

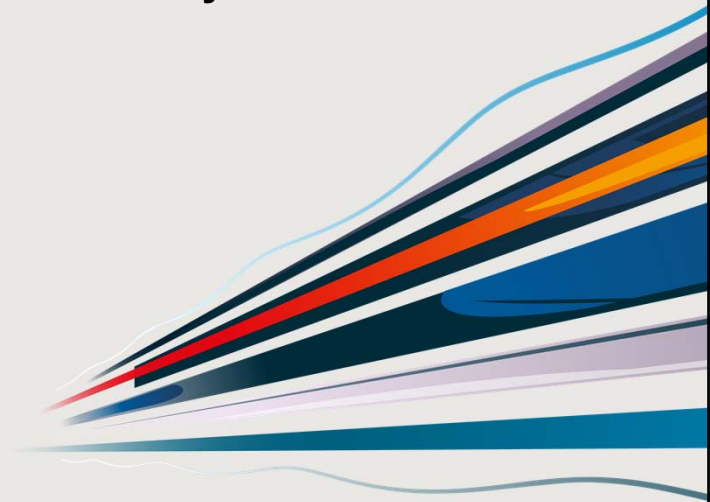


Norwegian Ministry
of Local Government and Modernisation

Regional development in Norway – what are the challenges?

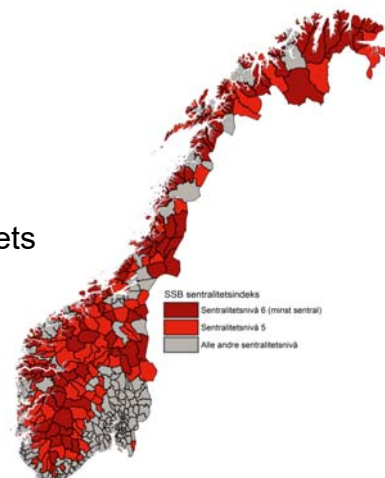
Anne-Merete Halpern

31st May 2018



What is a rural municipality?

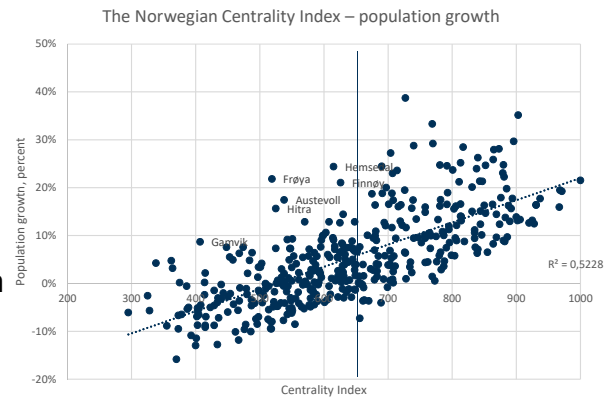
- Municipalities that are remote (have small populations and markets, as well as long distances to other or larger centers)
- The Norwegian Centrality Index (Statistics Norway) classify municipalities, based on access to service functions and labour markets
- Centrality level 5 and 6 can be classified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



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Other challenges follow on from the geographical challenges

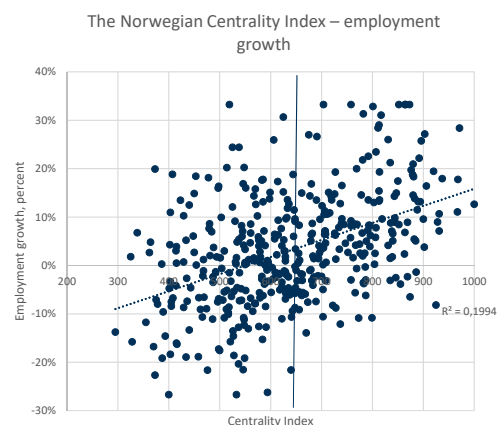
- Demography
- Economic growth
- Less central areas typically experience lower growth, but some of these municipalities can also have significant growth



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Employment growth is lower in rural areas

