



NORWEGIAN MINISTRY OF LOCAL GOVERNMENT
AND REGIONAL DEVELOPMENT

Political balance sheet

Rural and Regional Policy





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Foreword

One of Norwegian society's strengths lies in the fact that we have economic development spread all over the country. This enables us to get the most out of our natural, cultural and human resources, and is how we have laid the foundation for our prosperity and welfare.

In order for the positive trends to continue, a conscious policy to keep rural areas in use is required. Norway has a long and solid tradition of pursuing a strong rural and regional policy. This must continue.

More centralisation will not result in greater prosperity as some voices claim. The freedom to live where you want is not a threat to national prosperity, it is rather a prerequisite. Therefore, this freedom of choice remains an overarching objective of our rural and regional policy.

We have had six years of majority government representing the Labour Party, the Socialist Left Party and the Centre Party. This government has made a clear difference for rural and regional policy. The policy areas are given a higher priority on the overall political agenda. The grants for special rural and regional policy have increased by around 55 per cent from 2005 to 2011.

Norwegian business is innovative and successful throughout the country. The specific rural and regional policy facilitates innovation, entrepreneurship and municipal business development funds. The most important contribution to the positive trends is the reintroduction of regionally differentiated social security contributions, and a significant increase in the municipal block grants.

The Government has put in place a concrete and ambitious National Transport Plan, with an objective of faster road development and improved railway transport solutions. Agriculture and the food industry have been given better conditions due to a strong increase in income.

I am also pleased to have achieved country-wide broadband internet access. The Government's ambition is to follow this up by further increasing capacity for digital solutions throughout the country.

As the minister responsible for local government and regional development, I have seen a lot of this varied country. What strikes me during my trips is the inhabitants' ready willingness to develop, innovate and adapt. The local initiatives and creative forces that exist in Norway, are a solid foundation for development throughout the country.

A handwritten signature in black ink, reading "Ine Lise Nøtvedt". The signature is written in a cursive style with a small dash above the "i" in "Lise".

Strengthening rural and regional policy

To achieve the goal of genuine freedom of choice as to where you want to live, the Government has strengthened the rural and regional policy throughout the period.

Appropriations for special rural and regional policy effort increased by NOK 743 million (around 55 per cent) from 2005 to 2011 (corrected for compensation schemes, extraordinary items and transfers).

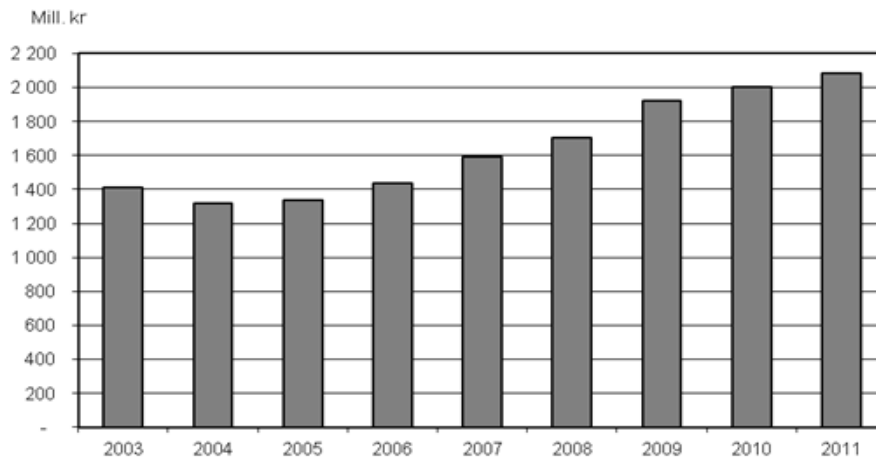


Figure 1: The development of appropriations for programme category 13.50, Rural and Regional Policy in the Period 2003 items and transfers throughout the period. (except compensation schemes, extraordinary items and transfers)

Positive regional development trends

The population is growing in all parts of the country. Rural Norway appears to be developing better than most equivalent areas in neighbouring countries and the rest of Europe.

