service portfolios and administrative processes in key municipal areas comparable. It is not about competition, but rather a tool for quality improvement and professional capacity building.

nised data collection and validation. This creates transparency and enables well-founded conclusions to be drawn for further development on site.

In finance, the focus is on comparing staffing levels, analysing central processes, and assessing digitalisation strategies and process automation. AI-supported applications in municipal finance departments are particularly considered, such as electronic invoice management workflows, automated preparation of draft budgets and financial statements, and supporting ongoing budget execution and monitoring processes.

As a central part of municipal responsibility, the social sector encompasses a wide variety of services and organisational models. Initial comparisons based on audited financial statements and per capita expenditure data provide an overview of expenditure structures. Building on this, priority topics such as processes, care, discretionary services, and digitalisation were defined. A broader set of key figures will be discussed in early 2026 to inform the final report.

Citizen services also demonstrate significant diversity. To enable comparison, a set of core service functions was defined, with the focus placed on efficiency, service portfolio review and digital process support and automation. Many cities are already adopting innovative approaches in this area, ranging from digital application processes and automated status updates to AI-supported information and advisory systems. At the same time, personal contact remains essential for service quality. Benchmarking helps establish a sustainable balance between digital and personal services. This creates a shared strategic framework. •



The focus is on areas that shape everyday municipal life, such as modern, easily accessible citizen services, reliable social services, and financial sustainability and long-term fiscal stability. Through mutual exchange and based on jointly defined key performance indicators (KPIs), a clear picture of strengths and areas for improvement emerges. Benchmarking thus becomes a structured peer-learning framework that enables concrete improvements.

A total of ten cities from across Austria are participating in the project. For each topic area, a structured process involving a kick-off meeting and two in-depth workshops is carried out, based on harmo-

OUTLOOK 2026

Municipalities in Austria are under pressure like rarely before. Rising demands for infrastructure and public services are colliding with tight fiscal capacity and growing staff shortages. Many municipalities are facing this structural tension and recognise that conventional solutions are no longer sufficient. We have extensive experience working with municipalities and municipal enterprises, their strengths as well as their structural limitations. This is precisely where we come in. Our goal is not only to support municipalities in identifying efficiency potential and cost-saving opportunities within their own organisations. We also accompany them in deliberately expanding their strategic scope beyond municipal and departmental boundaries in order to develop new forms of intermunicipal and cross-sector collaboration.

Municipality 2030 – from crisis management to shaping the future

KDZ understands “Municipality 2030” to be a forward-looking vision of the future for capable, resilient, and modern municipalities that can withstand and adapt to crises and actively shape the future. At its core are a resilient and digitally advanced administration, as well as inter-municipal and regional cooperation. Municipality 2030 is not a finished model but an ongoing process of development that adapts to new circumstances and remains flexible.

Resilience through cooperation

In recent years, KDZ has intensively explored what makes municipalities resilient and how they can strengthen their resilience in a targeted manner. KDZ experts Dalilah Mitringer and Wolfgang Oberascher authored the white paper “Resilient Municipalities,” which highlights key challenges and outlines possible solutions. One focus is on the topic of “Resilience through Cooperation: Living Re-

gionality”. The white paper’s outlook makes it clear that municipalities acting in isolation are increasingly reaching their limits. Resilient municipalities of the future rely on openness, transparency, and cooperation both within the administration, with the local community, and across the region. They invest in relationships, in volunteer networks and civic engagement structures, in modern organisational development and strategic human resource management, and in cross-level governance networks. However, there is no magic formula. Instead of a “one size fits all” model, what is needed is a structured policy and management toolbox from which each municipality can select the mix of measures that best suits its circumstances.

Think regionally, act collectively – how KDZ can support

We support municipalities in managing their finances in such a way that they maintain their operational and fiscal capacity despite tight budgets. At the same time, we assist in establishing modern governance and performance management systems to ensure that political objectives and administrative practices are strategically aligned. In organizational development, we work with administrations to create clear organisational structures and streamlined processes and procedures that are broadly supported across the organisation. In doing so, we also strengthen leadership and human resources management. When major decisions such as inter-municipal cooperation arrangements are on the agenda, we jointly develop sustainable strategies. In this way, we link fiscal stability with long-term strategic planning, supporting the transition towards future-ready municipalities. •

Further information can be found at:
www.kdz.eu/en/services/public-management-consulting

Link to the white paper
“Resilient Communities”







Sofia
Calzola



Sara
Deranja



Walter
Giehart



Nikola
Hochholdinger



Marion
Jonas



Anna-
Gabriella
Nadolph



Philip
Parzer



Dalilah
Mitringer



Jan
Neumair



Thomas
Prorok



Alexandra
Schantl



Verena
Weixlbraun

EUROPEAN GOVERNANCE & URBAN POLICY



Reform with Structural Implications:

THE NEW EU FINANCIAL FRAMEWORK AND A NEW EUROPEAN NETWORK AS A STRONG SIGNAL

With its proposal for the new Multiannual Financial Framework (MFF) 2028–2034, the European Commission presented a comprehensive restructuring of the EU budget architecture in July 2025. The aim is to achieve greater flexibility, strategic consolidation of funding instruments, and a stronger focus on competitiveness, security and crisis resilience. While this may appear to be a simplification at EU level, it entails considerable risks for cities and municipalities – particularly in light of the already precarious fiscal situation of local authorities in Austria and many parts of Europe.

A central element of the reform is the introduction of National and Regional Partnership Plans. These are intended to consolidate multiple funding streams under cohesion and agricultural policy into a single national framework. As a result, decision-making authority over the allocation of funds would shift further towards Member States. For the municipal level, this implies reduced planning certainty, more limited direct access to EU funding instruments and diminished influence on funding priorities.

This development is particularly challenging for cities and municipalities. Climate-related and social expenditure pressures, high energy and construction costs, and limited own-source revenue capacity are already restricting their room for manoeuvre. EU funding has so far been a key lever for implementing, or at least initiating, necessary future investments. If funds are further centralised at national level and allocated conditional on reform commitments and performance criteria, there is a risk that short-term governmental priorities will

displace long-term, place-based development strategies. Municipal and regional representative bodies – including the European Committee of the Regions (CoR) and the Council of European Municipalities and Regions (CEMR) – warn of a gradual erosion of cohesion policy at the expense of local authorities. Without binding territorial safeguards, strong involvement of the local level and clear earmarking provisions – such as minimum allocations for urban areas – Europe’s municipalities will face additional pressure. The EU’s principle of solidarity is also put to the test if redistributive mechanisms are rolled back in favour of centrally managed competitiveness instruments.

All the more important, therefore, is strong representation of local authorities at EU level. A significant initiative in this regard is the European Network launched in 2025 by the Austrian Association of Cities and Towns. The network has already met twice online, with contributions from MEP Andreas Schieder and Thomas Wobben (Committee of the Regions), focusing on housing policy and the MFF and its implications at local level. In the future, the European Network will convene three to four times per year in online sessions of approximately two and a half hours, aiming to consolidate and articulate municipal positions at European level.