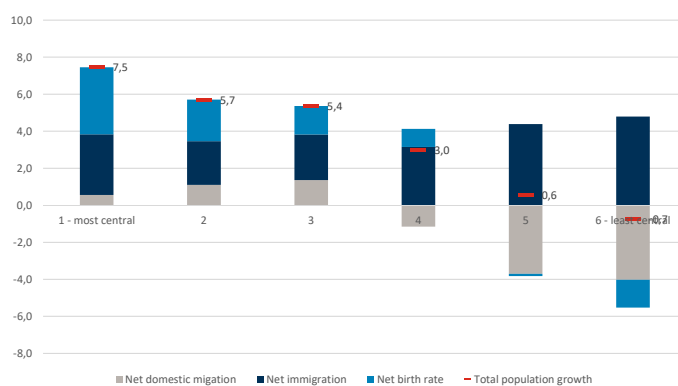
- Employment growth is used as an indicator for economic growth
- Significant variation between municipalities
- Lower growth or decreasing employment in less central municipalities



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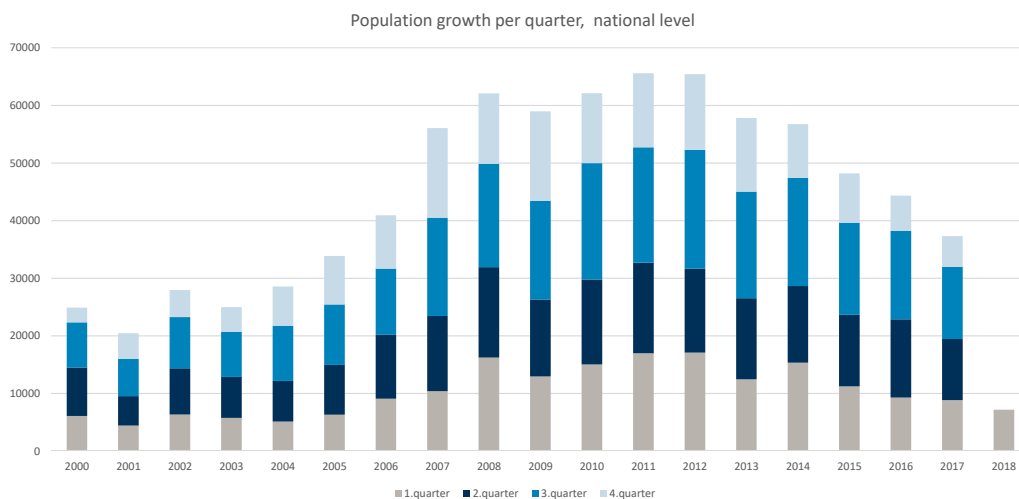
Demographic challenges in rural areas

- 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



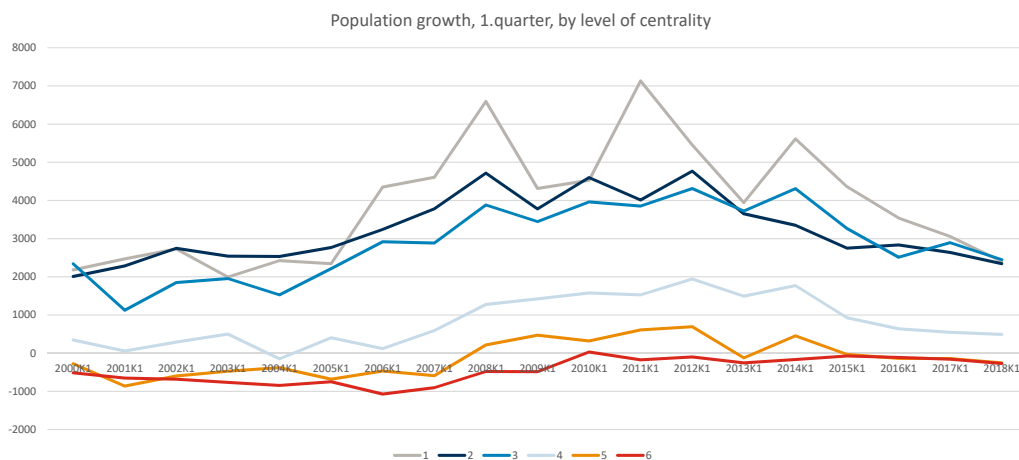
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Lower population growth in recent years due to reduced immigration and number of births



