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# The Rural and Regional Policy of the Norwegian Government

Summary of White Paper No. 21 (2005-2006)



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## Foreword by the Minister

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The Government believes that people should have a real, independent choice in where they want to live. This ambition has led the Government to institute a regional strategy designed especially to sustain the current pattern of urban and rural settlements while facilitating economic development in all parts of the country. In a land with far-flung communities and vast distances, we must be ready and willing to pursue policies that go beyond the imposition of regulatory and economic conditions, leaving the market to do the rest. The Government is determined to do what it can to create a future where jobs are secure and people can prosper wherever they choose to live.

Spring 2006 saw the presentation of a White Paper detailing the Government's rural and regional strategy. The Government will actively seek to muster the considerable capacity for growth in all parts of the country, stimulating business and industry, preserving and refining a well-functioning infrastructure while making better use of scientific knowledge and research.

We will revive the system of regionally differentiated social security contributions and enhance the economy of local authorities to ensure good services and the attractiveness of municipalities. The Government will give priority to communities with declining populations and employment opportunities.

A determined effort in a variety of political areas is required to succeed. The Government is anxious to ensure that decision making in different sectors takes into account the rural and regional challenges while paying attention to overall regional strategies. The initial steps were enshrined in the Government Platform (The Soria Moria Declaration) and elaborated in this White Paper. This is a timetable for an active rural and regional strategy during this Parliament. The annual budgets will specify measures in greater detail. This summary sets out the main features of the White Paper. The White Paper is a clear statement of the Government's desire to work together with all involved in engendering the prosperity of their local communities irrespective of where they want to live and engage in economic activity.

A handwritten signature in black ink that reads "Aslaug Haga". The signature is written in a cursive, flowing style.

Aslaug Haga  
Minister of Local Government and Regional Development

## Objectives of rural and regional policy

It is the ambition of the Government to give people a real choice about where they want to live and to ensure that all parts of the country are put to use. It is the Government's ardent wish that everybody in every part of the country has the opportunity to develop their abilities and ensure quality of life. The good life can be achieved in rural as well as in urban communities. The Government places prime importance on fostering equal opportunities across the country and sustaining in large measure the present settlement pattern. The aim is to facilitate a fair distribution of growth between cities and rural areas. Stronger economic growth and a more robust capacity for growth locally and regionally are the means of achieving this goal while being ends in themselves.

## Development can be managed

### Development is affected by political choices

Many government sectors and private enterprises have recently been reorganized at local and regional levels. Norway Post, military and hospitals are recent examples. Reorganization was initiated to streamline service delivery in light of political objectives of the sectors involved and management philosophies from the private sector were imported. These different processes have resulted in the centralization of several government sectors. Regions with small centres and dispersed populations have slowly but surely lost skills and jobs. This is the result of political choices favouring sectoral efficiency with little regard for rural and regional policy objectives.

### Demographic zero sum games require diligent political oversight

The mechanisms sustaining the pattern of habitation in Norway are different today than just a few decades ago. Most children then were born outside the bigger urban centres. And although half moved out in search of work and education as they grew up, population figures declined only slightly. Today, this geographical bias in the birth rate exists no longer, but the proportion of young people leaving the countryside for the cities remains the same. The situation is exacerbated by a modest national population growth, much of which occurs in urban areas. Demographic trends in the form of biased age distribution and sustained education migration are putting many areas under considerable pressure. This demographic zero sum game throws the acute nature of the challenge facing us to preserve current settlement patterns into sharp relief.

### Sustained high levels of urbanization come with a big price tag

The restructuring of Norwegian industry and an increasingly mobile workforce have resulted in higher living standards and wider prosperity in Norway. Changes like these are not without costs, both to society and to the individual. The cultural and social cost is manifest in the narrower choice of places where people can sensibly live. In terms of social heterogeneity and diversity, and social and environmental costs we are increasingly paying the price in the highly populated areas.