- Norway's population trends have been more geographically balanced in the last decade than in other Nordic countries. The pace of centralisation has slowed down. This is due to high immigration, and a relatively high birth rate.
- If we compare Norwegian and Swedish municipalities, we can see that out of 430 Norwegian municipalities, 310 (71 per cent) experienced population growth in 2010. The equivalent figure for Sweden is 150 out of 290.
- The number of municipalities whose population grew in 2010 was the highest since 1962. However, if we look at the development in relation to the number of municipalities in the country, more municipalities have experienced growth than in any year in the period 1951-2010.
- Growth rates in the periphery (i.e. regional towns and areas with scattered settlement) have been record high (see figure 2 below). The last time there were a number of consecutive years with an overall population growth in these areas was in the end of the 1970s. The population growth has benefited the whole country.

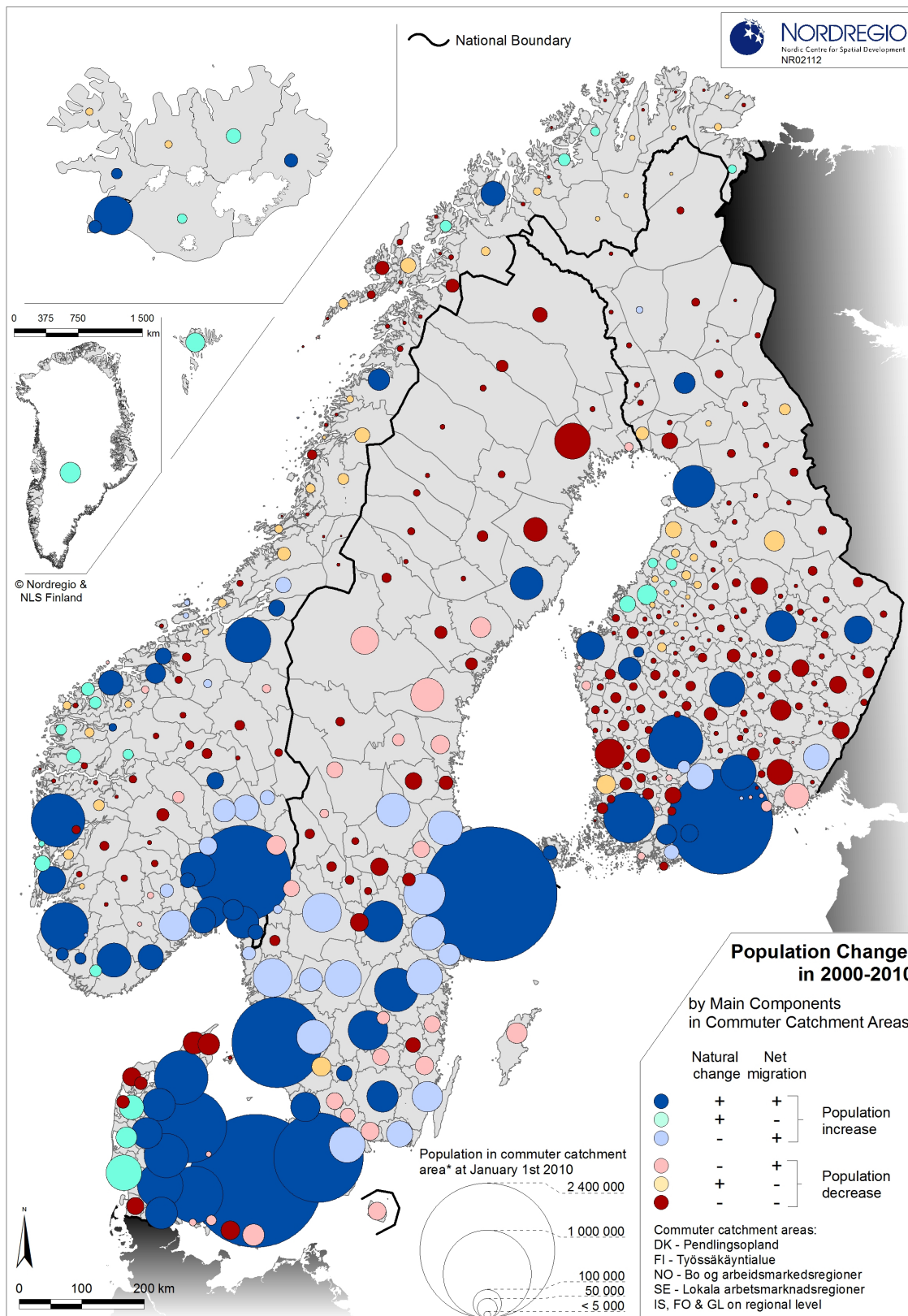


Figure 2: Net migration in commuter catchment areas in the Nordic Countries (2000-2010). Source: Nordregio 2010

- Norway has successfully sustained steady economic growth(GDP). In all Norwegian counties, the GDP per capita was above the EU average, figures from 2007 show.
- Norwegian counties generally have higher employment rates and lower unemployment rates than most regions in Europe, and there are far fewer internal differences in Norway than there are in most European countries (see figure 3).
- We have to a great extent been able to facilitate good utilisation of the work force throughout the country. The work force is society’s most important resource. It is important for sustaining the level of welfare throughout the country, and it is also important for people to have jobs.