The new MFF will therefore not only determine budgetary figures, but also shape the role of cities and municipalities within the European Union. A strong European Union requires strong municipalities – supported by effective multi-level governance, predictable investment frameworks and a cohesion policy that reflects local realities. •





SDG BUDGETING IN EUROPEAN CITIES

With the 2030 target year approaching, pressure is increasing on cities to demonstrate measurable progress in implementing the Sustainable Development Goals (SDGs). The OECD estimates that more than 65% of SDG targets are directly or indirectly influenced by local authorities. Published in October, the EU-SLPP report analyses how four European cities – Amsterdam, Barcelona, Bordeaux and Hamburg – are using public finance as a strategic instrument to advance the UN Sustainable Development Goals.

Political commitment – but fragmented implementation

All four cities demonstrate clear political commitment to sustainability and the 2030 Agenda. However, this commitment has only partially translated into the systematic integration of the SDGs into budgetary frameworks and processes. While sustainability strategies and indicator systems are generally in place, the link between strategic sustainability objectives and concrete budget allocations often remains fragmented. The core challenge lies less in political will than in translating SDG objectives into public financial management logic.

Financial stability as a foundation

All cities examined display strong fiscal capacity. This stability constitutes a key prerequisite for sustained investment in climate action, social infrastructure and urban resilience. Notably, high budget surpluses do not automatically result in higher SDG-related expenditure. Rather, decisive factors include available fiscal space

– particularly the level of own-source revenues – combined with deliberate strategic prioritisation.

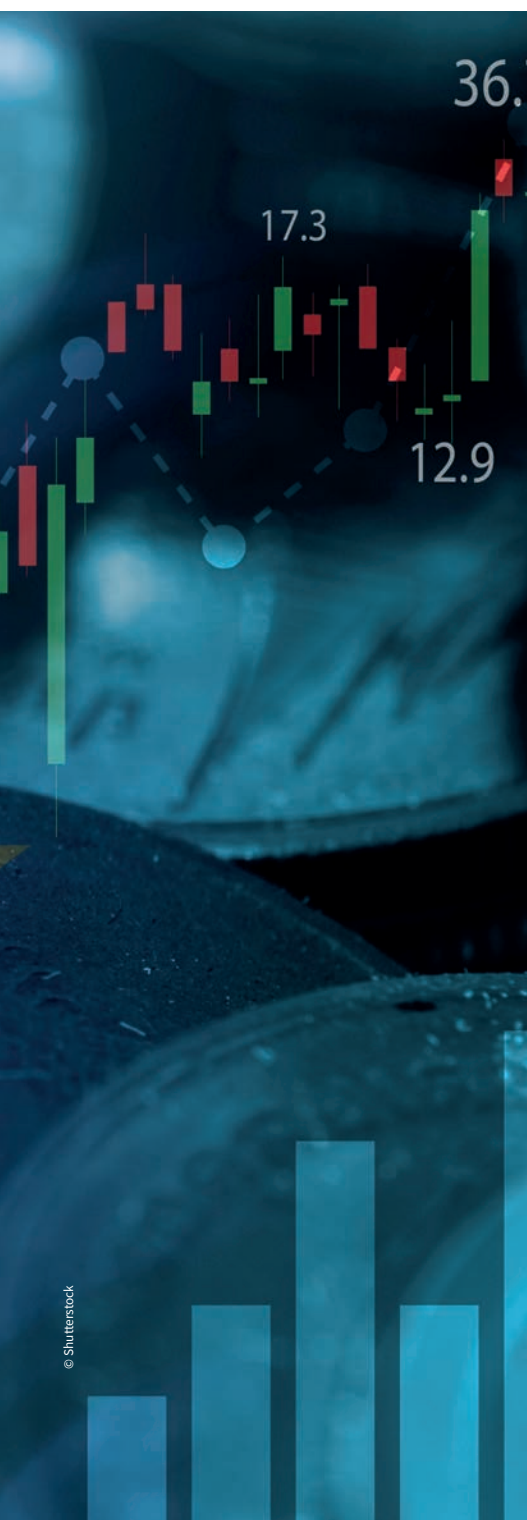
Diverse approaches, limited integration

None of the four cities has established a fully integrated SDG budgeting framework. Instead, different instruments are applied, including green budgeting in Bordeaux, performance- and impact-oriented budgeting in Hamburg, SDG budget tagging in Barcelona and climate budgeting in Amsterdam. However, these instruments are generally not systematically embedded across the entire budget cycle – from planning and allocation to execution, monitoring and reporting.

Key shortcomings and success factors

A major shortcoming is the insufficient integration of financial and non-financial performance data. In particular, there is often no systematic information on the volume of resources allocated to specific SDGs or on how financial priorities align with sustainability targets. The comparison indicates that effective SDG budgeting depends less on individual tools and more on clear political leadership, a strong coordinating role of finance departments, cross-departmental governance structures and adequate administrative capacity.

The report concludes that there is no universal blueprint. SDG budgeting represents a long-term institutional transformation process that strengthens transparency, strategic priority setting and the sustainability and resilience of public finances. •



LEARN, COMPARE, DESIGN – EVIDENCE-BASED (URBAN) REGIONAL DEVELOPMENT

In times of profound transformation, reliable, comparable and easily accessible data has become indispensable. As public budgets tighten and resources become increasingly constrained, expectations regarding transparency, accountability and policy effectiveness continue to grow. Accordingly, the systematic advancement of evidence-based foundations for urban and regional policy remained a key priority for KDZ in 2025.

A key milestone was the strategic transformation of the publication Austria's Cities in Figures (ÖStiZ) from a predominantly static print-based format into a dynamic digital platform.

Through its planned integration into the RESY dashboard (www.resy-dashboard.at) and in cooperation with the Federal Ministry of Agriculture and Forestry, Climate and Environmental Protection, Regions and Water Management (BMLUK), core urban datasets from multiple sources will be consolidated, harmonised and continuously updated. The platform will provide visualisations, time-series data and user-friendly benchmarking functions. It will be complemented by concise thematic reports addressing selected municipal policy fields. The thematic focus for 2026 will be housing.

In parallel, the DAWIT project – Evidence-Based Action in Public Services and Economic Development for Regional Transformation Processes – systematically integrates quantitative indicators, qualitative assessments and applied survey instruments. Building on the RESY dashboard infrastructure, KDZ is cooperating with the Vienna Institute for International Economic Studies (WIIW) to expand and interlink key indicators on public services, economic performance and quality of life.

Both initiatives – ÖStiZ digital and DAWIT – share the objective of strengthening the use of data as a foundation for strategic governance and policy steering. At the same time, data development is not an end in itself. The primary focus lies on practical relevance for policymakers, public administrations and regional stakeholders. Accessible datasets, time-series analyses and the transparent presentation of complex interdependencies support decision-makers in identifying emerging trends at an early stage, prioritising policy interventions and aligning measures in a more strategic and evidence-informed manner.

In 2025, KDZ thus made a significant contribution to advancing modern, data-driven governance – acting as a bridge between data and policy, analysis and decision-making, and between local challenges and European perspectives. •



OUTLOOK 2026

Exchange, partnership and European responsibility define the central priorities in the field of European governance and urban policy for 2026. A particular highlight will be the launch of the new ADA-funded project Municipal Exchange Fund Austria for Ukraine (A4U) (www.municipalexchangea4u.eu).

This initiative translates municipal cooperation into concrete action: Austrian and Ukrainian cities and municipalities will establish structured partnerships, exchange expertise and jointly develop solutions to support reconstruction, resilience and the modernisation of local public administration in Ukraine.