In addition, the economic costs are substantial. We are forced to invest more in infrastructure and services in densely populated areas, while the capacity of infrastructure and services in communities with declining populations is not fully utilized. It is an inefficient use of natural and human resources, and it harms

growth capacity and job creation which otherwise would accrue from economic activity across the country.

## Key challenges

### To trigger growth in all areas of the country

Business agglomerations, centres of excellence and enterprises all over the country contribute to growth, prosperity and competitiveness. It is essential to make use of these vital resources in an increasingly global economy. A large proportion of our export industry is located outside the larger urban areas. This includes existing industry and geographically fixed resources. Cities and towns are home to specialized businesses, scientific and knowledge communities. We need to take advantage of these urban areas to engender growth and promote cross-fertilization of business and knowledge communities.

### Service and welfare delivery

Responsibility for service and welfare provision rests largely with local and county authorities being best placed to adjust delivery to local needs. Central authorities are in charge of important services too, such as hospital care and maternity facilities. It is important to make sure that local and county authorities enjoy adequate economic flexibility to deliver services of a high standard and that rural and regional policy concerns are incorporated in decision making in different policy areas.

### Jobs where people live

The growth in employment has largely favoured the service sector. While specialist services and services targeting the business community tend to cluster in the cities, other kinds

of work are divided more evenly among Norway's municipalities. A main challenge is to create the dynamic environment necessary for new competitive businesses to succeed outside urban areas. We need businesses which exploit regional advantages and specialities and the excellent fund of knowledge and expertise we have in Norway.

### An undertaking which forges a sense of optimism and confidence about the future

Areas eligible for national regional aid (geographic priority areas) include many small centres and areas with dispersed communities that are particularly threatened by declining populations and loss of jobs. In these areas we need a varied palette of rural and regional policy instruments which can foster a sense of optimism and belief in the future, encouraging individuals and businesses to stay and help their home community prosper.

### Making small towns attractive, especially to younger people and women

To get young families to move to or remain in small towns, there need to be employment opportunities and adequate public services. But this is not enough. In addition, rural communities and local urban centres also need to be attractive in a cultural and recreational sense. Younger generations want to enjoy the outdoors, to get together socially in different venues, an opportunity to develop social networks, places with an aesthetic appeal and good housing. An attractive place will also be characterized by a sense of open-mindedness and tolerance towards newcomers, a variety of activities and life styles. Many small communities will have to do better to highlight and improve their amenities in this respect.

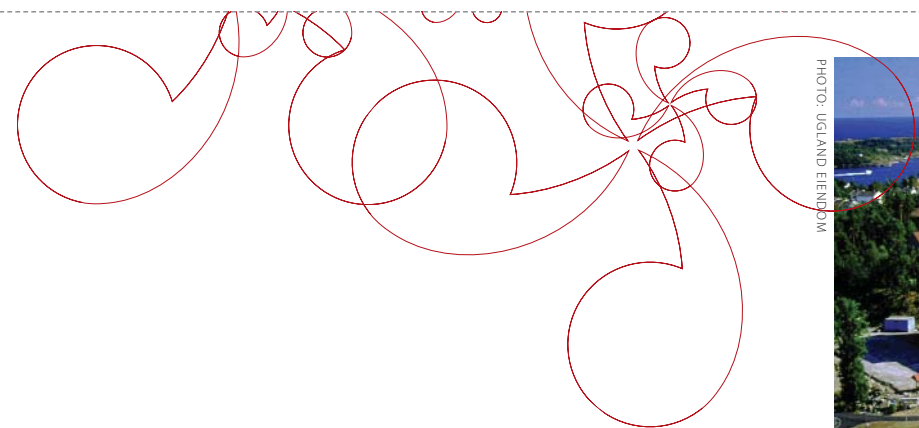


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PHOTO: DEN GYLDE OWVEI





### Small and medium-sized towns as attractive alternatives to the big city

We need to pay more attention to small and medium-sized cities and towns if we want to retain the general pattern of settlement in Norway. This is important both for the communities themselves and in light of their role as regional centres with specialized services, educational and competence-related assets. In several small urban areas, especially those eligible for regional development aid, business and industry are undergoing considerable change and population numbers are stagnating. It is essential to make small and medium-sized towns attractive as an alternative to the bigger cities. Housing, career prospects and facilities for business creation and development as well as cultural activities are important in this respect.

