

# How Regional Authorities Act Under Restricted Decentralization: Evidence from the Norwegian Transport Sector

Julie Runde Krogstad and Merethe Dotterud Leiren\*

## Abstract

The literature on decentralization points out that there is a tendency to limit discretion at the local level by, for example, imposing national standards. It is therefore of interest to understand how sub-national authorities act under conditions of political decentralization, which is not followed by a similar delegation of administrative competence. Are sub-national authorities able to make policy changes or do they simply follow the same path as the central state authorities prior to decentralization? Drawing on insights from organisational perspectives, it might be expected that the shift of organisational locus affects policy change. Based on qualitative data, we explore the Norwegian Reform of Government Administration, which transferred the bulk of the national road network to the regional level in 2010. This was a political decentralization reform. The sub-national authorities continued to rely on the national road agency's competence. Although standards, the professional community in the road agency and limited financial resources hampered the effect of the reform, we find that the regional authorities were able to influence the focus of the road agency towards a more sustainable and holistic regional perspective.

## Introduction

Decentralization reforms are not always clear-cut. More freedom at the lower level is often limited by the introduction of national control measures such as performance indicator systems (Pollitt & Bouckaert 2004: 104), regulations (Fimreite & Læg Reid, 2005; Tranvik & Fimreite, 2006) or standards for welfare services (Vabo, 2014). There is a tendency in several European countries for central controls on decentralized financial and fiscal frameworks to become more stringent, with central government becoming more 'local' (Bouckaert & Kuhlmann, 2016). There is a similar trend in Norway. Despite reforms aiming to provide more freedom for local government, scholars argue that local government is even less autonomous than before (Fimreite & Læg Reid, 2005; Tranvik & Fimreite, 2006).

This tendency may be related to the type of decentralization reform and whether political and administrative capacities go hand-in-hand. Political decentralization transfers authority from one level of elected politicians to another (Pollitt & Bouckaert, 2004; Pollitt, 2005; Ebinger et al., 2011). As politicians need

Julie Runde Krogstad  
Institute of Transport  
Economics, Oslo  
julie.runde.krogstad@austag  
derfk.no

Merethe Dotterud Leiren  
Center for International  
Climate Research (CICERO),  
Norway  
merethe.leiren@cicero.oslo.no

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\***Julie Runde Krogstad** (MA Political Science) is advisor at the transport department in Agder County and former Senior Researcher at TØI - Institute of Transport Economics, Norway. She worked at TØI when working on the REGPOL project, from which this article is a result. Her research at TØI addresses dilemmas related to decentralization of transport policies and discretion of sub-national authorities, marketization and agencification in public transport, multi-level governance in urban transport and political anchorage of networks. Her current work focuses primarily on transport safety, cycling and mobility.

**Merethe Dotterud Leiren** (PhD) is Senior Researcher and Political Scientist at CICERO – Center for International Climate Research, Norway. She worked at the Institute of Transport Economics, Norway, when working on the REGPOL project, from which this article is a result. She has been a Research Fellow at University of Agder, and Guest Researcher at the Humboldt University Berlin. She is particularly interested in dilemmas related to the balance between climate/environmental policy, social policy and economic efficiency in multi-level governance systems, where regulations at one political level creates challenges at other political levels. Her publications address transport, energy and climate policies.

administrative capacity to implement their decisions, there might be limits to political discretion when decentralization reform is primarily political and not complemented by a transfer of administrative capacity. As our interest lies in the relationship between decentralization and the opportunities for politicians to act at sub-national level, we ask the following questions: What leeway does political decentralization without increased administrative capacity give politicians? How do politicians and administrations act under such conditions? Given administrative constraints, are politicians still able to influence important policy changes?

The Norwegian Reform of Government Administration is particularly interesting to study in the light of these questions. Norway has three political levels: municipal, regional and national. The Reform of Government Administration, which was implemented on 1 January 2010, decentralized responsibilities to county level, aiming to strengthen this political level as a regional developer and coordinator between sectors. While the reform as a whole has been characterised as a failure because it did not contribute to establishing a smaller number of stronger regions (Baldersheim & Rose 2011; 2016), there has been optimism related to the considerable changes that took place in the area of transport: The government transferred 80 per cent of the national road network, including ferries, to the regional level. This delegation meant that regional authorities were given an opportunity to reorganize the area of transport.

