

Norway

Key facts and issues

Norway is a unitary country with a population of 5.2 million. Subnational governments are responsible for 33.8% of public expenditures, ranking Norway the 15th most decentralised country in the OECD with regards to public spending. It is in the lower third of the OECD on urbanisation, as only 24% of its population live in predominantly urban areas. Norway performs very well on gender equality in employment, as the average gender gap in labour force participation is a third of the OECD average with small inter-regional disparities on that indicator. At 8.2 municipalities per 100 000 inhabitants, Norway stands below the OECD average on administrative fragmentation. It is the 19th country on this indicator.

Norway's GDP per capita of around USD 61 500, or 1.5 times the OECD average, is the 3rd highest in the OECD. Oslo alone contributed over 80% of Norway's GDP growth between 2000 and 2013. In terms of inter-regional inequalities among small regions (TL3), as measured by the Gini index, Norway was in the bottom half (i.e. lower disparities). The gap between the top and bottom 20% of regions widened between 2008 and 2013, due to a decrease in the GDP per capita of the poorest regions and a GDP per capita increase in the richest regions. In terms of household disposable income per capita, the gap between the 20% richest regions and the 20% poorest regions is the 6th narrowest in the OECD. The regional differences in unemployment rates are also low, as Norway ranks 6th on that indicator. Norway outperforms the OECD in terms of unemployment: its worst performing region is at less than half the OECD average unemployment rate.

Norway: regional, urban and rural development policies

Policy Area	Enabling Document, Strategy, or Framework	Strategic Objectives and Means	Lead Ministry, Agency or Committee
Regional	White Paper On Rural and Regional policy (2013)	Focus on sustainability and both hard and soft infrastructure, reviving distressed areas, cluster policies and training	Ministry of Local Government and Modernisation
Urban	No over-arching framework	Programmes are aimed at promoting co-operation between cities and their surrounding areas; emphasis on transportation and systems of cities	Ministry of Local Government and Modernisation
Rural	White Paper On Rural and Regional policy (2013)	Growth and sustainability, hard and soft infrastructure	The Ministry of Local Government and Modernisation

General policy approach

The 2013 White Paper On Rural and Regional Policy is the latest regional policy framework. It seeks to preserve the distinctive features of Norway's settlement pattern by using human and natural resources throughout the country for the greatest possible national prosperity and equal living conditions. Norwegian rural and regional policy supports innovation, entrepreneurship and municipal business development funds. There is no urban policy framework in Norway. Rural development is part of regional development. In addition, the Centre of Competence on Rural Development (Distriktssenteret) is a government agency dedicated to strengthening the ability of rural municipalities and regions to develop attractive communities. It also promotes experience sharing and direct support to rural municipalities.

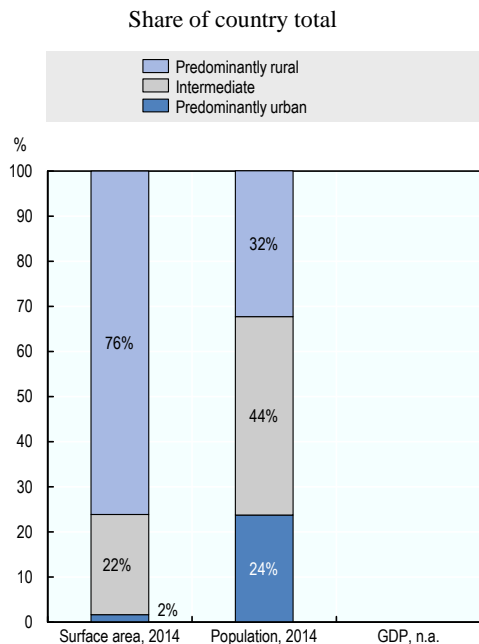
Recent policy changes

- Subsequent to the late 2013 elections, the new government's budget has put a greater emphasis on the business sector's framework conditions for economic growth to create new and economically sustainable jobs by prioritising communications infrastructure, soft infrastructure (e.g. within education) and growth-enhancing tax reductions.
- A new White Paper on regional policy is expected in 2017. It is expected to address economic restructuring, the territorial impact of migration and the overall demographic distribution across the country as well as the fight against climate change and the promotion of sustainability. It will cover both regional and urban development.
- There are government-led processes to create larger municipalities (ongoing), and white papers are to be presented on these issues in 2016.
- Comprehensive plans for land use, housing and transportation have been proposed for the whole Oslo area. Other city-regions will follow.