### Success depends on a shared commitment

The Government will incorporate a regional geographical component in policy making in different government sectors. But we also need the input of strong local and regional political players to fine-tune public interventions to suit local needs and conditions. Regional players are crucial to business development and community viability in all parts of the country. At the same time we also need a strong central government component to guarantee coordination, ensure equal conditions throughout the country while helping regions that are lagging behind. It is important to the Government that national authorities assume a key responsibility for rural policy to secure

good service delivery and make resources available to areas where financial weakness is putting development at risk. When enterprises are located far from the relevant markets and communities have problems with declining populations and radically changing economic and business conditions, the challenges are particularly daunting. The Government intends to introduce special measures under its rural policy to assist affected communities. The provision of financial incentives is not enough, however, to ensure success. The Government will support local and regional initiatives, creativity and commitment to encourage growth and to show that it is possible and profitable to invest in rural areas. The Government will pursue a policy of balanced urban/rural growth. The Government would like to see cities and towns acting as generators of national and regional development. The Government plans to introduce a White Paper on the greater Oslo area in autumn 2006.

## The main components of the Government's policy for rural and regional development

### Harmonization and decentralization

#### The Government will take steps to

- Ensure that sector policies promote rural and regional policy objectives. To this end a new Government Committee on Rural and Regional Policy has been appointed;
- Promote and consolidate local democracy and decentralize tasks and responsibilities;

- Support local and regional authorities in their role as community builders, among other things by reforming the division of responsibilities between levels of government;
- Promote integrated and concerted action among the many involved in public service delivery, ensuring high service standards and wide availability;
- Locate new national agencies and enterprises outside Oslo, unless there are pressing reasons not to do so;
- Draft a differentiated land use policy and promote the use of regional plans in important areas of community life.

### Local welfare and development capacity

#### A healthy municipal economy as a corner-stone of a pro-active rural and regional development policy.

#### The Government will take steps to

- Redress the economic imbalances in the municipal sector as a means of furthering good public services, prosperity and dynamic community development;
- Continue aid to small municipalities through the regional grant;
- Ensure that funding of mandatory tasks is in harmony with spending requirements.

### Good health services in all parts of the country.

#### The Government is concerned to

- Provide decentralized, accessible, high quality health and care services;
- Maintain a decentralized hospital structure; hospitals serving local communities will not be shut down.

### An active rural and regional business development policy Under the business development component of its rural and regional development policy the Government will

- Reinstate the system of regionally differentiated social security contributions, as of January 1 2007, across as wide a geographical area as possible, while setting up alternatives to regionally differentiated social security contributions in relevant areas. (For details, see the homepages of Ministry of Local Government and Regional Development and Ministry of Finance);
- Widen eligibility for business support under regional development policy;
- Enhance targeted incentives via Innovation Norway, SIVA (Industrial Development Corporation of Norway), Research Council of Norway, county and local authorities;
- Ease access to various types of risk capital by way of the seed capital fund among other facilities;
- Support the establishment of new industrial parks and promote innovation in existing parks. The Government will initiate a drive to encourage women entrepreneurs in industrial parks;
- Support the establishment of more Norwegian Centres of Expertise (NCE);
- Increase the number of entrepreneurs by supporting entrepreneurial education at schools, providing assistance to new businesses, supporting the commercialization of marketable ideas from the scientific community and spin-offs from existing businesses;
- Dismantle barriers to entrepreneurial activity among the young, women and ethnic minorities;



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PHOTO: DEN GYLDE OWEN

- Explore the possibility of helping the smaller, newly established firm get through the first few years of operation;
- Set up municipal business development funds under the county authorities, and promote intermunicipal partnerships for business development.

