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**The public consultation on the Green Paper on Territorial Cohesion -  
Comments from Norway**

**1. Introduction**

Reference is made to your public consultation on the Green Paper on Territorial Cohesion – Turning territorial diversity into strength.

We greatly appreciate the opportunity to participate in the debate on territorial cohesion. By participating, we hope we can make a contribution towards a better understanding of the term territorial cohesion and the implications for policy development and implementation.

Territorial cohesion is of great importance to Norway, both in a wider European context, and to our own regional development. Many of the challenges we face on the European continent are common; competitiveness, employment, provision of public and private services, better governance and sustainable development. These challenges have a territorial dimension. It is therefore important to acknowledge that different types of regions need different types of policy support to make full use of their potential.

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## 2. Some general reflections on the Green Paper<sup>1</sup>

The Green Paper recognises the diversity of the European territory and that this diversity represents a source of strength. Managing this diversity and developing the potential of all types of territories is seen as an important goal. The concept of territorial diversity as a potential should be developed further.

The Green Paper uses a typology of three main types of European territories based on their respective urban-rural structures; metropolitan, intermediate and rural. Furthermore, the Green Paper identifies three types of territories as facing particular development challenges; islands, mountains and sparsely populated areas. It is noted that this does not exclude other types of regions with specific features to be identified e.g. coastal zones. This represents a flexible and dynamic understanding of Territorial Cohesion.

From a settlement point of view, Norway can roughly be subdivided into three geographical zones<sup>2</sup>: First we have the metropolitan region around Oslo, second, the Norwegian coast from Southern Trøndelag to Oslo and Lillehammer, with towns and cities that are separated in terms of labour market areas, and finally Northern Trøndelag and Northern Norway which is an area with sparse population, long distances and cold climate, which is unique in the European context. The territorial structure of Norway can be characterised by the following:

- Long distances to main markets
- Extensive mountain areas
- Insular and coastal regions
- Isolated border regions
- Arctic and sub-arctic climate
- Demographic sparsity
- An extremely diffused urban system with sharp differences regarding settlement structures, functional profiles and centrality

The Green Paper represents a shift in the perception of territorial cohesion from balanced development and reduced disparities towards increased competitiveness and reduced disparities. This is in line with the general policy development as expressed in EU documents such as the Lisbon Agenda or the Territorial Agenda of the European Union.

The Green Paper mentions two ways of addressing territorial cohesion; namely through coordination and cooperation. Territorial cohesion can be strengthened by

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<sup>1</sup> We would like to acknowledge the contributions from Norwegian Regional Authorities, and finding inspiration in Euromontana's response to the consultation and CPMR's response to the consultation.

<sup>2</sup> The facts in this paper are largely based on the Nordregio reports "Nordic inputs to the EU Green Paper on Territorial Cohesion" and "A Nordic Perspective on the EU Green Paper on Territorial Cohesion – Turning Territorial Diversity into Strength" The last report is included. We would also like to refer to our letter of 07.05.08 to the commission.

incorporating a territorial dimension in all relevant policy areas and by promoting cooperation between different levels of government and across borders. It is important to raise awareness about territorial cohesion as a legitimate concern to be addressed. We believe that the Green Paper is an important tool in doing so.

Spatial economy has also received increased attention recently. This is best exemplified by Paul Krugman winning the Noble Prize in economics.

### **3. Definition**

*Territorial cohesion brings new issues to the fore and puts a new emphasis on existing ones – What is the most appropriate definition of territorial cohesion?*

We believe that it is useful to make a distinction between territorial cohesion as an *objective* which can be measured and monitored by indicators, and territorial cohesion as a *strategy* or actions where specific instruments are taken into use. The pursuit of territorial cohesion as strategy is in our view a way to address the combined challenges of growth, competitiveness and sustainable development.

We believe that a definition of territorial cohesion should contain the following elements:

- **Geographical coverage** - *Should the term territorial cohesion cover all regions or only some selected regions?*

Territorial cohesion should cover all regions, because it is addressing territorial development. However, special attention should be given to areas facing particular challenges like sparsely populated areas, mountain areas, islands etc.

- **Concept** - *Should territorial cohesion be a limited or comprehensive concept?*

Territorial cohesion should be a comprehensive concept influencing all policy areas, which are of significance for regional development.