The Municipal Exchange Fund A4U builds on the longstanding experience of KDZ and the Austrian Association of Cities and Towns gained through the BACID programme (2015–2024), which demonstrated in the Western Balkans and the Republic of Moldova the effectiveness of structured municipal peer-to-peer cooperation. For Austrian municipalities, participation offers the opportunity to contribute proven expertise, gain international experience and make a measurable contribution to strengthening local governance structures and reconstruction efforts in Ukraine.

Between 10 and 20 municipal partnerships will be funded through two calls for proposals. Supported projects may focus on local economic development, municipal service delivery, administrative reform or EU integration. Eligible activities include expert missions, workshops, study visits to Austrian municipalities and the joint development of strategies and policy guidelines. Funding of

up to €50,000 per project will be available, with the first call planned for April 2026. Austrian cities and municipalities, municipal enterprises, as well as civil society and research institutions cooperating closely with Austrian municipalities, are invited to apply and actively participate.

Exchange and stronger connectivity with the European level also guide the activities of the European Network of the Austrian Association of Cities and Towns, launched in 2025. With the support of KDZ, the Association offers its members a platform – meeting twice per year and more frequently if required – for information exchange and structured dialogue on current European initiatives of relevance to municipalities. The objective is twofold: first, to systematically integrate the European dimension into municipal policy debates, including ongoing EU initiatives such as those on affordable housing. In this context, the 2026 focus report of Austria's Cities in Figures (ÖStiZ) will be dedicated to housing. Second, to monitor and assess EU legislative and policy proposals with potential implications for Austrian municipalities in a timely manner, thereby informing the Association's positioning at European level.

Developments concerning the EU's Multiannual Financial Framework and EU funding policy from 2028 onwards will therefore continue to be closely followed. In 2026, KDZ will once again link international cooperation, European advocacy and practical support for municipal administration – both across Europe and at the local level. •

PUBLIC FINANCE & FEDERALISM



Peter
Biwald



Marian
Haydn



Nikola
Hochholdinger



Clemens
Hödl



Marion
Jonas



Karoline
Mitterer



Dalilah
Mitringer



Jan
Neumair



SOLUTIONS DESPITE FISCAL CONSOLIDATION PRESSURE



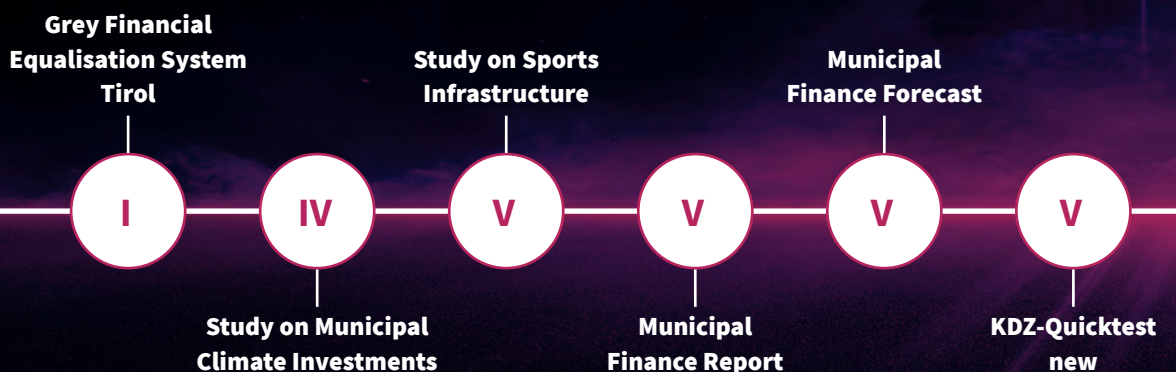
Unfortunately, developments in 2025 confirmed what our previous forecasts on municipal finances had already indicated: the fiscal space of municipalities has deteriorated significantly and on a structural basis. Our two municipal finance outlooks, published in May and December, clearly show that municipal budgets can only be stabilised if both the macro-fiscal framework improves and municipalities implement targeted consolidation measures.

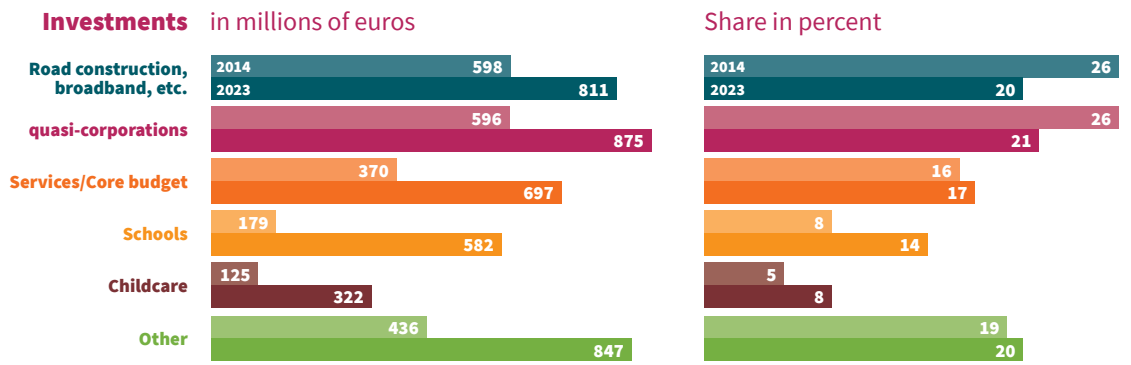
In response to these developments, KDZ presented a range of reform proposals and policy options in 2025. These included contributions to the debate on property tax reform and efforts to communicate the intergovernmental transfer system in a transparent and comprehensible manner. The steadily increasing media attention demonstrates that these issues extend beyond the municipal level and are of broader public relevance. Through more than 30 appearances on television and radio, we contributed evidence-based analysis to the public debate.

In November, together with TU Wien, we organised a conference on consolidation potential within Austria's federal system, bringing together representatives from academia as well as federal, provincial and municipal levels. Discussions focused on identifying principles for sustainable fiscal consolidation at national level and, in particular, on designing coordination mechanisms to avoid unintended distributional or incentive effects.

Several in-depth studies further examined financing and governance challenges. Our annual Municipal Finance Report and the KDZ municipal creditworthiness ranking provide orientation in assessing the actual fiscal position of municipalities. A study on innovative consolidation approaches at municipal level and an analysis of the long-term financial sustainability of sports infrastructure complement this work and outline alternative models for service provision.

A study covering several Tyrolean cities provides a transparent assessment of the relevance of the so-called "grey" fiscal equalisation system, while an evaluation of the financing framework for torrent and avalanche control measures was also conducted. Particular emphasis was placed on further developing our analytical instruments. The KDZ Quick Test was revised and an enhanced benchmarking tool was implemented at www.offenerhaushalt.at. This enables municipalities to compare key financial indicators with peer municipalities and to better assess their consolidation needs and fiscal adjustment potential. •





MUNICIPAL INVESTMENTS UNDER PRESSURE

Local authorities account for approximately 30 per cent of total public investment. However, the constrained fiscal position of municipalities is increasingly leading to the postponement of investment projects, particularly in the areas of climate mitigation and climate adaptation. Two studies commissioned by the Chambers of Labour of Vienna and Upper Austria formulate recommendations on how municipal investment capacity can be safeguarded despite these challenging conditions.

