

## **New state incentives for local planning towards low carbon cities in Norway**

### **Introduction**

This paper deals with a new tool the Norwegian government has developed and tries to implement from this year in order to enhance the concern for reducing emissions of carbon in local municipal authorities. The tool is based on negotiations between the Ministry of Transport and Communication (MTC) and local authorities in getting to a signed agreement in which the local level will receive special funding during 4 years for projects or tasks aimed at reducing CO<sub>2</sub>.

It should be immediately emphasized that this incentive is just one of a set of means the government is employing in order to improve environmental concerns and reduce carbon emissions. As examples of other efforts can be mentioned increased investments in transportation with a more environmentally inclined profile (greater emphasis on rail and public transport, as well as for bicycles and pedestrians), and projects by the Ministry of Environment (ME) in working together with the 13 largest cities in the country to prepare for "Future cities". A major concern for these cities is to become more none carbon cities.

Never the less the new approach with incentive can be seen as a more direct focus on the local level, as well as a consequence of changing political realities where "governance" substitute for traditional "governing" now also in the central government. This is an interesting development and the government seems willing to explore and expand this type of tools in the future.

### **The legal planning system in Norway**

From the 1<sup>st</sup> of July this year the Norwegian "Planning and Building Act" (PBA) was revised for the planning part (the building part will change from next year). The first planning law for the whole country was enacted as late as in 1965, and has since been through several adjustments and a few revisions. However, a lasting column in the law has been the right and the responsibility of the local level to land use planning and implementation as well as strategic planning for all fields in "Municipal plans".

Traditionally the central government has refrained from active involvement in local planning affairs, especially in land use and transportation. In other fields the central government would typically rely on "earmarking" resources for specific uses according to national goals. For planning the central level would normally limit itself to "national advices". Only in specific issues of paramount national interests would ministries intervene in the planning authority of the municipal level. Across all party lines in politics the local level is highly respected in its "sovereignty", and therefore seldom challenged by the state. Certain national institutions (like the national road authority) have, however, a right to demand a higher level of involvement in local plans that they have objections to.

The regional level has been explored through the years in different forms, but the final solutions have landed on the counties, so also during the political discussions of the latter years. Hence we still have three levels of governing in Norway. The regional level has traditionally had little influence on physical planning, except for transportation and some environmental issues – the local authority prevails. Decisions by the county could only be

advisory to the municipalities within the county, and the interactions between the two levels were traditionally rather weak.

In the new revision of the PBA there is opened for more organized active dialogue between the different levels. At the regional level there should be created "regional planning forums" where ministries, the county and relevant municipalities can have a constructive dialogue with exchange of ideas and views regarding planning issues. The outcome is yet to be seen, but the expectations from the lawmakers are better mutual understanding. If necessary the PBA now also opens for binding planning frames or even binding plans from the county to the municipalities. This opens for interesting developments, especially in fields which are difficult to obtain sufficient reforms or changes in locally – like restrictions on car uses and parking facilities, but our traditional trust and belief in the local level is very rooted.

As can be seen from this brief presentation of the planning systems according to our PBA, the state need to explore new ways of getting into constructive dialogue with municipalities, and especially the cities and their challenges in coordinating land uses and transportation in order to reduce dependencies on autos and thereby also decrease the emissions of CO 2.

### **Negotiations in planning**

Municipal planning, especially city planning has been through a major change in Norway. The roots to this can without doubt be traced to the more "liberal economic" thinking linked to Milton Friedman and political leaders like Margaret Thatcher and Ronald Reagan. But the changes run in my mind deeper and have to do with the higher living standard of most Norwegians combined with both populist movements and certain skepticism towards public authorities. At the same time local governments have decreased their resources in planning and more relied on private initiatives. In spite of the recent international development this tendency prevails in our country.

In one respect this seems both strange and unnatural in a country where the national level played a central part in the rebuilding and modernization of production after the war. We were in fact all dependent on, and used to a strong "governing" behavior by our elected authorities on all levels. Politically the labor party had a very dominant role clear into the mid 1960-ies, when the first none social - democratic national government evolved. At that time it became obvious that we were past the "united rebuilding period" and more into a transition of obtaining "affluence", at least on an individual scale. Discovering our oil reserves in the North Sea increased this development and Norway became one of the richest countries in the world.

The first halves of the 1980-ies introduced the more liberal economics thinking into our society, and at the local level this soon caught on in the capitol Oslo. Here public planning by the city planning office was regarded as a "hidden political force" to be disconnected by the political leadership. The new "mantra" was to make ground for private involvement in city development. In the city administration "new public management", heavily influenced by private business, was introduced. This took place, by the way, regardless of who had the majority in the city council. Within a fairly short time this way of thinking spread further to other municipalities in the country.