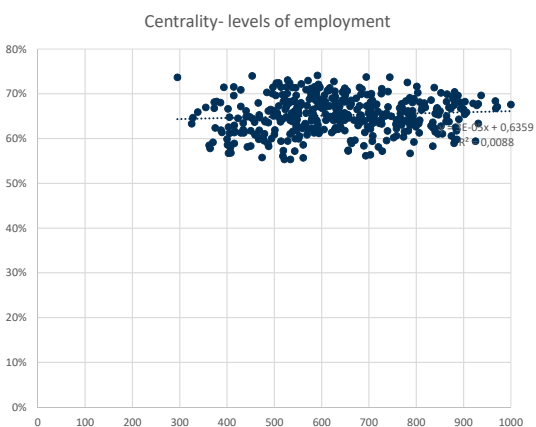
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Reduced population growth in all levels of centrality

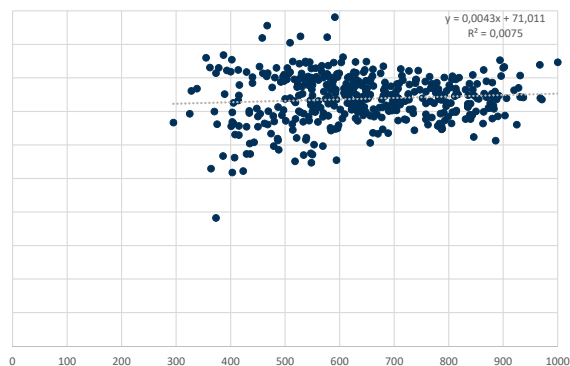


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Other challenges are not predominantly rural challenges



Centrality – proportion of young adults who have at least completed upper secondary education



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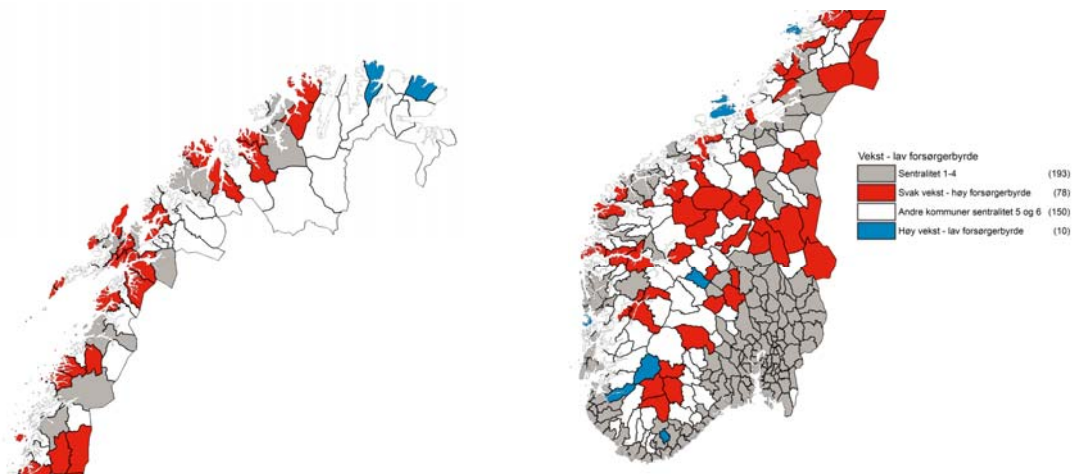
Covariation of challenges

- 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)