Norway: Main regional, urban and rural development policy tools

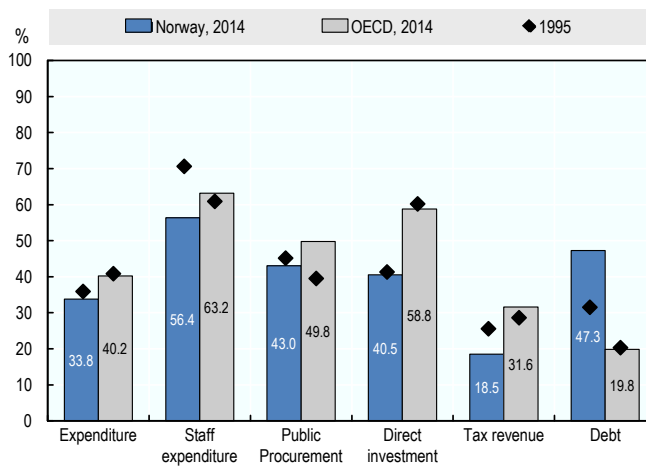
Policy Instrument	✓	Examples
Transport Infrastructure investments and systems of cities	✓	The National Transport Plan aims at providing long term planning of Norway's transport needs, emphasising transport upkeep, increasing road capacity and coverage and increasing funding for big railway projects.
Other Infrastructure investments	✓	<i>Regional and Rural:</i> a New White paper expected in 2017 will present communication infrastructure as a priority
Service delivery (subsidies for public services)	✓	Post and aviation services of general interest funded by the annual budget, as well as extra transfers to rural municipalities for service provision
Business development/ innovation support	✓	<i>Regional:</i> Training programmes for global entrepreneurs: TechIncubator (TINC), Global Entrepreneurship Training (GET), Regional Business Bootcamps Bio refinement programme provides funding for the development and optimization of new processes. Support is offered to enterprises in the early pilot phase, working with the processing of biomass or has a development based on renewable biological raw materials
Urban renewal		
Urban form and land use		
Sustainability policies		
Rural-urban linkages		
Clusters/technology platforms/ centres of expertise	✓	Global Centres of Expertise , National Centres of Expertise , ARENA
Special economic zones	✓	In very sparsely populated areas there is the regionally differentiated social security contribution scheme
Rural landscape preservation		
Skills/training programmes	✓	Grant for the establishing of new educational capacity in higher education and grants for flexible and decentralized higher education
Capacity building for subnational governments		

Land, population and economy in rural and urban regions



Subnational government role in public finance

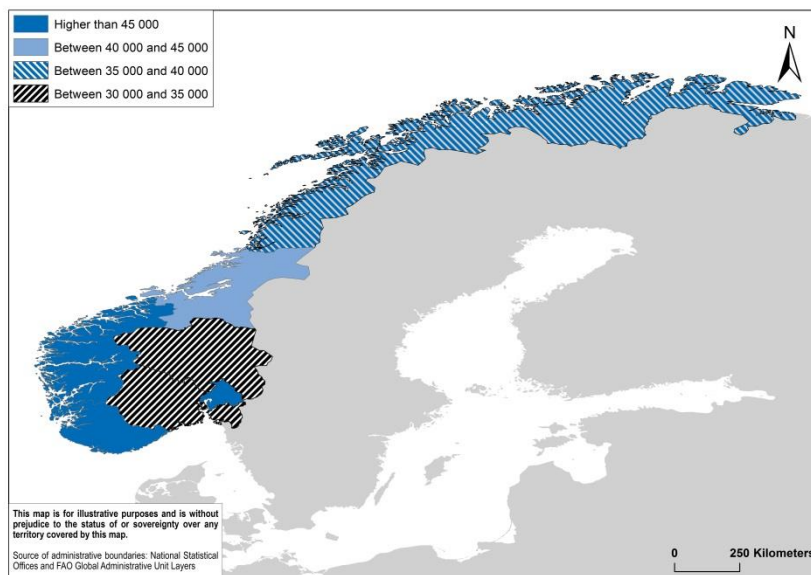
Share of general government



Number of subnational governments

Municipal level	Intermediary level	Regional or state level	Total
428		18	446

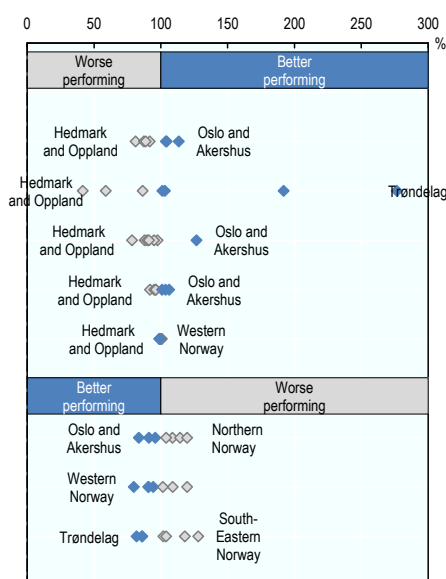
Regional differences in GDP per capita levels, 2012



Note: GDP per capita in constant prices and constant USD PPP (base year 2010).

