What is a rural municipality?

- Municipalities that are remote (have small populations and markets, as well as long distances to other or larger centers)
- The Norwegian Centrality Index (Statistics Norway) classify municipalities, based on access to service functions and labour markets
- Centrality level 5 and 6 can be classified as rural areas
  - 238 municipalities (out of 422)
  - 72 percent of the land area
  - 14 percent of the population
Other challenges follow on from the geographical challenges

- Demography
- Economic growth
- Less central areas typically experience lower growth, but some of these municipalities can also have significant growth

Employment growth is lower in rural areas

- Employment growth is used as an indicator for economic growth
- Significant variation between municipalities
- Lower growth or decreasing employment in less central municipalities
Demographic challenges in rural areas

- Low population growth or decline
- Birth deficit
- Domestic out-migration
- Gender imbalance, more men than women
- High proportion of elderly people
- But high levels of immigration

Lower population growth in recent years due to reduced immigration and number of births
Reduced population growth in all levels of centrality

Population growth, 1 quarter, by level of centrality

Other challenges are not predominantly rural challenges

Centrality - levels of employment

Centrality - proportion of young adults who have at least completed upper secondary education
Covaration of challenges

- Population growth, employment growth, old age dependency ratio

- Level of employment, education (proportion of young adults who have at least completed upper secondary education), life expectancy (males)

78 of 83 municipalities with low growth/high dependency ratio is at centrality level 5 and 6. 10 out of 84 with high growth/low dependency ratio
60 of 81 municipalities with low utilisation of human resources and weaker health are at centrality level 5 and 6. 49 of 75 with higher utilisation of human resources and good health.

**General policy responses**

- Growth-promoting tax cuts
- Development of infrastructure
- Public sector innovation and rationalization
- General transfers to local and regional level
Regional structure

- **18 counties**
  - 11 from 2020
- **422 municipalities**
  - 356 from 2020

Regional and rural policy measures

- Geographically differentiated employer tax
- Measures for innovation and entrepreneurship
- Loans and grants to promote business investments
- Measures for local community development

Employer tax in % of salaries:
- from 14.1% in zone 1
- to 0% in zone 5
More than 600 state jobs
Decided or established outside of Oslo

Thank you