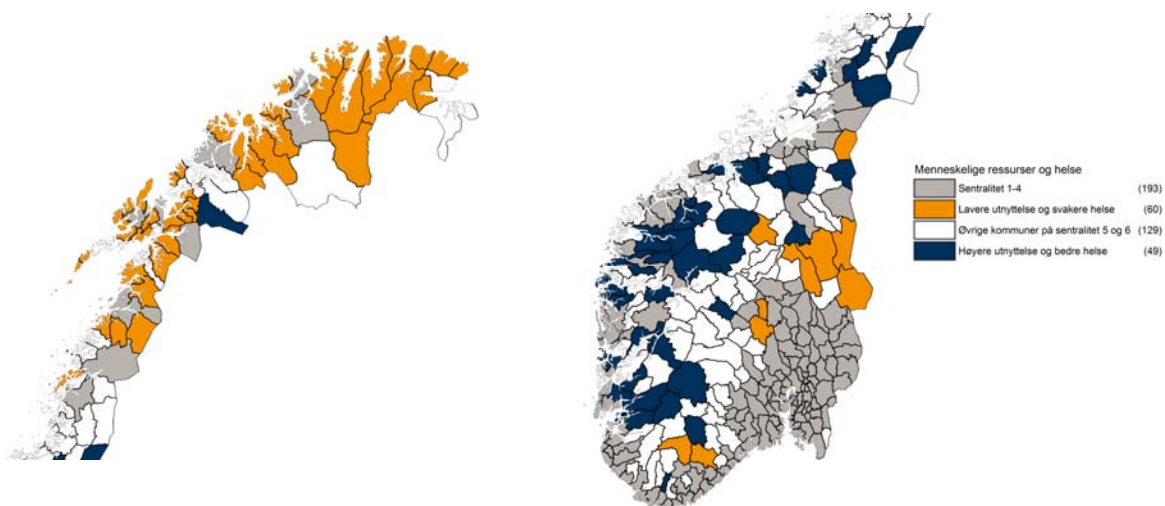
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78 of 83 municipalities with low growth/high dependency ratio is at centrality level 5 and 6. 10 out of 84 with high growth/low dependency ratio



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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



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General policy responses

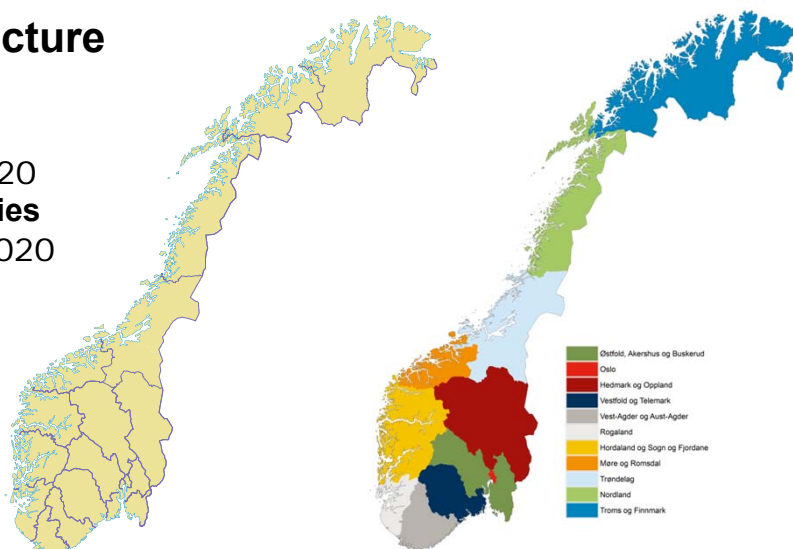
- Growth-promoting tax cuts
- Development of infrastructure
- Public sector innovation and rationalization
- General transfers to local and regional level



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Regional structure

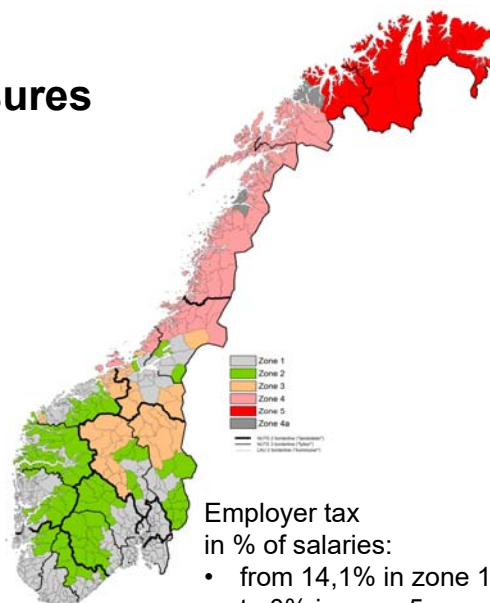
- **18 counties**
 - 11 from 2020
- **422 municipalities**
 - 356 from 2020



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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



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