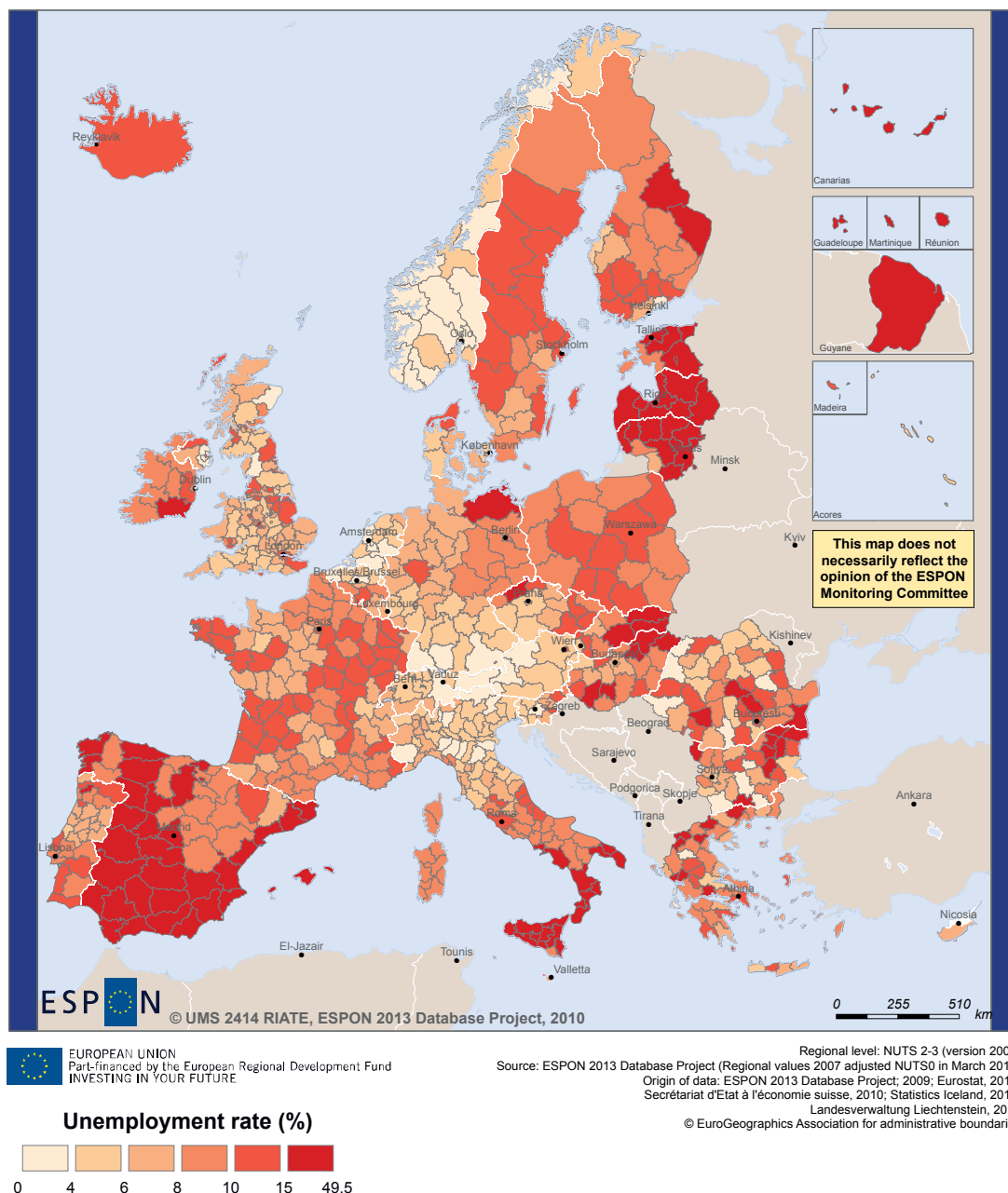


Figure 3: Unemployment in Europe 2010. Source: ESPON 2013

A political priority based on knowledge

The Government emphasizes the need to base the rural and regional policy on evidence and well documented knowledge. Rural and regional policy is high on the Government's agenda and it pursues a pro-active rural and regional policy.

The Government has:

- Presented two White Papers to the Storting (Parliament):
 - White Paper No. 21 (2005–2006) “ The Rural and Regional Policy of the Norwegian Government”, which announced the rural and regional policy as a high-profile issue on the political agenda.
 - White Paper No. 25 (2008–2009) «Local growth and hope for the future. The Rural and Regional Policy of the Norwegian Government”, which announced that The Government's objective is to maintain the main features of the current settlement pattern and to further develop the plurality of historical and cultural resources deriving from it. The Rural and Regional Policy of the Government wish to support community development and the municipality as a development driver.
- Appointed an external committee for new measures to ensure that knowledge based jobs and new government jobs are distributed across the country. The committee delivered it's recommendations in March 2011.
- Established the Centre of Competence on Rural Development. The Centre of Competence on Rural Development shall pro-actively help to build up expertise on rural challenges, and perform the role of a national, expert agency, adviser and contributor to the authorities.
- Initiated the reform of government administration of 1 January 2010, in which the role of county authorities as leading regional development actors was strengthened. Regional research funds were established in 2010 in a total of seven funding regions with NOK 6 billion in fund capital. The fund is intended to strengthen research efforts in