

Norwegian local governments' role in social and economic development



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Regional Development in Norway

- Regional Development Policy
- Regional Development Framework
- Regional Development Instruments

Regional Development Policy

- National long-term consensus
- Policy decided by Parliament
- Policy implemented by Government

- Goals
 - **Maintain** existing settlement patterns
 - **Optimise** use of human and natural resources in the entire country for national value creation
 - **Ensure** equal living conditions in all parts of the country
 - Ensure citizens' real choice of where to live

Regional Development Framework

- **Equitable** socio-economic development in all regions
- Equitable distribution of welfare in all regions
- **Compensate** for specific geographical disadvantages such as
 - Low population density
 - Scattered settlement patterns
 - Remoteness
 - Limited markets
- **Resolve** development hurdles due to specific geographical disadvantages linked to
 - Population density
 - Settlement patterns
 - Remoteness
 - Limited markets



Government structure

National government



Regional state level (administration)



Local/Regional government (elected)



Responsibilities of national authorities

- National Insurance Scheme
- Specialized health care (hospitals)
- Specialized social services (child welfare and substance abuse institutions)
- Higher **education** and universities
- **Labour** market
- Refugees and immigrants
- National **roads and railways**, agricultural issues, environmental issues
- Law enforcement (police, prisons)
- Defence and armed forces
- Foreign policy

Responsibilities of County Councils

- Upper secondary **education** (grades 11 – 13)
- Dental care
- **Regional development**
 - County roads and public transport
 - Regional planning and development
 - Business development
 - Culture (museums, heritage)

Responsibilities of municipalities

- Preschool and primary **education** (grades 1 – 10)
- Care for the elderly and disabled, **social services** (social assistance, child welfare, drug/alcohol)
- **Local planning** (land use), agricultural issues, environmental issues, local roads, **harbours**
- Culture
- Utilities (water, sewage, waste)

Regional Development Framework

- Role of territorial administration
 - Devolved responsibilities – local and regional government
 - Education
 - Welfare
 - Infrastructure
 - Services
 - Planning
 - Deconcentrated responsibilities – governors and regional structure of government agencies
 - Oversight
 - Reconciliation between tiers of government
 - Performance
 - Specialised services
 - Delegated responsibilities
 - Specialised services
- Role of state
 - Regulating
 - Planning
 - Harmonising sector and regional policy
 - Tax regimes
 - Sector specific incitements
 - Institutions – sometimes jointly owned by state and county council
 - Business promotion
 - Business facilitation
 - Research

Regional Development Instruments

- **Differentiated** tax and welfare regime
 - Employment tax
 - Child benefit
 - Educational support
- **Improved** business environment
 - Suitable and predictable tax regime
 - Adequate infrastructure (road, digital accessibility etc.)
 - Access to qualified labour
 - Access to capital
- **Localising** of public institutions
 - Public employment contributing to robust labour market
 - Public employment contributing to tax revenue

County Council as regional developer

- Regional planning authority
- Reconciles regional and local plans
- Reconciles local and regional needs with national regional development policy
- Manages national programmes and funds for business development
- Partial ownership in national institutions for regional development
- Partial ownership in local institutions for regional development or business promotion

National institutions for regional development

- Innovation Norway (<http://www.innovasjon Norge.no/en/start-page/>)
 - Creates value by stimulating profitable business development throughout Norway
 - Provides programmes and services to create
 - more successful entrepreneurs
 - more enterprises with capacity for growth
 - more innovative business clusters
- SIVA (<http://siva.no/?lang=en>)
 - Invests in commercial property reducing risk for new businesses where markets are demanding
 - Provides ownership in innovation companies across the country
 - Develops knowledge and start-up environments - connects them to regional, national and international networks
 - A partner network supports and supervises several thousand entrepreneurs and start-ups
- Research Council of Norway (http://www.forskningsradet.no/en/Vision_and_mandate/1138785841810)
 - Enhances capacity and quality of research
 - Strengthens research in areas of particular importance for trade and industry
 - Translates research results into action