A central lever is strengthening the fiscal autonomy of municipalities in order to restore their financial capacity to act. This includes, in particular, reducing levy burdens and improving the overall revenue framework. In addition, KDZ recommends further developing municipal tax autonomy, for example through reform of property taxation. A more targeted alignment of existing funding instruments

is also essential to sustain investment activity. Intergovernmental grants should be allocated in a more needs-based and future-oriented manner, with climate action and investment in education explicitly defined as priority areas. At the same time, greater transparency and predictability in funding structures are required to enable municipalities to make reliable medium- and long-term investment decisions.

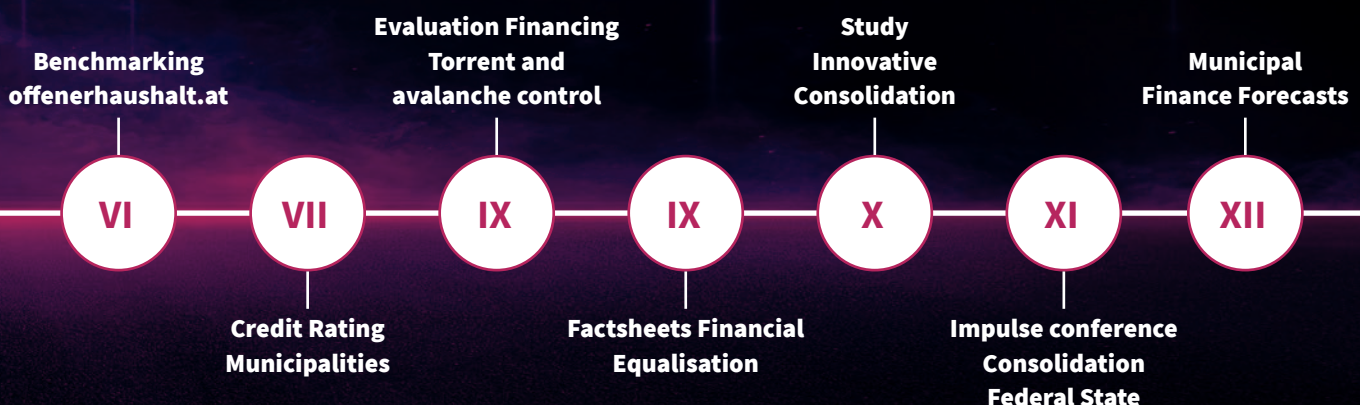
To secure climate-related investments, KDZ proposes the establishment of a dedicated municipal climate investment fund. Such a fund should provide long-term financial planning security and allocate resources based on impact-oriented criteria, including CO₂ reduction potential and economic efficiency considerations. A combination of a basic lump-sum allocation for all municipalities and additional project-based funding for particularly high-impact measures would ensure

both broad coverage and effectiveness.

Furthermore, strengthened coordination mechanisms between federal, provincial and municipal levels are necessary. A permanent intergovernmental coordination committee could contribute to better aligning climate targets, financing instruments and investment strategies. Equally important is the development of a harmonised monitoring framework to systematically assess and communicate the impact of municipal investment.

Overall, the recommendations demonstrate that with clear regulatory frameworks, predictable financing arrangements and strategic multi-level governance, municipalities can continue to fulfil their role as key public investors and drivers of sustainable development. Decisive policy action is now required to secure this capacity for the future. •

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Torrent and Avalanche Control:

NEW GUIDELINES FOR STRUCTURING THE FINANCING MODEL

Under Austria's constitutional framework, the construction of torrent and avalanche protection infrastructure constitutes a public sector responsibility. In cooperation with the competent Section III/4 of the Federal Ministry of Agriculture, KDZ analysed how existing procedures could be streamlined and the financing model further standardised and systematised.

Municipalities receive financial, structural and personnel-related support from the federal level for measures aimed at protection against torrents and avalanches. Particularly exposed municipalities work closely with the federal service for Torrent and Avalanche Control (WLV), which comprises seven regional sections and 21 subordinate construction management offices.

In cooperation with municipalities, the WLV is responsible for risk management related to torrent and avalanche hazards, particularly extraordinary events. This includes the construction of new protective infrastructure and major rehabilitation

measures. The operation and routine maintenance of protective structures are formally the responsibility of municipalities; in practice, however, federal entities frequently provide technical and operational support.

Structural and non-structural protection measures are jointly developed and submitted to the federal level to determine the respective financing shares. On average, approved measures are financed as follows: approximately 55 per cent from the Federal Disaster Fund (allocated €105 million annually from the federal budget), around 20 per cent by the Länder, and the remaining share by the beneficiaries.

Beneficiaries typically include the applying municipalities and, where relevant, public infrastructure operators such as ASFINAG (motorways) or ÖBB (railways), which have a direct interest in safeguarding their assets.

The analysis shows that small municipalities not only face structural locational disadvantages but are also disproportionately exposed to torrent and avalanche risks. This dual burden further weakens their fiscal position on both the revenue and expenditure sides. Tourism-oriented municipalities constitute a partial exception: although often highly exposed to natural hazards, they are better able to compensate for structural disadvantages through higher municipal tax revenues and tourism-related levies. Nevertheless, a stronger financial contribution from the Länder merits consideration, given that their fiscal capacity generally correlates with the geographic exposure to torrent and avalanche risks. On average, the Alpine Länder possess comparatively stronger fiscal resources.

These and additional parameters were incorporated into a formula-based model designed to allocate financing shares among the participating levels of government in a needs-oriented and transparent manner. While investment expenditure for avalanche protection is expected to remain relatively stable, increasing demand for action is anticipated in the area of torrent control due to evolving risk patterns and climate-related developments. •



OUTLOOK 2026

With consolidation requirements for 2025 now clearly identified, the focus shifts to systematically leveraging consolidation potential. KDZ will contribute its expertise by developing solution approaches at multiple levels of government. In addition to reform options within municipal finance, broader public-sector strategies will also be elaborated.

In particular, we will analyse models of inter-municipal cooperation as well as the concept of the “regional municipality.” Beyond potential efficiency gains, this work will also assess the transaction costs of cooperative arrangements and their implications for service quality and citizen access.

A key priority will be the development of proposals to clarify responsibilities and financing structures in major policy fields, thereby strengthening overall fiscal sustainability. These fields include early childhood education and care, all-day schooling, climate mitigation and adaptation, public transport, long-term care and hospital financing.