- **Policy** - *Should there be a common policy for all regions or a differentiated policy which takes into account territorial differences?*

There is a strong need to conceive a territorially differentiated approach to policy making. This comes from the acknowledgement that different types of regions need different types of policy support to make full use of the potential. This implies involvement of local and regional actors. Local and regional actors can bring knowledge, initiative and resources to policy formulation and implementation.

- **Focus** - *Should focus be on balanced development and reduced disparities or increased competitiveness and reduced disparities?*

We believe there should be a focus on developing local, regional and national comparative advantages in a global context. In our opinion we believe this will promote both cohesion and competitiveness.

In summary, we believe that territorial cohesion should be a comprehensive concept covering all regions promoting differentiated policies based on territorial characteristics. It should have a focus on increased competitiveness and reduced disparities. We believe that the definition proposed in advance of the informal ministerial meeting on regional development and cohesion policy in Marseille in November 2008 includes most of these elements. The proposal was:

*“Providing citizens with equal opportunities in terms of living conditions and quality of life, and providing enterprises with equal perspectives for development, relying on specific regional and local potentials, where ever they are settled,”*

An alternative definition or understanding could be the one stated in the green paper itself:

*“Territorial cohesion is about ensuring the harmonious development of all places and about making sure that their citizens are able to make most inherent features of these territories. As such, it is a means of transforming diversity into an asset that contributes to sustainable development of the entire EU.”*

*What additional elements would it bring to the current approach to economic and social cohesion as practiced by the European Union?*

Territorial cohesion will reinforce and complement economic and social cohesion. This is mainly achieved by taking into account territorial potentials when developing policy. Territorial cohesion will put greater emphasis on a given territory's potential and risks. A territorial approach can also to a greater extent mobilize and engage local and regional stakeholders. A considerable part of the local and regional capital belongs to local and regional authorities, business' and local and regional and knowledge institutions.

Territorial cohesion can promote better adapted policies and strategies and thus promote more favourable economic and social development. We would like to point out the following elements<sup>3</sup>:

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<sup>3</sup> Position paper from the ARL No. 78 – The Territorial Cohesion Principles – Position paper to the EU Green Paper on Territorial Cohesion

### Effectiveness

There are often considerable losses in the effectiveness of policies, because the effects of different policies are sometimes in conflict and therefore lower the impact of each policy. This leads to a sub-optimal outcome. This phenomenon is particularly apparent with regard to regional or spatial development policies. The notion of territorial cohesion will better target policy intervention.

### Competitiveness

There is a need to acknowledge territorial diversity be it on regional, national or European level. The benefit of a territorial approach is that it takes into account the whole range of assets and potentials, as well as risks, available for interventions or policy developments. This makes it easier to develop better adapted policies.

### Reduced disparity

Inherent in territorial cohesion is the welfare aspect, in the sense that there should be an effort towards equality in living conditions, income, access to public or private services independent of where you live. A vital aspect for a harmonious development of any territory is access to a satisfactory level of public or private services.

#### *The Programme for Regional R&D and Innovation (VRI) in Norway –An example of in cooperating a territorial dimension in research policy*

The VRI programme is a national programme with an initial time-frame of ten years (2007-2017). The programme is a Research Council of Norway initiative, targeted toward **research and innovation** at regional level. The VRI programme offers professional and financial support to long-term, research-based development processes in the regions.

The programme is designed to promote greater regional collaboration between trade and industry, R&D institutions and the government authorities, and to establish close ties to other national and international network and innovation measures such as the Arena programme, Norwegian Centres of Expertise (NCE) and the Regions of Knowledge initiative.

The Research Council will employ national, merit-based competition to ensure the quality of the activities and projects funded under the programme. Fundamental components of the VRI programme include research activity, exchange of experience, learning, and cooperation across scientific, professional and administrative boundaries.