the regions and support prioritised focus areas. Half (49 per cent) of the ownership of Innovation Norway was transferred to county councils. County councils became the new major road owner in Norway, with administrative responsibility for a road network consisting of around 80 per cent of national highway.
- Created a special government committee for rural and regional policy to ensure that rural and regional policy is taken account of in all sectors.
- Decided that new government agencies should be located outside Oslo. Exceptions to this rule can only be made for special reasons. New functions that are separate entities linked to existing government agencies will also be located outside Oslo.

- Completed the project ‘First line for the development of business in the municipalities’ (FUNK) under the auspices of Innovation Norway to improve the guidance municipalities’ can provide to new entrepreneurs.

Better general conditions for business development

Through international framework agreements the Government has increased Norway’s possibilities to pursue a rural and regional policy that may actively meet the challenges that the rural businesses may face in the coming years.

The Government has:

- Reintroduced differentiated social security contributions. Together with the ‘Compensation for increased social security contributions’ scheme, this constitutes a rural and regional policy investment in business worth around NOK 13 billion in 2011.
- Introduced a compensation scheme for areas that were not covered by the reinstatement of differentiated social security contributions or in which the reinstatement of the scheme resulted in a higher contribution rate than they had prior to 2004. Appropriations have increased from NOK 575 million in 2007 to NOK 696 million in 2011.
- At the same time, the scope of the rural and regional policy was expanded by 24 new municipalities following tough negotiations.