**Targeting business development and job creation outside the main urban centres by means of sector-specific incentives**

**Developing culture-related businesses.**

**The Government will take steps to**

- Draft a plan of action dedicated to culture and business development;
- Facilitate and promote a culture-based business environment;
- Stimulate commercial development in connection with cultural heritage, customs and historical sites as a means of vitalizing local communities and fostering value creation.

**Tourism. The Government will take steps to**

- Formulate a national tourism strategy based on proximity to nature and Norwegian culture and customs, while embracing green tourism and the tourism sector as a rural industry.

**Agricultural policy. The Government will take steps to**

- Ensure the rural component of agricultural support;
- Make use of the Rural Development Fund to spur innovation in the agricultural sector;
- Promote and facilitate an active forestry sector and wood processing industry;
- Continue and develop existing food production and reindeer husbandry programmes.

**Conservation, management and development of protected areas. The Government will take steps to**

- Review ways of using protected areas more widely for local and regional business development within the constraints set by Norway's nature conservation policy;
- Review compensation schemes for land included in protected areas.

**Fishery and Aquaculture. The Government will take steps to**

- Resolutely enforce regulations applying to the fresh fish trawler fleet;
- Support a fishing fleet which fosters enterprise and job creation along the entire coast;
- Lay down competitive terms for the aquaculture industry, in order to promote business growth in coastal communities;
- Implement a new marine programme to stimulate innovation and business growth;
- Regional quotas on cod fishing will come into force for certain vessel categories.

**Oil industry in the North. The Government will take steps to**

- See that increased oil industry activity in the North benefits the mainland in that part of the country;
- Promote cross-border contact in the North.

**Alternative sources of energy.**

**The Government will take steps to**

- Stimulate the production of renewable energy by releasing funds under the Enova-managed Energy Fund;
- Stimulate energy production and heat delivery by the agricultural sector under the bioenergy programme.

**Development of attractive places**

**The Government wants to stimulate the development of attractive places by**

- Disseminating lessons and expertise about place development and the use of customs and culture to build a sense of local identity and encourage wider public involvement;
- Enable good working relations between the public and voluntary sectors;
- Facilitate more efficient use of farmland assets;
- Give the Norwegian State Housing Bank a more active role in rural areas.

**Good infrastructure for the whole country**

**The Government is intent on developing an infrastructure of a uniformly high standard throughout the country, able to meet the needs of the wider economy and the public.**

**To this end the Government will take steps to**

- Facilitate access to broadband and mobile phone technology and reception of television broadcasts where people live;
- Reduce the disadvantages of geographical distance for travellers and goods transport; remove bottlenecks and bring labour markets closer together;
- Invest more in avalanche safety measures, reduce taxes for ferries connecting main transport arteries; assess models and test systems with free ferries, and promote safe and efficient coastal transport;
- Retain the present airport structure;

- Continue efforts to achieve a uniform electricity network charge, and assess alternative ways of achieving this objective;
- Look at ways of reducing price differences on petrol.

**Promoting higher education and R&D in all parts of the country**

**The Government is intent on developing and consolidating educational and scientific communities in all parts of the country, and following the assessment of the Quality Reform will consider how**

- The Quality Reform and funding system affects progress in the higher education sector;
- Courses and student admissions could be more evenly distributed than is the case at present;
- The funding system could ease cross-fertilization between higher education and the business sector in various parts of the country;
- The funding system could help decentralize higher education;
- To stimulate research in the private sector, and to achieve a more balanced geographical distribution of R&D.