Within the transport sector, the Reform of Government Administration was seen as an opportunity to improve coordination in a sector where responsibilities are dispersed across different political levels, departments and agencies. In the past decade, increasing concerns about the environment and climate change, sustainable transport systems and the transition from car to environmentally-friendly modes in urban areas have received considerable political attention (Hjorthol & Leiren, 2016). It is widely recognised that addressing such policy problems requires stronger synergies across policy areas (e.g. Koch et al. 2016). The literature addressing transport highlights the need for increased coordination of road and public transport policies (Tennøy 2012).

One aim of the Reform was to gather more policy tools at the same political level (i.e. the regional level), with the expectation that this would have positive effects on regional development, land use and transport planning (White Paper no. 16, 2008-2009). Being a reform of political decentralization with limited administrative capacity, it is of interest to explore whether regional politicians have been able to influence policy change in the transport sector since the reform was implemented. This is particularly interesting as the road administration continued to be located at the central level, representing a certain degree of inertia. We therefore draw on insights from the organizational literature to explain political discretion since the implementation of the reform.

Empirically, this study is interesting because not many studies have looked at the implications of regional reforms for the ability of regional politicians and administrators to exercise regional governance (Røiseland et al., 2015; Kuhlmann & Wollmann, 2011). There is still an 'urgent need for more contextual country-specific information to understand reforms' (Bouckaert & Kuhlmann, 2016), in particular in the area of transport (Marsden & Reardon, 2017). The study is also pertinent because the role of the regional level is contested in many Scandinavian countries (Torfing et al. 2015). However, Norway differs from the other Nordic countries in that the regional level has few

responsibilities (Baldersheim et al., 2011; Bukve, 1998), while holding the key coordinatory responsibility for regional development (Røiseland et al., 2015).

The following section delineates the theoretical perspectives that we use to explain the ability of regional government in Norway to make priorities and coordinate transport policies since the Reform of Government Administration. This is followed by a methods section. We describe the reform process and how regional actors perceive the reform after implementation. Finally, we discuss the evidence and draw conclusions in the light of the theoretical framework.

## Organizational perspectives

Organizational theory teaches us that organizations structure the way actors behave. Organizational structure affects public policy as organizational affiliations inform content and influence the way staff think and act (Egeberg 2012). It produces a range of role expectations in terms of who is supposed to do what, how and when (Egeberg et al. 2016). This means that organizational arrangements shape policy processes by instituting a bias in cognition, incentives and norms (Egeberg et al. 2016), and create both opportunities and barriers for change (Lægreid & Roness, 1999).

As organizational structure affects policy processes, decentralization may imply a change in policies. This is related to the relationship between national and sub-national authorities. As highlighted in the introduction, central authorities tend to restrict freedom at lower levels by introducing central control measures, quality of service standards or tight financial frameworks. This is in line with meta-governance perspectives, which are concerned with the influence of higher political levels on policy processes that have been delegated to lower political levels (Leiren and Jacobsen 2018). Meta-governance illustrates the need for public organizations to control decentralized decision-making organizations (Meuleman 2011) and encompasses the central state's attempts to steer actors in certain directions (Sørensen 2006). In Norway, it has also been shown that sectorized interest groups use strategies to regain control over local priorities after devolution reforms (Tranvik & Fimreite 2006).

Page & Goldsmith (1987) define three main components related to discretion at lower political levels, which refer to the ability of actors within local government to make decisions about the service they deliver, or how it is provided and financed. First, legal procedures, frameworks and standards may restrict local autonomy. For example, the extent to which local government has to have a legal basis for its actions, or specified standards set by central authorities, may impose constraints on discretion. Second, non-legal forms of influence can be a limitation, as technical expertise from central authorities may be accepted as the binding interpretation of the law, or potential non-compliance may be discouraged through threats of legal or financial sanctions. Another important aspect is the interaction between central and local authorities when state policies are being shaped and the extent to which local authorities are able to influence matters important to them. Third, financial control is important for discretion. If central government decisions determine the bulk of local government income, spending on local government services may be restricted. As such, we would expect national standards, expertise and access to financial resources to limit the effects of decentralization.

Some authors are not particularly optimistic about the freedom of sub-national politicians to make decisions (Fimreite & Lægreid, 2005; Tranvik &

Fimreite, 2006). However, it would be surprising if decentralization, even though limited, does not produce any changes.