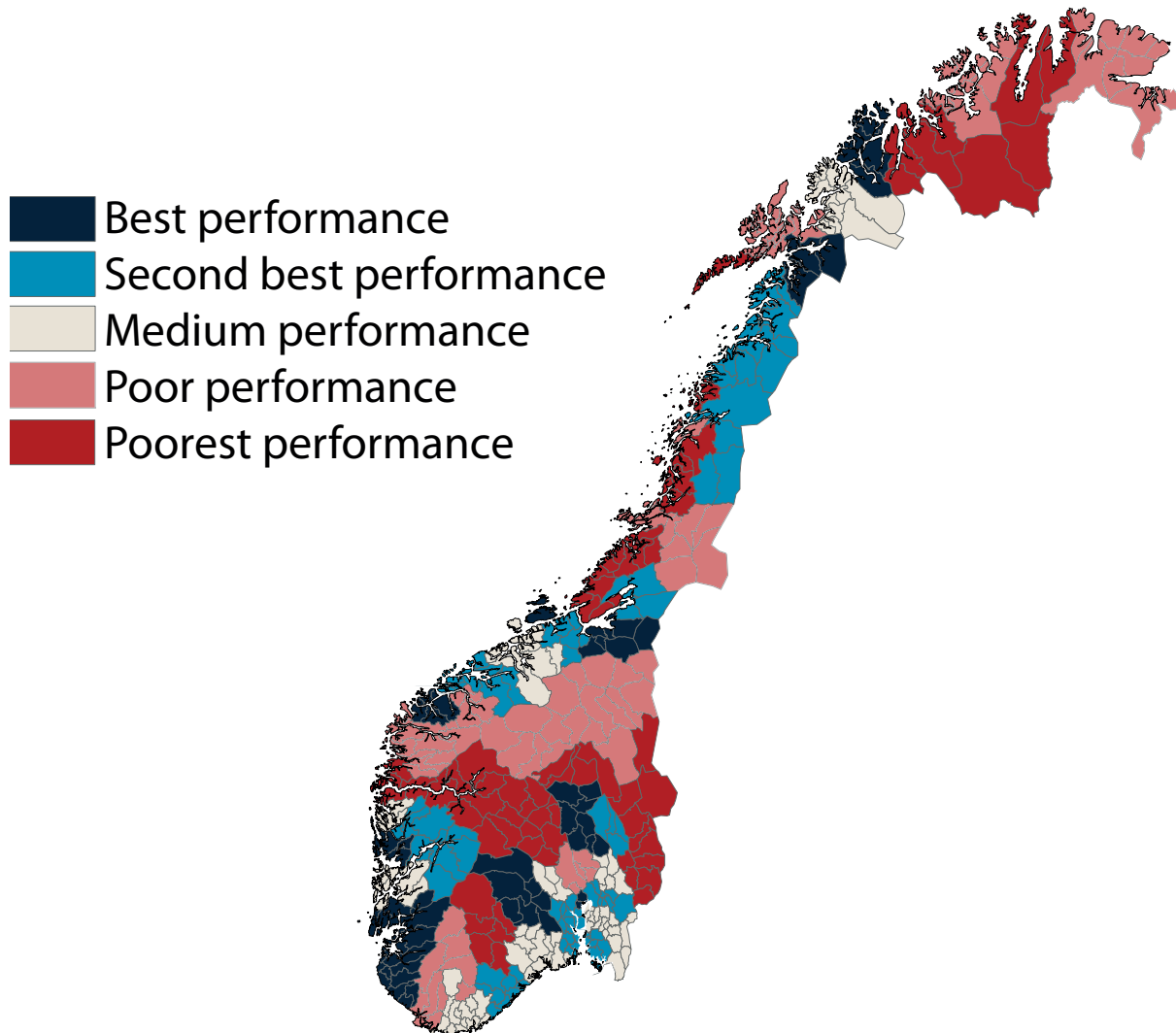
The Government is strengthening municipalities

Access to good local authority services is a prerequisite for settlement in all parts of the country. The Government has significantly strengthened the finances of local authorities.