Further enhancements are planned for the platform www.offenerhaushalt.at and for the Municipal Finance Report. Our regular municipal finance forecasts will also be continued. •

WORK PRIORITIES 2026

- Contribution to the reform of fiscal equalisation and the financing of public services, with a focus on safeguarding the long-term sustainability of Austria’s federal system
- Development of reforms to sustainably restore adequate fiscal space for municipalities, including property tax reform and the restructuring of intergovernmental transfer relations between Länder and municipalities
- Further expansion of www.offenerhaushalt.at, continuation of the municipal finance fact sheet series and integration of the KDZ municipal creditworthiness ranking into the platform
- Development of a practical application tool for fee calculation within the “Praxisplaner” series
- Strengthening overall public-sector financing and governance of services of general interest, particularly where responsibilities and financing arrangements extend across multiple levels of government
- Analysis of the fiscal impacts of climate mitigation and climate adaptation on public budgets and multi-level governance structures, and development of corresponding policy options





TRAINING



Elisabeth
Apl



Siegfried
Fritz



Walter
Giehart



Martina
Henickl



Lieselotte
Henning



Karima
Rothensteiner



Anna
Schubert



Eva
Wiesinger

OUR FOCUS AREAS:

**EFFICIENCY &
FINANCIAL
MANAGEMENT**

**MUNICIPAL
BUDGET REFORM
(VRV 2015)**

**PUBLIC
MANAGEMENT &
GOVERNANCE**

**LEGAL
UPDATE**

**TAXES &
CHARGES**

**LEADERSHIP
PRACTICE**

**COMMUNICATION &
CUSTOMER
MANAGEMENT**

**INNOVATION &
DIGITAL SKILLS**

**KDZ
PRACTICE FORUMS &
NETWORKS**

OUTLOOK 2026

Continuous learning is a fundamental requirement for any modern organisation. It generates tangible added value and contributes to motivated and satisfied employees. Professional development is one of the most important strategic resources, as organisational performance depends to a large extent on the knowledge and competencies available within the organisation.

At the same time, the working environment is becoming increasingly technology-driven. People, digital systems and media interact more closely, and learning processes are increasingly supported by data and artificial intelligence. AI applications are developing rapidly and are already making a significant contribution to digital transformation in public administration.

Against this backdrop, it is essential to continuously develop and consolidate employees' competencies. This includes targeted training in the responsible and effective use of AI tools, enabling staff to apply such systems appropriately, understand their limitations and assess potential risks.

As a provider of professional continuing education, we aim to support you in achieving your professional development objectives in a structured, practice-oriented and future-focused manner. •

ONLINE VIDEO SEMINAR ON ARTIFICIAL INTELLIGENCE: INTRODUCTION AND OVERVIEW AS A BASIS FOR AI COMPETENCE UNDER THE EU AI ACT

The EU Artificial Intelligence Act (Regulation (EU) 2024/1689) has been in force since February 2025. It requires organisations – irrespective of their size – to ensure that staff involved in the development, deployment or use of AI systems possess an adequate level of AI literacy. This obligation also applies to public administration, including public enterprises and municipal authorities.

Under the AI Act, organisations must ensure, as of 2 February 2025, that employees working with AI systems have received appropriate training. Compliance must be documented in accordance with the Regulation (EU) 2024/1689 on Artificial Intelligence, published in the Official Journal of the European Union on 12 July 2024.

Target group (public administration):

- Managers at all administrative levels
- Employees who require sufficient AI literacy and must be able to identify and assess risks
- Staff in communication and public relations
- Human resources managers

This half-day introductory course provides a structured overview of artificial intelligence and its practical application in administrative contexts. Participants will gain insights into effective prompting techniques, risk awareness, governance and compliance requirements, and the responsible integration of AI tools into everyday workflows. The seminar serves as a foundational module for building AI competence in line with the requirements of the EU AI Act.

Further information can be found at <https://www.kdz.eu/en/courses>

CAF CENTRE 2025: GREATER IMPACT THROUGH AI, EXCHANGE AND CO-CREATION IN THE PUBLIC SECTOR

In 2025, the KDZ CAF Centre further strengthened its role as a national and international competence hub for the Common Assessment Framework (CAF), quality management and public sector innovation. The focus was on the strategic use of artificial intelligence, the establishment of structured exchange formats and the joint development of the CAF approach in cooperation with partners from public administration, academia and international networks.

Rethinking CAF Digitally:

The CAF Bot as a Smart Support Tool

A key milestone in 2025 was the development of the CAF Bot. This AI-supported application further digitalised the CAF methodology and enhanced its accessibility for practitioners. The CAF Bot supports users with questions related to the Common Assessment Framework – ranging from the interpretation of assessment criteria and implementation guidance to aspects of digital performance management and organisational development.

The tool contributes to the user-friendly and practice-oriented application of CAF while strengthening data-informed and knowledge-based management in public sector organisations.

Community of Practice:

Structured Exchange across Organisational Boundaries

With the Community of Practice – Quality for Governance Network, the CAF Centre established a cross-governmental platform for structured exchange in 2025. Two well-attended events provided

targeted impulses on administrative innovation, quality management and organisational change. The Community of Practice aims to facilitate peer learning, promote the exchange of experience and develop joint responses to current challenges in public administration. Contributions from European projects and national reform initiatives offered comparative perspectives, including in-house consulting models across Europe, organisational development in Styria and competence development and innovation management at the BBG Public Procurement Academy.

International Connectivity:

CAF Practitioners Network

The CAF Practitioners Network was successfully continued in 2025 as an international expert forum for organisations implementing CAF. The network enables regular, moderated exchange on practical implementation experiences. In 2025, case studies from Croatia and Estonia illustrated how CAF can be applied effectively in diverse administrative and institutional contexts.

The network not only strengthens the international CAF community but also contributes to the continuous methodological refinement of the framework.

Enhancing Accessibility:

New Digital Entry Points and CAF Compact

A further priority was to enhance the visibility and practical usability of CAF through additional digital access points and the development of the CAF Compact format, designed to facilitate streamlined and resource-efficient implementation processes.

CAF-TEAM



The CAF Centre played a key role in conceptualising a new digital landing page for the Federal Chancellery (BKA). The platform presents CAF in a practice-oriented manner for managers and quality managers, illustrating how the methodology can be effectively applied to organisational development and performance improvement.

CAF Compact has further refined and streamlined the CAF assessment logic. A revised workshop design and focused assessment standards enable resource-efficient implementation while maintaining high impact. In doing so, the CAF Centre responds directly to the demand of public organisations for lean yet effective quality management and change instruments.

Sharing Knowledge – Nationally and Internationally

At international level, KDZ strategically contributed its expertise in 2025. The CAF Centre supported the further development of the national quality management strategy in North Macedonia and played an active role in advancing the new CAF External Recognition (CAF Label – Effective CAF User, CEF/CER) in close cooperation with the European Institute of Public Administration (EIPA). These activities underline KDZ’s role as a reliable partner for quality development and good governance within the European administrative space.

Overall, 2025 was marked by impact, networking and innovation for the CAF Centre. Through the responsible use of AI, the establishment of strong professional communities and the continuous development of CAF as a practice-oriented change and performance framework, KDZ contributes sustainably to the effectiveness and future readiness of the public sector. •

ACTIVITIES 2025

In 2025, the CAF Centre continued to leverage the potential of digitalisation. Most activities were successfully delivered in virtual or hybrid formats, further strengthening international networking and cooperation with partner organisations in Austria and Germany.

CAF Network Germany–Austria

The CAF Network Germany–Austria and cooperation with local CAF partners were further expanded. Joint activities – including CAF webinars and the CAFFEX cross-country exchange format – were consolidated and further developed, fostering structured peer learning.

CAF E-Learning

Another priority in 2025 was the development of CAF e-learning formats. In cooperation with the Regional School of Public Administration (ReSPA), KDZ developed the conceptual framework and core content for a CAF e-learning platform. Through concise, modular online learning units (“learning nuggets”), CAF is conveyed in a compact, practice-oriented and accessible manner. In addition, KDZ played a leading role in the development of a German-language CAF e-learning programme in cooperation with the Security Academy of the Federal Ministry of the Interior and the Federal Chancellery.

