NORWAY

Overview

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| Population *(specify date)* and territory | 5 425 270 (as of January 1, 2022) 323 810 km2 |
| Administrative structure *(unitary/federal)* | Unitary country |
| Regional or state-level governments *(number)* | 11 Regions (*fylker*) |
| Intermediate-level governments *(number)* |  |
| Municipal-level governments *(number)* | 356 Municipalities (*kommuner*) |
| Share of subnational government in total expenditure/revenues | 33,3% expenditure  28,1% income |
| Key regional development challenges | Norwegian regional issues are characterized by targeting areas with very low population density and limited accessibility to jobs and services. Regional disparities in income and unemployment are modest but labour and skills shortages and the age ratio in peripheral areas (‘distriktene’) have become pressing issues. |
| Objectives of regional policy | The goal of regional and rural (‘distrikt’) policy is ‘regional balance through growth, equal living conditions and sustainable regions throughout the country’. There is special political emphasis on peripheral areas. Policy aims to ensure sustainable use of natural resources with a positive impact on local communities and equal service provision throughout the country. |
| Legal/institutional framework for regional policy | At the national level, the regional policy lead is the Department for Regional Development. Regional Policy Department has a coordinating role, working to ensure the priorities and measures of all sectors support regional development. |
| Budget allocated to regional development (i.e., amount) and fiscal equalisation mechanisms between jurisdictions (if any) | Budget allocation to rural (‘distrikt’) and regional policy comprises:  - ‘narrow’ or targeted policies financed from the KDD with a budget in 2023 of NOK 1.3 billion  - ‘broad’ measures financed from other budget lines, including other ministries (c. NOK 57 billion in 2023)  In addition, there are large income equalization mechanisms between regions and municipalities |
| National regional development policy framework | The 2019 White Paper - ‘Vibrant Communities for the Future – the district report’. New white paper is expected in 2023 |
| Urban policy framework | The 2017 White Paper ‘Urban sustainability and rural strength’ |
| Rural policy framework | The 2019 White Paper - ‘Vibrant Communities for the Future – the district report’. New white paper is expected in 2023 |
| Major regional policy tools (e.g., funds, plans, policy initiatives, institutional agreements, etc.) | Funding for **‘**narrow’ regional policy (NOK 1.3 billion) to (i) Growing businesses, value creation and attractive labour markets in regions and districts; (ii) Regional development across national borders and in the High North; and (iii) Capacity building and basic services in the peripheral areas (‘distriktene’).  Funding for ‘broad’ regional policy spend, amount to some NOK 57 billion comprises of  A. Measures and arrangements that are based on rural (‘distrikt’) policy goals or that favour peripheral areas (‘distriktene’) beyond simple compensation to achieve equal opportunities  - the regionally-differentiated social security concession  - a package of (mainly tax) measures for the northern Troms and Finnmark ‘Action Zone’  - special measures for northern Norway (including a VAT exemption on energy from renewables) and grants for municipalities in southern Norway?  B. Measures which aim to equalise or compensate between geographical areas and that are important for economic growth, employment or housing in rural areas. Category B comprises a range of sectoral measures including subsidies for land development, infrastructure, agriculture, cultural heritage and museums.  Area-based urban initiatives: The Government has cooperation agreements with Urban municipalities with major challenges in living conditions in parts of the Citiies.  Policy guidelines on location of public sector jobs and public services (state) |
| Policy co-ordination tools at national level | Ministry of Local Government and Regional Development (KDD) Coordination between KDD and other ministries  State Secretary committee on high north policy |
| Multi-level governance mechanisms between national and subnational levels (e.g., institutional agreements, Committees, etc.) | National expectations regarding regional and municipal planning 2019-2023, new version on the way  A High North Regional Forum between National and regional governments and Sami parliament  City growth agreements (‘*byvekstavtaler"’*, on urban growth, land-use, transport and funding)  Regional growth agreements (‘*regionvekstavtaler’*, under development)  Rural growth agreements (‘*bygdevekstavtaler’,* under development)  Central government planning guidelines for coordinated land-use and transport planning (2014), new version on the way  Central government planning guidelines for climate and energy planning and adaption (2018)  Central government planning guidelines for differentiated management for the beach zone (2021) |
| Policy co-ordination tools at regional level | Regional plans  Regional partnerships  Regional forums for planning |
| Evaluation and monitoring tools | Instrument specific evaluation at national and regional level  Biannual monitoring of regional development ([Regionale utviklingstrekk 2021 - regjeringen.no](https://www.regjeringen.no/no/dokumenter/regionale-utviklingstrekk-2021/id2847260/)) |
| Future orientations of regional policy | A new white paper on regional and rural (*distikt)* policy is expected in 2023 (see below)  A new white paper on living conditions in cities and city regions is expected in 2023  A new White Paper on Housing is expected in 2024 |

Recent policy developments

A White Paper ‘Vibrant Communities for the Future – the district report’, was presented in 2019 and followed by strategy documents covering Small Towns, Mountain and Inland Areas and Coastal Area. Regional policy was a high-profile issue in the 2021-elections and the formation of the new government.

A new white paper on regional and rural (‘*distrikt’)* policy is expected in 2023, with the following themes and issues:

* strengthening and renewing district policy with a commitment that tasks are addressed at the lowest possible appropriate administrative level;
* better adaptation of instruments to different territorial needs;
* focus on small village and regional growth agreements to ensure development and growth across the country with the introduction of a pilot scheme for rural growth agreements;
* reinforcement of the broad scope of regional policy for example in relation to education spending, digitalisation, security issues to support the maintenance of the settlement structure in the North;
* evaluation and testing of measures (e.g., free kindergarten) to reverse population decline and stimulate population growth particularly in Finnmark and North Troms;
* introduction of district policy impact assessments on all reforms

A regional and municipal reform was enforced in 2020, with a number of mergers both at the local and regional level. A change in government in 2021 resulted in reversal of some of the mergers, especially at the regional level, with effect from 1.1.2024.

Among the aims of the regional reform implemented in 2020 was the enhancement of the role of counties in strategic development.

***Budget increases***

Increased access to housing in the districts by prioritizing loans through the Norwegian State Housing Bank to the least central municipalities for loans for rental housing and loans for housing quality.

Increased subsidies for agriculture as an important rural industry.

Increases in the investment of broadband in rural areas. Collaboration with The Norwegian Association of Local and Regional Authorities (KS) on digitalisation policy and a common digitalisation strategy between KS and the government.

A new map for assisted areas in Norway (regional aid map) and Regionally Differentiated Social Security Concession (RDSSC) 2022-2027.

Changes in the policy guidelines on location of public sector jobs and public services (state), actively consider localization of state jobs to sparsely populated municipalities, including localization in northern Norway, and new and relocated state enterprises must now, as a general rule, be located outside the capital and other major cities.