

## SUMMARY

At the regional level in Norway, it is important to distinguish between the County Governor, who is the principal state representative within each county, on one hand, and the directly elected political body, the County Council, on the other. The County Governor has a special responsibility for co-coordinating state sector policies and agencies within the county, and is also an important sector authority in areas such as nature conservation, pollution control, and civil emergency preparedness, as well as serving control functions. The political body, the county council, also hold specific responsibilities (a.o. high school education, cultural heritage, transportation/road infrastructure), but most importantly for the purposes of this report, it is the central regional development actor, with responsibilities for strategic regional planning. As such, the county council also provides funds for various development projects. At the same time, the County Governor also provide project funding to municipalities (“renewal funds”, see below), and the central question of this report is whether the criteria and allocation for the discretionary funds contribute to – or hamper – the county council’s role as primary regional development actor.

Discretionary funds (“skjønnsmidler”) are part of the overall municipal income, and amounts to close to 2 % of the grants to the municipal sector in Norway. Of these grants, around 5% are so-called discretionary funds for restructuring and renewal in the municipal sector. In this summary abbreviated to “renewal funds”. It is the County Governors that allocate the money. In the three-year period 2010-12, 430 million NOK was granted to various renewal and restructuring projects in Norwegian municipalities -partly to individual municipalities, and partly to various forms of inter-municipal cooperation. The Ministry of Local Government and Regional Development<sup>1</sup> annually publishes guidelines for the use of the renewal funds, but the County Governors (state representative) in each county are allowed to supplement these guidelines with specific concerns related to their knowledge of local/regional challenges. This study shows variation in how the County Governor targets these funds.

40 percent of the renewal funds are granted to projects in two of the main municipal services: health and care, as well as education/adolescence. These services are mainly municipal responsibilities but there are points of contact with the responsibilities of the county council. The county council is also the main regional development actor in the Norwegian governmental system. In the project portfolio of the renewal funds we find a smaller number of projects directed at agriculture and business development, environmental projects and projects within the field of planning, land use and GIS. These are fields where the county council as regional developmental actor holds responsibilities. However, many of the projects falling under these categories are

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<sup>11</sup> The departmental structure has changed as of 2014 (now termed The Ministry of Local Government and Modernization), this reference is related to the period under study 2010-12.

rather technical in nature. And we see that among those projects that are in fact societal planning, the county council is often a partner at the project level.

Our interviews in the County Governor's administration and the County Council administration show that *in the majority of counties, there is no dialogue between the two regarding the renewal funds. Neither regarding what kind of projects that are invited and announced, resource allocation, which projects that have been funded, or general experiences with the renewal funds are discussed.* From the County Governor's administration, we learn that the regional plans and strategies developed and coordinated through the County Council is not seen as relevant, nor providing guidance for the allocation of the renewal funds. We have asked the heads of the regional development department in the county councils whether this lack of dialogue make the division of roles in regional development appear confusing or conflicting. We find a few examples where the allocation from the renewal funds are seen as at odds with regional political priorities, or that a lack of coordination has been unfortunate. However, the main picture is that in most county councils, their knowledge of the renewal funds scheme and the projects funded through it, is so limited that they express uncertainty assessing whether or not this funding scheme contributes to unclear roles in regional development.

Even if this is the main picture, we do also in some counties find forms of cooperation between county councils and county governors regarding the renewal funds. In Sogn og Fjordane county, there has been in place a formalized cooperation since 2006. This was put up on the basis of the overall county plan of the period. Both actors put money into a common pool and cooperated in targeting and allocating the joint funds to different kind of projects. At the end of the planning period (2012), this set-up was evaluated, some changes were made, but the overall ambition and set-up was continued. In our material, this is the clearest example of formalized cooperation between County Governor and County Council on the renewal funds scheme. Also in other counties (Vest-Agder, Sør-Trøndelag) we find dialogue between County Council and County Governor with relevance for the renewal funds. However, this dialogue is more focused on the strategic level, and not the renewal funds scheme as such, although single projects enter the discussions. We find a somewhat similar pattern in Møre og Romsdal and Nord-Trøndelag counties, but here the dialogue is more centered on concrete projects.

In the counties Telemark and Vest-Agder inter-municipal cooperation play an important role in the development of projects aiming for financing from the renewal funds. In Telemark, all the renewal funds are channeled through inter-municipal councils. The county council is also represented in the regional councils, and coordination vis-a-vis the county council occurs at this level.

The main question in this study is two-fold: Does the actual use of renewal funds promote or hamper the County Council in its role as regional development actor? Our findings show that in most counties there are no formal linkages or systematic dialogue between the County Governor and the County Council regarding the renewal funds scheme. In addition, when the renewal funds (in the majority of cases) are not anchored in regional development plans, the actual practice in the period studied can hardly be said to promote the role of the County Council as the main regional development actor.

Through this study we have mapped the overall pattern in the project portfolio, but not analyzed the individual projects. We note that County Council interviewees in some counties (Hordaland, Finnmark) acknowledge that in some singular cases, renewal fund allocations have been made partly at odds with regional planning objectives, and partly contributing to unclear division of responsibility between county governor and county council. Even if we find such examples, they are few and far between, and in the portfolio of projects they do not provide sufficient empirical backing to say that the scheme systematically hampers the regional development role of the County Council.

In a number of parliamentary reports, white papers and planning guidelines, the regional development issues are described as broad and complex. If this complexity is taken seriously, it is hard to imagine how the County Council's role as regional development actor can be promoted without them having a good knowledge of the restructuring and renewal work taking place at the municipal level. Building a dialogue between the county governor and county council regarding renewal funds can contribute to such an increased awareness, but a mere request for more dialogue may not necessarily bear fruit.

A stronger and more formalized alternative is to build on the framework established, practiced and modified in Sogn og Fjordane county. Copying and adapting this model may require a broader process of anchoring it in both the County Governor and the County Council, a process where time and costs may exceed the expected utility or appropriateness of such a collaborative model. This being said, Sogn og Fjordane may provide a sufficiently attractive blueprint, making it easy to adapt to the situation in other counties.

A third solution is that the Ministry supplements the guidelines for the renewal fund with requirements to insure that the renewal funds are discussed between the county governor and the county council against the backdrop of regional planning strategies, plans and priorities. Today the guidelines do not – with the exception of negatively omitting direct business development from the scheme – address the question of how the projects receiving renewal funds should be linked to targets and priorities in the system of regional planning.