- Local government income saw real growth of about NOK 48 billion from 2005 to 2011. This represents real growth of 17 per cent. Around half of the growth in this period is unrestricted municipal income.
- Employment in the local government sector grew by around 72,000 people in the period from 2005 to 2011. The growth in full-time equivalents in the same period amounted to around 48,000, around 26 full-time equivalents per day. In the 4 year period from 2001 to 2005, employment grew by around 9,000 people.
- Service provision throughout the country has been improved, both in the health and care sector and via a large-scale nursery school building programme.
- Put into effect a health collaboration reform which will give inhabitants in rural areas health care and health services closer to where they live.

The Government is strengthening business development

- The Government has implemented several new measures to help the establishment of profitable new businesses. The Government has also supported large-scale innovation efforts in all sectors of business.
- Having strong businesses throughout the country with enterprise clusters is the driving force behind regional development. It contributes to value creation that benefits society as a whole.



Figur 4:
The innovation barometer from The Confederation of Norwegian Enterprise (NHO) ranks the regions in Norway that score the highest with regard to innovation and new businesses. Bjørnefjorden outside Bergen tops the list i 2010 .

¹ Knut Vareide, Telemark Research Institute 2010

The Government has:

- Initiated a new, stronger business park programme under the auspices of SIVA in which the financial grants have been doubled.
- Strengthened the work of Innovation Norway. The 2005 budget allocated NOK 2,390 million (loans and guarantees not included), while in the 2011 budget the equivalent appropriation was NOK 2,901 million. This represents an increase of NOK 511 million. In addition to this, the lending limits were considerably expanded.
- Started a nationwide mentoring scheme for young entrepreneurs aged 18-35.
- Reintroduced municipal business development funds and increased funding to NOK 225 million in 2011.
- Allocated restructuring funds given to municipalities with increasing unemployment rates due to local industry closure.
- Established twelve Norwegian Centres of Expertise throughout the country, and ensured high activity in the enterprise networks for instance in the Arena Programme.

	2002-2005	2006-2009
Total in Norway	41 843	47 114
Within assisted areas	8 728	9 964
Outside assisted areas	33 115	37 150

Table 1: New businesses in the periods 2002-2005 and 2006-2009 (average for 4 year period). Source: Statistics Norway

The Government is strengthening large city regions

The Government is focusing on internationally competitive and creative large city regions as driving forces behind development throughout the country.

The Government has:

- Carried through The Large City Project, which focused on the role cities play with regard to innovation and development.
- Presented Report No. 31 (2006-2007) to the Storting 'A Tolerant, Secure and Creative Oslo Region'. The report contained a number of measures aimed at ensuring an open, creative and safe capital region.

Extra measures for young people and women

Young people and women are particularly important target groups for the Government's rural and regional policy.

The Government has:

- Put in place a number of measures to strengthen innovation and entrepreneurship amongst women and the young, including in the 'Action Plan to promote entrepreneurship amongst women' and the 'Action Plan for entrepreneurship in education'.
- Increased appropriations for entrepreneurship among young people from NOK 13 million in 2008 to NOK 32 million in 2011.
- Established a mentoring scheme for young entrepreneurs.
- Started a pilot project with driving lessons linked to a number of upper secondary schools in rural Norway to give a better offer to pupils who live far from driving schools.

High North Strategy

The Government has, through the High North Strategy, pro-actively worked to bolster and reinforce long-term optimism and faith in the future in Northern Norway.