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Inter-regional disparities (as a % of the country average)



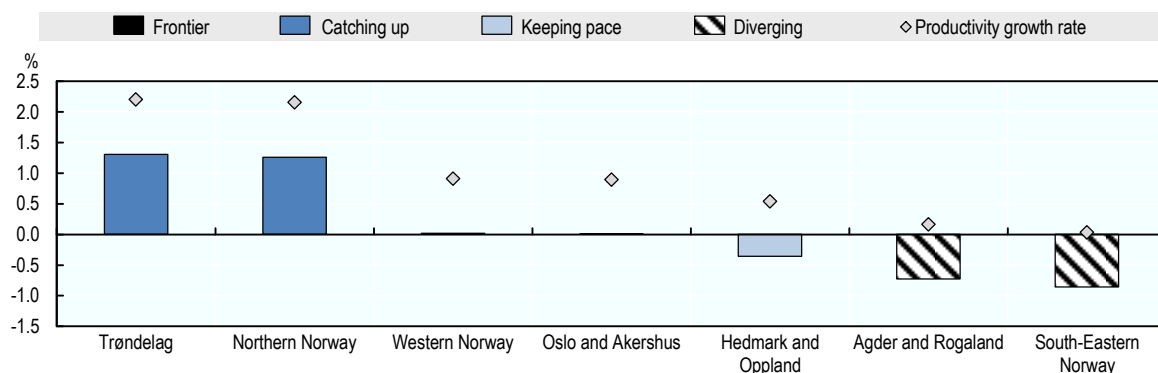
Variable	Min.	Max.	Country Avg.	OECD Avg.	Disparities up or down since 2001
GDP per worker (2012)	72 834	101 796	89 670	74 520	up (2011)
R&D expenditure as a % of GDP (2012)	0.67	4.85	1.62	2.4	down (2009)
Share of labour force with tertiary education	32.7	52.7	41.6	32.3	down
Disposable household income (2012)	31 322	36 208	34 041	34 866	down (2011)
Life expectancy (2013)	80.9	82.4	81.8	80	down
Share of workforce with only primary education	14.4	20.6	17.2	25.2	up
Unemployment rate	2.2	3.3	2.8	7.3	down
Gender gap in participation rate	-4.1	-6.4	-5	-15.9	down

Note: Each diamond represents a TL2 region. Unless specified, all data are for 2014. Disparity is measured as the difference between the top and bottom region in the country. Country average GDP per worker includes 7 regions (Landsdeler) and excludes off shore sites.

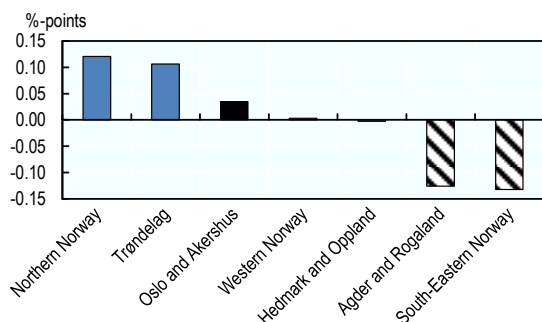
Productivity and catching-up trends among regions

Average annual labour productivity (GDP per worker) growth rate [diamonds] and deviation from the growth rate of the country's productivity frontier [bars], 2008-2012

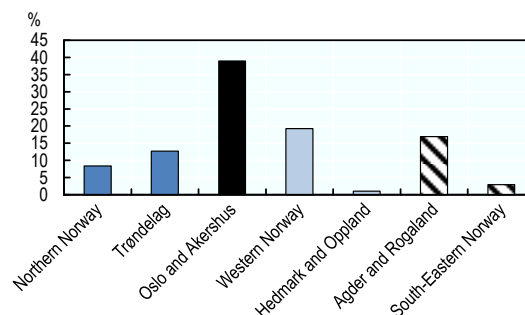
See country page notes for classification of regions



Contribution to labour productivity growth, 2008-12



Percentage contribution to national GDP growth, 2008-12



Note: Difference between national labour productivity growth as calculated with and without the indicated region.

Note: The contribution is the product of a region's GDP growth rate by its initial share of GDP.