Local institutions for regional development

- Many organisations, many ways of organising – some examples:
- Economic, social and cultural development through inter-municipal companies working in parts of a county e.g. Nordhordland Utviklingselskap IKS (dating back to 1961) – or Region Norhordland <http://www.regionnordhordland.no/om-region-nordhordland.352350.nn.html> (an inter-municipal company owned by 9 municipalities in Hordaland county)
- 7 municipalities in Østfold county work through the inter-municipal company Indre Østfold Utvikling IKS established in 2013 to promote business development <http://indreostfold.no/>
- Hamarregionen Utvikling IKS <http://www.hamarregionen.net/om-hamarregionen-utvikling/vedtekter/> include 3 municipalities in Hedmark county (established 2006)
- HAFS Utvikling AS established 2015 <http://www.hafsutvikling.no/om-hafs-utvikling/> is a regional development company in Sogn og Fjordane county which is partially owned by 4 municipalities and the county council
- Sector specific regional development companies such as Port of Stavanger http://www.stavanger-havn.no/?lang=en_GB
- Inter-municipal political cooperation forums - 68 Regional Councils which are not part of the local government structure of Norway

Youth employment in Norway



Youth employment – spanning many policy areas

- Education
 - General
 - Specialised
 - Apprenticeship
 - Training
- Capacity and skills
- Labour market
 - Demand
 - Flexibility
 - Profile
 - Mobility
- Social policy and health
 - School drop out
 - Wrong profile
 - Mental problems
 - Substance abuse
 - Impediment due to learning difficulties or handicap
- Regional development
- Business promotion and job creation

Youth employment factors

- Good general educational level
 - Promotes flexibility
 - Stronger adaptability
- Linkages between career pats – possible to move between
- Educational system responsive to labour market demands
- Prevention of school drop out
- Availability of training
- “Second chance”

Characteristic of the Norwegian labour market

- Social dialogue between employers' organisations and unions
 - Legislated
 - Negotiated
 - Tradition for dialogue
- Forecasting of trends and needs
- Adaptability of educational system
- Balance between labour market flexibility and job security
- Regulated through Work Environment Act

Issues in Norway

- Low, but increasing general unemployment levels
- Youth unemployment marginally higher than general unemployment levels
- Too many young move from education to welfare
- Costly trend in longer term
- Uneven quality of education with strong regional difference
- Uneven capacity for regional development and employment creation

The European context

- High unemployment
- High disparity between general and youth unemployment
- Inflexible labour markets
- Slow economic growth
- Weak employment creation ability
- Low correlation the educational system and labour market needs
- **EU 2013 Youth Guarantee schemes** - young people's successful transition into work
- Youth employment contracts (France, Spain, Portugal etc.)
 - Short term benefit
 - Longer term disadvantage of parallel labour market
- Mobility
- Social dumping

Norwegian **social services** for youth

- **Prevent** young people move from education to welfare – very cost efficient due to
 - Reduced welfare costs over time
 - Increased contribution over time to wealth creation
- Available services and tools **delivered by municipalities**
 - Prevention of school drop-out
 - Help with health challenges
 - Availability of rehabilitation services
 - Support with learning difficulties
 - Drug abuse prevention/rehabilitation
 - New opportunities – second chance

Norwegian (**national**) labour market services for youth

- Help with CV and application
- Skills and capacity mapping
- Match skills and capacity with labour market opportunities
- Work placement programme
- Skills upgrading through training

Institutional setup in Norway

- Norwegian Labour and Welfare Administration
<https://www.nav.no/en/Home/About+NAV/What+is+NAV> established 2006 to
 - Optimise the number of citizens working
 - Minimise the number of citizens on welfare
 - Improve labour market mechanisms
 - Provide optimal services at the optimal point in time
 - Customise services
 - Introduce a holistic approach to labour and welfare
- Merged **local government welfare services** and **government labour services** into one organisation with 19 000 employees
- Difficult merger (ownership, company culture etc.) – very large agency managing 1/3 of Norway's national budget

The Norwegian magic formula for youth employment

(Preventive) measures

- across sectors and
- between tier of government in
- (social) dialogue with the business community and unions