CAF Practitioners Network

With the CAF Practitioners Network, the CAF Centre at KDZ has established the first international expert network dedicated to CAF implementation. The network brings together internationally active CAF organisations, quality managers and organisational development experts for regular moderated exchanges and professional development.

CAF Implementation Figures

Since its launch in 2022, a total of 11 online events have been organised. The network has grown to approximately 250 participants from 16 countries, significantly strengthening the international CAF community. •

300

300 PUBLIC SECTOR ORGANISATIONS AND NON-PROFIT ORGANISATIONS (NPOS) IN AUSTRIA HAVE IMPLEMENTED CAF

11

CAF PROJECTS WERE IMPLEMENTED NATIONALLY AND INTERNATIONALLY IN 2025

41

ORGANISATIONS IN AUSTRIA HAVE BEEN AWARDED THE CAF QUALITY LABEL

2,000

PUBLIC SECTOR ORGANISATIONS IN EUROPE ARE REGISTERED CAF USERS

250

ORGANISATIONS IN EUROPE HAVE BEEN AWARDED THE CAF QUALITY LABEL SINCE 2015

41

KDZ ANNUAL REPORT 2025

MEMBERS

SPONSORING KDZ MEMBERS

Cities/Municipalities

Abtenau
Adnet
Altach
Altheim
Altengbach
Altenberg bei Linz
Altmünster
Amaliendorf-Aalfang
Ampfwang i. H.
Amstetten
Andorf
Anif
Ansfelden
Arnoldstein
Aschach an der Donau
Asperhofen
Asten
Atzenbrugg
Au am Leithagebirge
Bad Aussee
Bad Hall
Bad Goisern
Bad Ischl
Bad Radkersburg
Bad Vigaun
Bad Vöslau
Baden
Bad Pirawarth
Bärnbach
Berg
Bergheim
Berndorf
Biedermannsdorf
Bludenz
Böheimkirchen
Brand-Laaben
Braunau
Bregenz
Brixlegg
Bruck/Mur
Bruck an der
Großglocknerstraße
Brunn/Gebirge
Buchkirchen
Bürmoos
Deutschfeistritz
Dornbirn
Ebenau
Ebreichsdorf
Eferding
Eisenstadt
Elixhausen
Engerwitzdorf
Enns
Erlauf
Eugendorf
Fehring
Feldbach

Feldkirch
Fischamend
Fohnsdorf
Frankenburg a. HR.
Frastanz
Frauenkirchen
Freistadt
Frohnleiten
Fürstenfeld
Gablitz
Gänserndorf
Gallneukirchen
Gaming
Gampern
Gars/Kamp
Gaschurn
Gattendorf
Gerasdorf b. Wien
Gloggnitz
Gmünd
Gmunden
Goldegg
Gols
Gratkorn
Gratwein-Straßengel
Graz
Gröbming
Grödig
Grosshöflein
Gumpoldskirchen
Gunskirchen
Guntramsdorf
Güssing
Hallein
Hard
Hart bei Graz
Heiligenkreuz im Lafnitztal
Henndorf am Wallersee
Hernstein
Herzogenburg
Hinterbrühl
Hofamt Priel
Hof bei Salzburg
Hofstetten-Grünau
Hopfgarten
Horitschon
Hornstein
Innsbruck
Irdning-Donnersbachtal
Judenburg
Kaltenleutgeben
Kapfenberg
Kennelbach
Kirchberg am Wagram
Kirchberg-Thening
Kirchdorf a. d. Krems
Klagenfurt
Klausen-Leopoldsdorf
Klosterneuburg

Knittelfeld
Köflach
Korneuburg
Kottingbrunn
Krems
Kremsmünster
Krumbach
Kufstein
Kumberg
Laakirchen
Lamprechtshausen
Landeck
Langenlois
Langenzersdorf
Lasse
Laxenburg
Lanzenkirchen
Leibnitz
Lend
Lendorf
Leoben
Leobendorf
Leobersdorf
Leonding
Lichtenau im Waldviertel
Lienz
Liezen
Linz
Loipersdorf
Loosdorf
Lustenau
Magdalensberg
Mannersdorf am Leithagebirge
Maria Enzersdorf
Maria Saal
Mariazell
Markt Allhau
Mattersburg
Mattighofen
Mattsee
Mauthausen
Micheldorf in Oberösterreich
Mistelbach
Mitterndorf an der Fische
Mittersill
Mödling
Mörbisch
Mondsee
Mürzzuschlag
Nenzing
Neudörf
Neufeld an der Leitha
Neuhofen/Krems
Neuhofen/Ybbs
Neulengbach
Neunkirchen
Neusiedl/See
Nickelsdorf
Niederndorf

Nußdorf-Debant
Oberalm
Ober-Grafendorf
Oberndorf in Tirol
Oberpullendorf
Oberwaltersdorf
Oberwart
Olbendorf
Ossiach
Pasching
Passail
Perchtoldsdorf
Persenbeug-Gottsdorf
Perg
Pfaffstätten
Pöchlarn
Poysdorf
Pregarten
Prellenkirchen
Pressbaum
Puch bei Hallein
Puchenau
Puppeting
Purkersdorf
Rankweil
Regau
Reutte
Rohrbach in Oberösterreich
Rosegg
Rum
Rust/Neusiedler See
Saalfelden am Steinernen Meer
Salzburg
Scharnstein
Scheibbs
Schladming
Schwadorf
Schwechat
Seekirchen
Semriach
Siegghartskirchen
Spittal/Drau
Sankt Andrä/Lavanttal
Sankt Andrä-Wördern
Sankt Barbara im Mürtztal
Sankt Florian am Inn
Sankt Georgen
Sankt Jakob im Rosental
Sankt Johann i. d. Haide
Sankt Johann/Tirol
Sankt Peter am Kammersberg
Sankt Peter in der Au
Sankt Pölten
Sankt Thomas am Blasenstein
Sankt Ulrich bei Steyr
Sankt Valentin
Seiersberg-Pirka
Stadl-Paura
Stanz im Mürtztal

Stetten
 Steyr
 Steyregg
 Stockerau
 Straß in der Steiermark
 Straßwalchen
 Strobl am Wolfgangsee
 Schwertberg
 Tamsweg
Taiskirchen im Innkreis
 Teesdorf
 Telfs
 Ternitz
 Thal
 Thalheim/Wels
 Traisen
 Traiskirchen
 Traismauer
 Traun
 Traunkirchen
 Trieben
 Trofaiach
 Tulln
 Tullnerbach
Unken
 Uttendorf
 Villach
 Vöcklabruck
 Vöcklamarkt
 Voitsberg
 Vösendorf
 Waidhofen/Thaya
 Waidhofen/Ybbs
 Waidmannsfeld
 Wald im Pinzgau
 Waldhausen im Strudengau
 Walding
 Wallern im Burgenland
 Wartberg ob der Aist
 Weissenbach/Tr.
 Wels
 Werfenweng
 Weyer
 Wiener Neudorf
 Wiener Neustadt
 Wieselburg
 Wieselburg-Land
 Wilhelmsburg
 Windigsteig
 Wolfsberg
 Wolfurt
 Wolkersdorf im Weinviertel
 Wöllersdorf-Steinabrückl
 Wörgl
 Zell am See
 Zeltweg
 Zwentendorf an der Donau
 Zwettl