#### **4. The scale and scope of territorial action**

*Territorial cohesion highlights the need for an integrated approach to addressing problems on an appropriate geographical scale which may require local, regional and even national authorities to cooperate.– Is there a role for the EU in promoting territorial cohesion? How could such a role be defined against the background of the principle of subsidiarity?*

The EU has a significant role in promoting territorial cohesion as a body, which initiates and executes many policies of importance for the territorial development of Europe, but also as a body which can raise awareness about territorial cohesion at a European level. In this connection we would like to point to the following areas:

- EU policies and strategies
- EU legislation, rules and guidelines
- Better knowledge about territorial development

##### *EU policy and strategies*

Many EU policies like maritime policy, cohesion policy, competition policy, transport policy etc are important for territorial development. When developing individual policies or strategies the territorial dimension should be taken into account and be developed in such a way that territorial differences at different scales can be taken into consideration.

##### *EU legislation, rules and guidelines*

As with maritime policy, cohesion policy, competition policy and transport policy, EU legislation have a territorial impact. As with other EU policies there is a general need to take into account a territorial dimension when developing rules and regulations. Regional state aid is however of particular importance for territorial cohesion. We believe that the regional state aid should be developed so that it, in a flexible way, can take into account the specific circumstances of territories like islands, mountains or sparsely populated areas.

##### *Develop better knowledge about territorial development*

The EU has a role in developing better knowledge through collecting and processing data and developing better methodological and analytical tools dealing with territorial cohesion and territorial development. The ESPON programme is particularly important in this connection, but also Eurostat and Urban Audit are important sources of data and knowledge about territorial development.

We would also like to mention the Interreg programmes as a potentially important source of information on cross-border territorial development. It could be a task for the INTERACT programme to better systemise the knowledge, which already exist, about territorial development in different Interreg programmes.

The principle of subsidiarity could play an important role in promoting territorial cohesion. Local and regional circumstances will be taken better into account within a general policy framework, but it will also promote greater involvement in policy development and implementation.

*– How far should the territorial scale of policy intervention vary according to the nature of the problems addressed?*

The level of intervention must vary. In many regions the barriers for development can have a clearly local character (under NUTS 2 level) e.g. lack of local accessibility to national infrastructure or regional services. These problems will often be “overlooked” by indicators developed at NUTS 2 level. This implies that the “right” geographical level for intervention to reach and cope with the barriers varies.

Polycentricity is another example where the territorial scale of policy intervention should vary according to the specific territorial context. The traditional perspective on European polycentricity is to develop counterweights to the Pentagon, the area between London, Paris, Milan, Berlin and Hamburg. This may be relevant in central and more densely populated parts of Europe, but does not apply to all of Europe. To develop a counterweight to the Pentagon in the Nordic countries would require a very strong concentration of population and economic activity.

Instead of a policy towards polycentricity, development needs to focus on the capacity of specific towns and cities to build more efficient regional alliances for integrated development and growth. A relational understanding of polycentricity at EU as well as national level is therefore needed. The crucial challenge here is to optimise each city’s functional profile based on its position in transnational, national and regional urban systems. The focus on territorial cohesion policies must be on fully exploiting local and regional territorial capital.

*– Do areas with specific geographical features require special policy measures? If so, which measures?<sup>4</sup>*

The Green Paper starts with recognising the territorial diversity of Europe and that this is a source of strength. Mountains, islands and sparsely populated areas are an important part of this diversity and as such vital to our continent’s strength and potential - maybe even in many ways representing *L’Europe profonde*.

Territorial cohesion concerns the whole of the European territory, and not only areas with specific features. The concept of territorial cohesion is however of particular importance for regions with specific geographical features because their development is

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<sup>4</sup> We like to draw the attention of the Commission to the ongoing ESPON priority 2 project – Territorial Diversity which addresses these issues.

heavily influenced by geographical features. How the concept of territorial cohesion is applied in these areas will be an important test of its strength.

The Green Paper identifies three types of territories (islands, mountains and sparsely populated areas) which face particular development challenges. Since the Green Paper starts with *“From the frozen tundra in the Arctic Circle.....”* we hope that due consideration will be given to the particular territorial challenges faced by arctic regions. In addition to the climatic challenges, they are often sparsely populated border regions.

Areas with specific geographical features are often covered by more than one feature as mentioned in the Green Paper. Island regions may at the same time be mountain regions and/or sparsely populated regions. In the future there can be other and new type of areas which will be deemed to have specific geographical features. This might be a result of e.g. global climate change or a “new energy paradigm”. This implies a need for a flexible and dynamic understanding of territorial cohesion.