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Country page notes

Main indicators

OECD average	represents the weighted average of OECD country/region values for the given year or closest year available.
OECD Regional Well-being framework	considers a combination of individual characteristics and local conditions in eleven dimensions that shape people's material conditions (income, jobs and housing) and their quality of life (health, education, access to services, environment, safety, civic engagement and governance, community, and life satisfaction).
Gross domestic product (GDP); GDP per capita; and labour productivity (GDP per worker)	is the standard measure of the value of the production activity (goods and services) of resident producer units. Regional GDP is measured according to the definition of the System of National Accounts (SNA 2008). To make comparisons over time and across countries, it is expressed at constant prices (year 2010), using the OECD deflator and then it is converted into USD using purchasing power parities (PPPs). For regional labour productivity, GDP (gross value added for Turkey) is divided by the number of workers (at place of work) or, for GDP per capita, the number of residents. For comparisons of current (per capita) GDP across countries, GDP for 2015 is converted to USD using PPPs for 2015.
Subnational government role in public finance	is mainly derived from the OECD National Accounts, harmonised according to the new standards of the System of National Accounts (SNA 2008), with the exception of Chile, Japan and Turkey, which are still under SNA 1993. General government includes four sub-sectors: central/federal government and related public entities; federated government ("states") and related public entities; local government i.e. regional and local governments and related public entities, and social security funds. Subnational governments are local (regional and local) governments and state governments (in countries with a federal or quasi-federal government system).
Gini index (regional income inequality)	The Gini index is a measure of inequality in terms of GDP per capita among all regions of a given country, with equal weight for each region. The index takes on values between 0 and 1, with zero interpreted as no disparity.
R&D expenditure	is the total gross domestic expenditure on research and development by the government, higher education, business, and private non-profit sectors.
Household disposable income and poverty rate	is the income generated directly from market transactions, adding all current transfers from the government, except social transfers in kind, and subtracting current transfers, such as income or regular wealth taxes and social contributions. It is expressed in USD Purchasing Power Parities (PPP) at constant prices (year 2010) and using a standard equivalised size for households across the OECD. Due to a lack of data, the indicator is expressed in per capita terms for the Czech Republic, Estonia, Hungary and New Zealand. The poverty rate is here taken as the percentage of people with disposable household income per capita of less than half the country median.
Participation rate, unemployment rate, youth unemployment and NEETs	The (labour force) participation rate is the ratio of the labour force (employed and unemployed) aged 15+ to the population (15+). The gender gap is the difference between the participation rates for women and men. Unemployed persons are defined as those who are without work, are available for work, and have taken active steps to find work in the last four weeks. The unemployment rate is defined as the ratio of unemployed persons to the labour force. Youth unemployment considers the unemployed and the labour force aged between 15 and 24. "NEETs" refers to 18-24 year-olds who are neither in employment nor in education and training (as a percentage of the population of 18-24 year-olds).
Primary and tertiary education	Primary education includes primary education, pre-primary education and lower secondary education (ISCED 0-2). Tertiary education includes both university qualifications and advanced professional programmes (ISCED 5-8). Shares are defined with respect to the labour force aged 15 and over.
Elderly	are those aged 65+. The elderly dependency rate is the ratio of the elderly to the working age population (15-64).
Air pollution	is the 1km ² grid cell population weighted average of satellite-based estimates of small particulate matter (PM _{2.5}).
Life expectancy	measures the number of years a newborn can expect to live, if death rates in each age group remain constant.

Typology of regions with respect to productivity

Frontier	is the region leading its country in terms of labour productivity, measured by the real gross domestic product per employee. In some countries the leading region accounts for a small percentage of the total workforce. Where this is the case, the frontier is the weighted average of regions with the highest labour productivity levels accounting for 10% of the country's total employment.
Catching-up regions, diverging regions and regions keeping pace	is a classification of regions based on their labour productivity growth relative to the frontier. It is based on the growth in labour productivity between 2000 and 2013 (or closest year available). Regions where labour productivity grew/dropped by at least 5 percentage points more/less than in the frontier over the period are classified as catching-up/diverging regions (about 0.4 percentage points annually), with regions that are keeping pace falling within the +/- 5 percentage points band.

Typologies of regions with respect to population or other functions

Regions (TL2 and TL3)	are classified by the OECD into two territorial levels that reflect the administrative organisation of countries. OECD's large regions (TL2) represent the first administrative tier of subnational government. OECD small (TL3) regions are contained within a TL2 region. Reference to the 20% richest/top or poorest/bottom regions, indicates the top/bottom-performing regions according to the indicator accounting for 20% of the (relevant) population.
TL3 typology (urban, intermediate, rural)	TL3 regions have been classified as: predominantly urban (PU), intermediate (IN) and predominantly rural (PR) based on the percentage of regional population living in rural communities, combined with the existence of urban centres where at least one-quarter of the regional population resides. The terms "urban", "intermediate" and "rural" refer to these categories.
Metropolitan area	is a functional urban area with 500 000 or more inhabitants defined by population density and commuting flows.

Further details and information: OECD (2016) *OECD Regions at a Glance 2016*, http://dx.doi.org/10.1787/reg_glance-2016-en.