INSTITUTIONS

ARGE der Stadtamtsdirektoren, NÖ
 BANK AUSTRIA
 Bundesarbeitskammer
 Erste Bank Sparkassen AG
 EURAC Research
 GBV – Österreichischer Verband gemeinnütziger Bauvereinigungen
 Gemeindeverband Krems
 Gemeindeverband für Abfallwirtschaft im Raum Schwechat
 Gemeindeverband Zwettl
 Industriellenvereinigung
 Kärntner Landesfeuerwehrverband
 Kommunalakademie NÖ
 Kommunale Gemeinschaftsstelle für Verwaltungsmanagement-KGSt
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 Land Steiermark, Abt. 17 Landes- und Regionalentwicklung
 Land Salzburg, Abt. 1 Wirtschaft, Tourismus und Gemeinden
 Land Vorarlberg, Abt. IIIa Finanzangelegenheiten und IIIc Gebarungskontrolle
 Landesrechnungshof Vorarlberg
 Lebenshilfe Bruck – Kapfenberg gemeinnützige GmbH
 Lebenshilfe Ennstal
 Lebenshilfe Leoben
 Lebenshilfe Mürztal
 Oberösterreichischer Landesrechnungshof
 Österreichischer Städtebund
 Raiffeisenlandesbank Burgenland und Revisionsverband eGen
 Raiffeisenlandesbank Niederösterreich – Wien
 Regionalplanungsgemeinschaft Großes Walsertal
 Salzburger Landesrechnungshof
 Tiroler Landesrechnungshof
 Verband sozialdemokratischer Gemeindevertreter in NÖ
 Verein Region Vorderland Feldkirch
 Volksbank Wien AG
 Vorarlberger Gemeindeverband
 Wiener Städtische Versicherung

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Matthias Stadler, Mayor of St. Pölten (President)
 Werner Krammer, Waidhofen an der Ybbs (Vice President)

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WE PROMOTE KNOWLEDGE SHARING AS AN ESSENTIAL ASPECT OF COOPERATION

ADA – Austrian Development Agency

CAF – European Experts Group

CEMR – Council of European Municipalities and Regions

CEP – European Policy Centre

Cooperation OGD Austria

EIPA – European Institute of Public Administration

Council of Europe – Congress of Local and Regional Authorities

Fiscal Advisory Council Austria

Management Forum for Innovative Public Service

Foster Europe

IDM – Institute for the Danube Region and Central Europe

IFIP – Department of Public Finance and Infrastructure Policy of TU Wien

KGSt – Communal Joint Office for Administrative Management

KMA – Knowledge Management Austria

Competence Centre for Infrastructure Economics, Public Services and Social Provisioning

NALAS – Network of Associations of Local Authorities of South-East Europe

OECD – Sigma

ÖVG – Österreichische Verwaltungswissenschaftliche Gesellschaft (Austrian Administrative Society)

PA 10 – Priority Area 10 of the EU Strategy for the Danube Region

RESPA – Regional School of Public Administration

UCLG – CIB – Capacity and Institutions Building (United Cities and Local Governance)

VÖWG – Austrian Association for Public and Social Economy

WIFO – Austrian Institute for Economic Research



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INNOVATIONS

BENCHMARKING FOR LOCAL AUTHORITIES: DATA-DRIVEN MANAGEMENT AND TRANSPARENT DECISION-MAKING

Benchmarking is a key instrument for modern financial governance in public administration.

Systematic comparison enables municipalities to assess whether they are on track or whether structural adjustments may be required. In 2025, www.offenerhaushalt.at expanded its functionalities to include benchmarking features, making municipal budget data more accessible and strengthening data-based financial management.

The benchmarking tool enables municipalities to compare revenue and expenditure structures across defined peer groups – for example by region, population size or financial year. Selected expenditure categories, such as personnel costs or fee revenues, can be analysed in detail down to the account level. The objective is to identify deviations, trends and structural patterns at an early stage. All comparisons are anonymised.

This functionality is highly relevant in everyday municipal practice. As fiscal

pressures increase and expectations regarding transparency and accountability continue to rise, budgetary decisions require clearer justification – both within the administration and vis-à-vis elected representatives and the public. Key questions include: How does our expenditure structure compare to similar municipalities? Which budget items deviate significantly? Are these differences driven by local conditions or by structural factors? What implications arise for medium-term financial planning?

Benchmarking is not designed as an evaluative ranking instrument, but as a structured basis for dialogue and strategic reflection. It supports municipalities in analysing causes, reassessing priorities and using annual financial statements as an active management tool – rather than merely a reporting obligation.



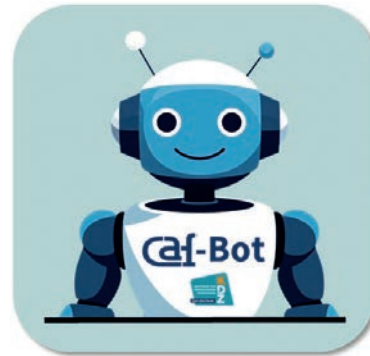
FOCUS ON FISCAL CONSOLIDATION: AN INNOVATIVE POLICY DIALOGUE

The impulse conference “Fiscal Consolidation in the Federal State” was one of KDZ’s key initiatives in 2025. On 5 November 2025, KDZ and the Research Unit for Public Finance and Infrastructure Policy at TU Wien convened experts from academia, public administration and politics to discuss how coordinated, socially balanced and fiscally sustainable consolidation can be achieved within Austria’s federal system.

The conference addressed both conceptual foundations and practical policy options. Discussions covered the need for joint strategic approaches and cross-level coordination in major policy areas, as well as structural fiscal challenges such as long-term care financing, fragmented funding arrangements and infrastructure investment decisions. Reform options – including property tax reform, ecological taxation measures and efficiency gains in public service delivery – were examined with a view to safeguarding long-term fiscal space while supporting socio-ecological transformation.

The event was characterised by its interdisciplinary perspective and structured dialogue across all levels of government. Representatives from the federal level, the Länder and municipalities exchanged assessments and practical experience, reinforcing the importance of coordinated fiscal governance.

The conference thus served not only to address current consolidation pressures but also to provide strategic impetus for the further development of Austria’s federal system in the context of long-term fiscal sustainability.



THE CAF-BOT: DIGITAL INNOVATION FOR ORGANISATIONAL DEVELOPMENT

With the CAF Bot, KDZ set an important milestone in digital organisational development in 2025. Drawing on more than 25 years of experience with the Common Assessment Framework (CAF), the AI-supported application consolidates in-depth expertise in quality management, administrative reform and good governance within the public sector. It provides user-friendly and rapid access to the full scope of CAF – the European framework for excellence in public administration.

The CAF Bot delivers practice-oriented guidance on the application, added value and implementation of CAF. It supports public organisations both in initiating CAF processes and in further developing existing quality management systems. More than 200 public sector organisations in Austria already apply CAF successfully; the CAF Bot complements this established methodology with a digital knowledge interface that is available at any time.