PHOTO: SCRITTO, HILDE BRINGSLI



PHOTO: RUDI GARD



PHOTO: ODD-ARILD BUDGE



PHOTO: SCRITTO, HILDE BRINGSLI



**Special measures for communities at risk from declining populations and restructuring**

The Government is concerned to harness a sense of optimism and confidence about the future in small communities struggling with declining populations and a challenged business sector by

- Initiating a dedicated programme of growth and development for small communities in association with county and local authorities;
  - Continuing and developing the existing the Mercantile Competence Building Programme for Rural Retailers and the targeted incentive scheme for the most peripheral rural retailers;
  - Initiating a pilot driver training scheme at upper secondary schools in rural areas.
- The Government will take steps to help vulnerable mountain communities draft development strategies alongside agricultural sector development efforts.
  - The Government believes that in the event of an acute crisis hitting the business and industry of particular area, it should be the responsibility of national government to fund remedial measures.
  - The Ministry of Local Government and Regional Development is planning to set up a competence centre on rural development as a means of sharing lessons

and knowledge on the performance of development programmes, pilot schemes and interventions targeting local development.

- The Ministry of Local Government and Regional Development will help bring influential figures and communities to public attention by inaugurating a special prize.
- The Ministry of Local Government and Regional Development will appoint a committee of young people involved in obtaining qualifications and starting a family to help guide policy making in the field of rural and regional development.

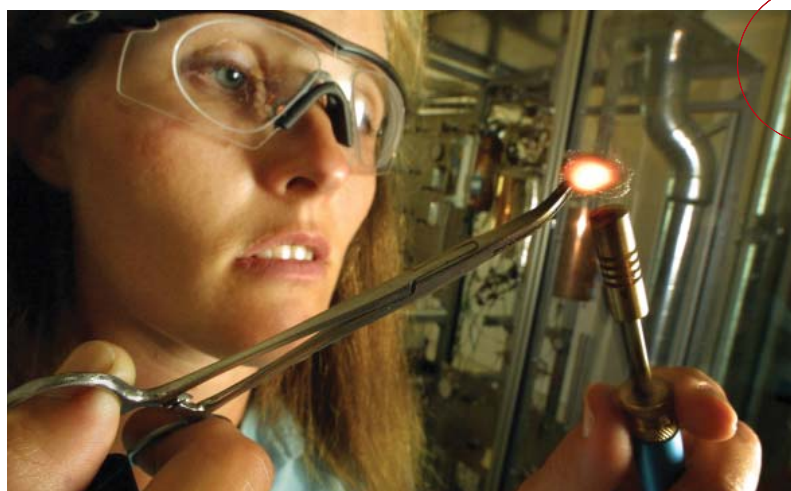
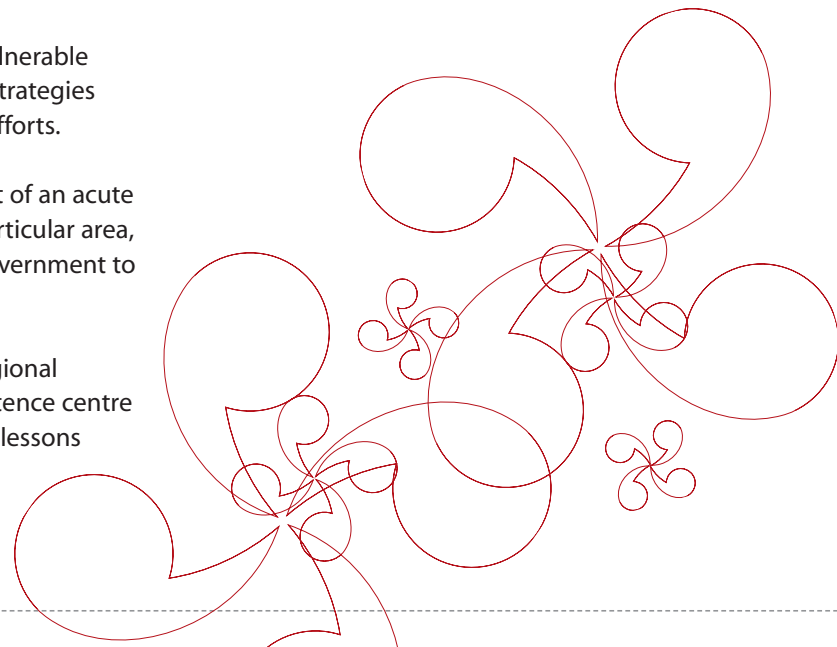


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