Planning serves as an example. Private detailed planning was an exception in the PBA, and most plans were developed by public planning offices. As time went by, political frame setting

called for private involvement, hence more private/public negotiations in planning. As of today more than 90 % of detailed planning in the larger cities is made by private developers, and even on a national scale including smaller municipalities the percentage is around 80 %. These private plans are of course handled by professional planners in the municipal administration in a process of negotiation with developers and politicians. Demand for such negotiations where also other parties can be involved is now regarded as democratic rights, not to be disregarded.

Negotiations also were increasingly used to settle disputes between different interest groups in planning and implementation. Most of these would tend to be more advanced “hearings”, but others developed into more formal agreements. This development slowly substituted regulative practice, or at least modified it within local planning.

The local level with its authority according to the PBA also more and more demanded such an approach towards the county and the state. Obviously, local authorities sought through such procedures to obtain more direct influence on the higher levels. After some hesitation and some “test runs” the state finally has found the time ripe for further development and application, where the state can set the agenda according to national goals.

### **Testing negotiations for coordinated land use and transportation planning**

In 2003 a research project over 2 years was started in which the researchers should follow an experiment where 7 municipalities called the Follo region (south east of Oslo), should engage in negotiations with the county and the state regarding a path towards more coordinated land use and transportation in order to limit car usage and enhance public transport, the use of bicycles and improved conditions for pedestrians. This project yielded some clear results, although one failed the main target and negotiations towards an agreement was stalled (Ellingsen 2005).

First of all it was possible to get the different municipalities to agree to a common time frame for their individual municipal plans. Secondly, the municipalities did start a constructive approach of working together in order to obtain a mutual approach to improve individual land uses, in spite of previous conditions of competition between the same municipalities. Since the project was interrupted and later closed, it is not possible to foresee the probable outcome, however.

Furthermore, the county managed to play a fairly constructive role between the state and the municipalities, without being accused by other municipalities of being too biased. The state was the one part that met the most difficult challenges in that their actors – the highway department and the state railway – were not given the freedom needed to get into real negotiations. The official reason for this limitation was rooted in the respect for only 1 year budgets by the politicians in the parliament. But the main reason was that the state in reality was unprepared and probably did not expect the local level would manage to get together.

One should also be aware of the challenges that come up when public authorities, bound by regulative rules are set to negotiate. It is much more difficult for such partners to handle constructive negotiations than private interests who are more up to making a deal as long as the bottom line of profit is met. For public authorities it is necessary to obtain mandate and wide enough frames to be able to get tradeoffs and move around in negotiations (Jensen 2004).

The MTC did, however, want to continue the practicing of negotiations, and tried to prepare the ground further. Therefore different consultant were asked to look into new possibilities, and studies were carried out. In the end the idea of negotiations for new economic incentives surfaced as the most promising approach.

### **New economic incentives or “rewards” to the local level (municipalities)**

The whole idea from the state behind introducing new economic incentives was to obtain more environmental friendly and CO 2 reducing effect of regular national budgets in transportation. Since the state do not control land use planning and local transportation planning (including parking), and since direct state intervention is so political unpopular that it hardly exists, and lastly since direct negotiation regarding land use had shown to be difficult, incentives seem to be a much better idea. Such “rewards” from the state give also attention in the media and show a caring state – a good impression of the state. Hence the project “Rewards for improved public transport and lesser use of cars in the cities” was created in 2006.

The state used both the ME and the MTC in this effort, but it is the latter that houses the secretariat. From a rather bashful start a few years ago where cities or regions only could obtain yearly commitments on specific tasks from the state, the project now has increased its scope to written agreements for 4 years after previous negotiations. For this year the “reward money” has been doubled to NOK 323 mill, and the government promises a new doubling in the next four years (if it stays in power, we have a national election this year). The “rewards” are set aside for the larger cities.

This year the city (also a municipality) of Trondheim (pop. 168 000 and 3. largest in Norway, located 540 km. north of Oslo) has negotiated such an agreement as the first one in the country. The state has promised to allot NOK 370 mill over the next four years to a set of specific tasks the city and county have promised to implement. As the county has specific authority in transportation it is necessary for it to join in the final agreement. Hence both the mayor of the city and of the county are signing together with the minister.

The resources set aside to this project will be increased in the time to come, and they come in addition to the regular national budget for transportation. The negotiations can be tough, and some tools and solutions are so unpopular at the local level, that negotiations fail at the first trial, as for the capitol, the city of Oslo (pop.530 000 and largest in Norway). Negotiations with the city of Bergen (pop.250 000 and 2. largest, located on the west coast of Norway), however, seem to proceed in a good manner.

### ***The agreement with the city of Trondheim and its county***

The city of Trondheim has, by Norwegian standards been in the forefront of environmental concern in the latter years. It has been governed by the Labor party and has taken also some rather “unpopular” decisions in land use and transportation. Never the less there seems to be a majority of positive sentiment for environmental actions and a fairly ambitious plan called “The Environmental Package for Trondheim” has been enacted. The state is of course aware of this, and the fact that its “red-green” national politics fall in line.