By integrating evidence-based expertise with modern AI applications, KDZ strengthens the innovation capacity, learning culture

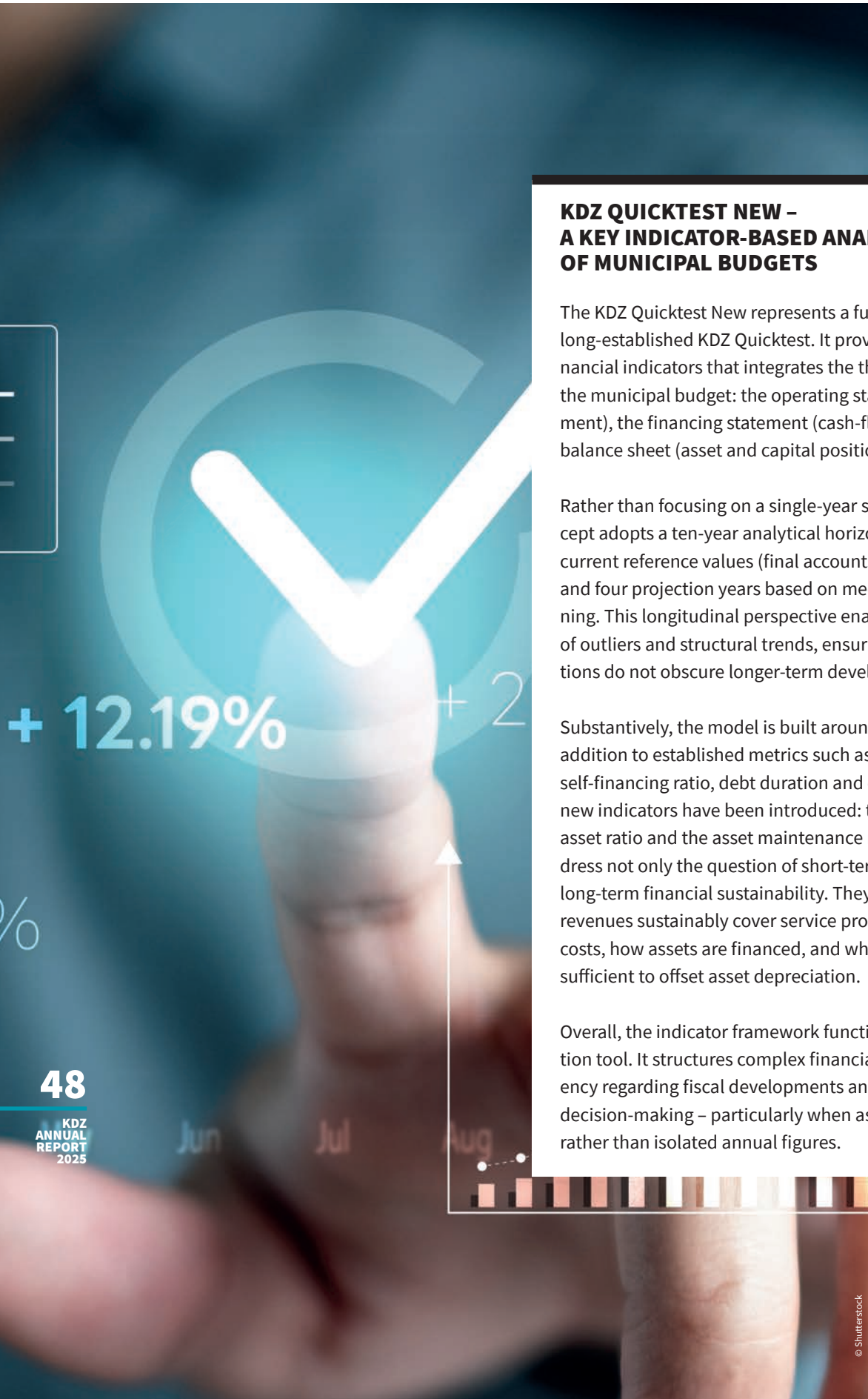
**KDZ QUICKTEST NEW –
A KEY INDICATOR-BASED ANALYSIS
OF MUNICIPAL BUDGETS**

The KDZ Quicktest New represents a further development of the long-established KDZ Quicktest. It provides a structured set of financial indicators that integrates the three core components of the municipal budget: the operating statement (income statement), the financing statement (cash-flow perspective) and the balance sheet (asset and capital position).

Rather than focusing on a single-year snapshot, the revised concept adopts a ten-year analytical horizon: four historical years, two current reference values (final accounts and approved budget) and four projection years based on medium-term financial planning. This longitudinal perspective enables the early identification of outliers and structural trends, ensuring that short-term fluctuations do not obscure longer-term developments.

Substantively, the model is built around seven key indicators. In addition to established metrics such as the free financial margin, self-financing ratio, debt duration and debt service ratio, three new indicators have been introduced: the net result ratio, the net asset ratio and the asset maintenance ratio. These indicators address not only the question of short-term fiscal space, but also long-term financial sustainability. They assess whether operating revenues sustainably cover service provision and infrastructure costs, how assets are financed, and whether investment levels are sufficient to offset asset depreciation.

Overall, the indicator framework functions as a strategic navigation tool. It structures complex financial data, enhances transparency regarding fiscal developments and supports evidence-based decision-making – particularly when assessing multi-year trends rather than isolated annual figures.



SELECTION OF PUBLICATIONS AND STUDIES

INFORMATION AND ORDERING

Martina Henickl

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Deranja, Sara; Heichlinger, Alexander; Padovani, Emanuele; Prorok, Thomas; Schantl, Alexandra:

Local Public Finances and the Governance of SDGs: Insights from Amsterdam, Barcelona, Bordeaux and Hamburg.

Wien, 2025.

Mitterer, Karoline; Haydn, Marian; Maimer, Alexander; Nadolph, Anna-Gabriella:

Erfolgreich Spielraum für Städte schaffen und erhalten.

Wien, 2025.

Mitterer, Karoline; Haydn, Marian:

Factsheets – Finanzausgleich kompakt 2025.

Wien, 2025.

Biwald, Peter; Hochholdinger, Nikola; Neumair, Jan:
Wildbach- und Lawinverbauung. Evaluierung, Sicherung und Weiterentwicklung der Finanzierung.

Wien, 2025.

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Gemeindefinanzen und kommunale Investitionen in Oberösterreich.

Wien, 2025.

Stafa, Elton; Prorok, Thomas:

Fiscal Decentralisation Indicators for South-East Europe (10th edition).

2025.

Hochholdinger, Nikola; Mitterer Karoline; Schantl, Alexandra; Haydn, Marian:

Kommunale Sportinfrastruktur nachhaltig finanzieren & betreiben.

Wien, 2025.

Jonas, Marion; Pichler, Dalilah;

Mitterer, Karoline; Biwald, Peter; Haydn, Marian:
Stadtdialog – Österreichische Gemeindefinanzen 2025 – Entwicklungen 2014 bis 2028.

Österreichischer Städtebund, Wien, 2025.

Mitterer, Karoline; Haydn, Marian; Hochholdinger, Nikola; Maimer, Alexander:
Ausrichtung kommunaler Investitionen auf Klimaschutz.

Arbeiterkammer Wien, 2025.

Parzer, Philip; Prorok, Thomas; Grünwald, Alexander:

CAF Impact Study 2025.

Wien, 2025.





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www.kdz.eu/de/wissen/fpm

Our professional journal Forum Public Management covers key topics twice a year.





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