The Government has:

- Initiated extra contributions for onshore business development. The Government spent a total of NOK 210 million of regional development funds on the High North Strategy in the period 2008-2011. The funds have, helped to create NordNorsk Reiseliv AS, (NOK 50 million in government start-up capital), Prosjekt Reiseliv i Nord, NORDSATSING, and ARKTEK (development project for subcontractors), and provided additional support for young entrepreneurs.
- Initiated NORDSATSING, a strategic investment in knowledge infrastructure under the auspices of the Research Council of Norway. The goal is to strengthen value creation through knowledge-based development processes in Northern Norway. The long-term research projects are in a close collaboration between dynamic research groups, educational institutions and business within tourism and Arctic technology. Among the research topics are: Cold Climate technology and earth observation, waste management and tourism.

Attractive communities

The Government has supported local initiatives to develop attractive communities, such as measures to improve service provision, create jobs, integrate migrants, create and maintain meeting places, and create engaging cultural and leisure activities.

The Government has:

- Allocated a total of NOK 81.7 million in 2010 and 2011 to the Bulyst subsidy scheme, a programme intended to support local and regional development projects that promote a desire to live in rural areas throughout the country, as well as acquiring knowledge about how this can be achieved. NOK 32 million was announced in 2010, and a total of 35 projects received support. NOK 50 million was spent on Bulyst in the 2011 national budget. 43 projects in all parts of the country received support.
- Initiated the 'Local community development in the municipalities' project, which is intended to develop the local authorities' planning, mobilising, collaborating and developing measures to help create more attractive local communities. It also aims at strengthening county authorities as regional development actors. NOK 30 million was allocated in 2010 with the same amount being allocated in 2011.

- Implemented a NOK 141.5 million ‘Small Community Programme’ from 2005-2009 aimed at developing attractive small communities. One main conclusion of the evaluation was that focusing on small communities has an effect. The evaluation points at the importance of the efforts with respect to mobilisation and engagement in local development work.
- Strengthened and continued the MERKUR programme to ensure basic service provision in smaller towns. A new investment support scheme for the smallest rural shops has been established.

Country-wide broadband internet access

The Government has as good as achieved its goal of ensuring broadband internet access throughout the country. 99.7 per cent of households now have access to basic broadband capacity.

The Government has:

- Allocated more than NOK 1 billion for broadband internet access purposes across the entire country. The funds have also helped to trigger other public and private funds for the expansion of broadband. As a result, 100,000 households now are offered broadband internet access. These households would otherwise lack this service.

An effort for transport

Appropriations for road and rail have increased by 50 per cent since 2005. Appropriations for roads have increased by 44 per cent and for the railway system by 67 per cent.

The Government has:

- In 2010, NOK 12.4 billion more was spent on roads than in Sweden, despite the fact that Sweden’s road network is more extensive. Norway allocates more money to roads than any other country in Scandinavia. In the period from 1995 to 2004, Norway spent less than Sweden, while Norway has spent significantly more than Sweden in the period 2006-2010.
- Ensured that in 2011, 3,575 kilometres of new asphalt road surface will be laid on Norwegian roads.
- Put in place an agreement that ensures daily departures for the Hurtigruten on the Bergen–Kirkenes route throughout the year from all 34 ports.

- Introduced a 3 year project involving free ferry tickets on two routes from 2010: one stretch in Sogn og Fjordane and one in Troms.
- Made appropriations available through the National Transport Plan totalling NOK 1 billion for landslide protection each year. This is almost a threefold increase compared with what was forecast for the period 2006-2009.
- Started the rural public transport programme to show how rural public transport provision can be strengthened by more efficiently coordinating resources and means. One important goal for the project is to improve transportation for young people, senior citizens and disabled people living in the countryside.

Published by:
Norwegian Ministry of Local Government and Regional Development

Public institutions may order additional copies from:
Norwegian Government Administration Services
Distribution Services
E-mail: publikasjonsbestilling@dss.dep.no
Telephone: + 47 22 24 20 00

Publication number: H-2268 E

Cover Photo: Pål Bugge/Innovation Norway
This publication is also available at: www.regjeringen.no/krd

Print:
Government Administration Services - 11/2011 - Impression 500