The negotiations apparently went rather smooth between these parties, probably also due to the preparing actions already taken by the city. It had a “head start” one could say. Looking

closer into the written agreement and its content the following can be extracted and presented here.

The agreement opens by committing MTC to award the city and county the following amount for the period of 2009 – 2012:

2009:	NOK	60 mill.
2010:	“	95 “
2011:	“	105 “
2012:	“	110 “

The agreement is based on an application from the city and county previously this year, and further specifications in the agreement.

The goals, sub goals and list of actions is specifically described in point 2 and 3 in the agreement. The main goal for the period is to reduce car traffic. In the so called “Environmental Package” for Trondheim, the goal is to reduce emissions by 20% before 2018. According to the agreement a major reduction is expected within the agreement period. The car traffic through the toll ring around Trondheim is therefore expected to be reduced by an average of 11 % compared to the situation in 2008 before the exclusive lines for busses and taxis were established.

The following actions are to be taken:

- Toll with differentiated amounts depending on the time and day
- Restrictive parking policy
- ABC policy for land use in the city
- Priority lines for public transport and park&ride facilities
- Improved public transport service, including “Bus Rapid Transport”

Each of these fields of action is elaborated further in the text in order to be concrete enough for setting clear sub goals, monitor over time, and measure the result. There is also a detailed table which shows the expected use of the “reward money” (enclosed).

I like to give just a remark on ABC policy, which means the right activity in the right location. Here the city and the county promise to plan for densification and increased land use around nodes along public transport lines. In Trondheim 80 % of new housing in the 4 year period is to be placed within the built up area as “densification”. And 60 % of new workplaces within labor intensive businesses shall be located inside “The public transport arc” (an area well served by public transport).

The agreement also covers mutual responsibilities of the parties, and ensures that the municipality will not be held liable for incidents like delays from the state or the county, of which they have no control. Money is to be transferred from the state on demand from the municipality 01.03 each year after the yearly report from the municipality is accepted by the state. Should the city reduce its efforts or the results are far lower than expected, reduction in the “reward money” will be the consequence.

### **“Future cities” should also open for new tools**

As mentioned in the introduction there exist another project instituted by ME in cooperation with other ministries (MTC, Ministry of Petroleum and Energy and Ministry of Local Government and Regional Development) called “Future cities” in which the 13 largest cities in Norway participate together with the organization for municipalities in Norway ([www.Framtidensbyer.no](http://www.Framtidensbyer.no)). This project was started last year with a budget of NOK11, 3 mill, increased to 25 mill. this year. The resources are mostly used for organizational expenses and fees for professional consultants, however. The cities will enter into an agreement with ME as to what priority different tasks should have, and they will receive sound advices from the group of ministries. Cities are to meet regularly and exchange experiences between themselves and ministries.

In “Future cities” there are four main targeted areas of concern, namely: land use and transportation, energy in buildings, consumption patterns and waste, and finally adoption to climatic changes. Each city will create their own action plan in order to improve within all the mentioned fields. So far rather impressive goals have emerged. Combined these cities expect to reduce emissions with 35 % within 2030 and 24 % within 2020, thereby more than fulfill the national agreement in parliament on climatic improvements.

Within the different efforts cities will be able to take advantage of different tools and solutions that are offered by the state and it should be expected that also new tools will emerge through this effort. Further expectations are, however, not the topic of this paper.

### **References**

Unfortunately there are no publications in other languages than Norwegian. The references for the two projects can be found on the net for each ministry. To start one enters: [www.regjeringen.no](http://www.regjeringen.no) and from there go to the ministries.

Ellingsen, May-Britt, (2005): *Slå en sprekk i statens vegg?* NORUT Samfunnsforskning AS, Tromsø.

Jensen, Rolf H. (2004): *Forhandlinger, avtaler og forebygging av avtalebrudd.* NORUT Samfunnsforskning AS, Tromsø.

**Enclosure**

**Expected use of reward money in the 4 year period, NOK mill.**

<b>Action</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Sum</b>
Rapid Transit Buss inside the public transport arc	1	2	5	20	28
Prioritized traffic signals and real time information inside the public transport arc		8			8
Improvements in the remaining lines	7	50	67	50	174
Park&Ride and transfer points to be investigated	1	1	3	3	8
Increased public transport service the full year	30	25	20	20	95
Additional public transport service, regular frequencies		10	8	6	24
Further development of electronic pay system	2	2	1	1	4
Marketing of friendly environmental transport modes	3	3	3	2	11
Fixed fares daily travelers and others Reduced fares for daily travelers	10	5			15
<b>SUM</b>	<b>54</b>	<b>107</b>	<b>107</b>	<b>102</b>	<b>370</b>