Islands, mountains, sparsely populated areas (including arctic areas) often depended on a narrow economic base like forestry, paper, minerals etc. For these products there is a world market. As a consequence the global context and cooperation across external borders is important.

One of the core challenges sparsely populated areas face is the difficulty of reaching a sufficient number of people within daily commuting range to run public and private services cost-efficiently and to establish a well-functioning labour market. Current depopulation trends in sparsely populated areas imply that there is a risk of falling below threshold population levels at which local communities enter a self-reinforcing process of decline. Territorial cohesion must provide a set of tools to counter the structural causes of depopulation, in situations, where its consequences are unacceptable. There is a need to develop indicators for areas with specific geographical features which go beyond GDP per capita.

## **5. Better cooperation**

*Increased cooperation across regional and national borders raises questions of governance.– What role should the Commission play in encouraging and supporting territorial cooperation?*

The programme structure of the Interreg programmes involving local, regional, national and EU-level is an example of multi-level governance across regional and national borders. Lessons learnt from the Interreg programmes are therefore an important source of inspiration which can give input for further development of both the ongoing programmes and for future modes of cross border. Therefore, targeted studies



of the Interreg programmes and projects which go beyond the formal programme and project evaluations should be considered.

*– Is there a need for new forms of territorial cooperation?*

Territorial co-operation mechanisms can be used to encourage the development of territorial strategies going beyond administrative and national borders. These mechanisms should focus on implementation. An example of a new form of territorial cooperation is the Baltic Sea strategy. Experiences from the development and implementation of this strategy could become an important source of knowledge.

The Nordic countries have a long tradition for cross border cooperation. At regional level the Øresund region could offer examples of best practices. At national level the Nordic “Cross border Obstacle Forum” could be of interest. The forum identifies cross border obstacles and passes the information on to relevant public authorities.

*– Is there a need to develop new legislative and management tools to facilitate cooperation, including along the external borders?*

An important Nordic lesson is that every time a new national regulation is implemented there is a risk that new cross border obstacles will develop. This might also be the case when EU legislation is developed and adapted. Therefore, when developing new EU legislation it there is a need to keep in mind possible cross border effects.

The management and administrative structures of the present territorial cooperation programmes including the external borders should be evaluated. One important aspect in an evaluation of management and administrative structures could be proportionality, i.e. are management and financial control requirements proportional to the programmes in question.

We also believe in light of Russia’s non-signature within the required time limit, with regard to the Interreg IVB Baltic Sea programme that it would be natural to consider how the cooperation on the external border should be organized in the future. Another reason is the importance of the global context, including cooperation across external borders, for the development of many regions.

## **6. Better coordination**

*Improving territorial cohesion implies better coordination between sectoral and territorial policies and improved coherence between territorial interventions.*

*– How can coordination between territorial and sectoral policies be improved?*

There are different ways to promote better coordination between territorial and sectoral policies; one way could be a more systematic use of territorial impact assessment

methods at different scales and in all relevant fields of policy. A second way would be to consider the use of incentives, in the form of rewards like increased budgets for prompting better coordination between sectoral and territorial policies. Yet another way is to raise the awareness about territorial cohesion and make it a legitimate concern when developing policies and strategies.

Local and regional authorities have often good knowledge of their territory. They also often have the tools needed to develop and implement policy. It is therefore important to keep in mind a “bottom up” perspective, involving local and regional authorities, to ensure horizontal and vertical coordination. An example of such coordination is Distributed incubators<sup>5</sup>

*Distributed incubators in Norway*

The Industry Development Corporation of Norway, SIVA, has developed various business incubator models adjusted to Norwegian business conditions. The research incubator programme aims to provide entrepreneurs with resources in the form of expertise, business experience, consultants, and capital mainly from universities and R&D institutions. It also offers offices and environments for entrepreneurship. The research incubators are obliged to establish *distributed systems for incubator services*. This means developing cooperation with other innovation environments in less developed areas, for instance business gardens, with the aim of contributing to the development of business start-ups in these areas.

*– Which sectoral policies should give more consideration to their territorial impact when being designed? What tools could be developed in this regard?*

Labour market policy, enterprise- and innovation policy, education policy, energy- and transport policy, maritime policy, rural development policy, urban development and planning together with the provision of public and private services are very important fields of policy which should be integrated into territorial development strategies.

*– How can the coherence of territorial policies be strengthened?*

The coherence of territorial policies can be strengthened through the development of macro region strategies like the Baltic Sea strategy.

*– How can Community and national policies be better combined to contribute to territorial cohesion?*

Community and national policies can be better combined by taking national programmes and policies into account when developing programmes and projects financed by Community funds.

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<sup>5</sup> Coordination between territorial Development and Urban Development – Final Report – On Action 1.1 of the First Action Programme for the Implementation of the territorial Agenda of the EU, Ministry of the Environment and Spatial Planning, Republic of Slovenia

## **7. New territorial partnerships**

*The pursuit of territorial cohesion may also imply wider participation in the design and implementation of policies.– Does the pursuit of territorial cohesion require the participation of new actors in policymaking, such as representatives of the social economy, local stakeholders, voluntary organisations and NGOs?*

Territorial cohesion implies designing and implementing actions and instruments that allow local and regional stakeholders to develop their potential. A considerable part of the local and regional capital belongs to the local and regional business as well as the non-business sector, e.g. local and regional knowledge institutions, universities, high schools, R&D-institutions etc. It is therefore important to involve the representatives of the local and regional society into the work, as they not only can bring knowledge and resources to bear, but also greater initiative, ownership and cross-sectoral perspectives.

*– How can the desired level of participation be achieved?*

A higher level of participation can be encouraged by emphasising the importance of the engagement of local and regional stakeholders in designing and implementing policy. More specifically, we believe that it is important to take into account that public or semi-public entities like educational and research institutions are to an increasing degree becoming private entities. Regulations and guidelines should take such developments into account.

## **8. Improving understanding of territorial cohesion**

*– What quantitative/qualitative indicators should be developed at EU level to monitor characteristics and trends in territorial cohesion?*


Firstly, there is a need for a scientific and methodological development concerning the concept of territorial cohesion. On the one hand there is a need for developing a common and operational definition of the concept at EU level. On the other hand we should be aware that the concept of territorial cohesion has to be dynamic so that new development trends and new potentials can be identified and incorporated into the policy making.

Secondly, there is a need to develop better methodologies to assess the impacts of globalisation seen from a differentiated territorial perspective.

Thirdly, at least four types of indicators can be proposed:

- indicators concerning territorial disparities (mainly as socio-economic indicators and indicators on natural resources, environment and business performance) at different scales and where inter-regional and cross boarder contrasts are made visible
- indicators concerning specific geographical features, in particular where coexistence of different geographical features are taking place. Sparsely populated areas need to receive special attention here
- indicators concerning territorial potentials for development e.g. indicators on business environment
- indicators concerning governance and institutional capacity

Yours sincerely,



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*Norwegian regional development policies - Role of place based indicators in promoting economic development*

Norwegian regional development policies are in many ways based on one notion of territorial cohesion. The aim/objective of Norwegian Regional Development policy as it is expressed in the latest White Paper on Regional Development.

« It is the ambition of the Government to give people a real choice about where they want to live and ensure that all parts of the country are put to use. It is the Government's aim that everybody in every part of the country has the opportunity to develop their abilities and ensure good quality of life.»

The Government places prime importance on fostering equal opportunities across the country and sustaining in large measure the present settlement patterns. The aim is to facilitate a fair distribution of growth across the country 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 at the same time being ends in themselves. »

In operational terms this means:

- Develop industrial activities based on regional comparative advantages and clusters, and a broad regional mobilization around common goals and strategies. The national government should have an obligation to actively support such regional growth strategies.
- Improve the foundation for development in the different regions, by strengthening competence, supporting the business environment for innovation and entrepreneurship, reducing distance barriers, developing attractive local communities and, of course, enhancing sustainable use of natural resources.

Make an extra and even broader effort to meet the challenges in the most vulnerable regions and the measures for this purpose should be strengthened.

This is a definition which relates to Norwegian circumstances and goals. A definition of « territorial cohesion » for another country or the European Territory as a whole would be different.

The place based indicator used in our case is population density or more precisely population sparsity. Funds are made available based on the degree of population sparsity.