To understand how sub-national authorities might act under conditions of decentralization with limitations, we draw on key elements in organizational theory. Egeberg (2012) highlights three key characteristics that are important in understanding how organizational structure affects policy processes: capacity, specialization and the office holders' membership relation to the structure. We delineate three expectations (in italics) related to these characteristics.

Capacity concerns the opportunities organizations have to resolve problems in a particular policy area. It refers to resources. For example, when specialized agencies have certain responsibilities, the political entity to which such agencies deliver their services might duplicate certain competences in order to compensate for the loss of political discretion that they experience (Egeberg and Trondal 2009). *It means that even if political decentralization is not followed by a similar delegation of administrative responsibilities, sub-national governments may duplicate administrative competence and thus obtain leeway to make decisions.*

Specialization concerns how an organizational structure is specialized, for example, whether organizations are single-purpose or multi-purpose. Specialization can occur horizontally or vertically within or between organizations. Horizontal specialization concerns the organization of tasks along lines following geographical areas, sectors, functions or clientele (Egeberg et al. 2016). Vertical specialization characterizes the division of tasks between government levels, but also between a government and an agency. In the case of the Reform of Government Administration, the lack of transfer of administrative capacity to the regional level might limit the political discretion at this level. *However, the regional level's multi-purpose characteristics in terms of being in charge of several transport tasks may create opportunities for the politicians, despite the fact that relevant expertise remains at the national level.*

The office holders' membership relation to the organizational structure refers to whether the organization is the decision maker's (e.g. politician or civil servant) primary or secondary structure. The expectation is that individuals utilise most of their time and energy in the primary structure, while participation is expected to be part-time in secondary structures (Egeberg et al. 2016). It means that the primary structure is likely to have a stronger effect than the secondary structure on decision behaviour. This is interesting in relation to the Reform of Government Administration, as administrative capacity for roads is organised outside the regional administration. The delegation of road responsibilities may therefore be an opportunity for politicians to put pressure on the administrative capacity to implement policies, i.e. change the organizational focus of the roads administration. *In this light, the politicians may increase local attention on the administration of roads, thus enabling policy changes.*

## Methods

In order to understand how regional reform has affected the ability (i.e. discretion) of regional government to make priorities and coordinate transport policies at regional level, we have studied the Reform of Government Administration which placed the bulk of road ownership in Norway at the regional level. Of Norway's 19 counties, we have selected six diverse counties varying in degree of delegation of road responsibilities, urban versus rural counties (i.e. size of largest city) and geographical dimension (north versus

south): Hordaland, Sør-Trøndelag, Rogaland, Vest-Agder, Nordland and Troms. To some extent they represent the range of different counties in Norway, as they include different characteristics across the country, although they do not reflect the distribution of variation in the population (Gerring, 2007).

Three of the counties selected have larger urban areas (>300,000 inhabitants) (Hordaland, Sør-Trøndelag, Rogaland) than the other three (<100,000 inhabitants) (Vest-Agder, Nordland and Troms). In two of the counties with large urban areas<sup>1</sup> (Hordaland and Sør-Trøndelag), the county, the city municipality and the Public Roads Administration cooperate through 'governance networks' structured around policy packages in which transport measures and infrastructure investments are given priority. The measures, which also cover public transport investments and operational costs, are chiefly financed by toll ring roads established around the urban areas. Governance networks are established in two counties with smaller urban areas<sup>2</sup> (Vest-Agder and Nordland). Originally, the toll ring roads mainly financed road projects. The policy packages increasingly included 'green' measures with the aim of reducing car traffic and increasing the green modal share in the urban area. Packages that include such measures have received extra funding from the central government's Reward Fund for improved public transport and car reduction in urban areas (see Tønnesen (2014) for more details). Since the introduction of the scheme in 2004, the number of grants earmarked for local governments has multiplied. To obtain funding, the county and its partners must commit to introducing measures to decrease car travel. Sør-Trøndelag and Hordaland have been most successful in establishing such governance networks and receiving additional funding. The geographical dimension is important because the counties are struggling with a range of challenges in relation to transport, i.e. road maintenance, ferries, public transport. The counties of Nordland and Troms are situated in the northern region, Sør-Trøndelag is in the central region, Hordaland and Rogaland in the western region, and Vest-Agder in the southern region.

In order to obtain insights into how regional actors perceive their ability to set priorities and coordinate transport policies at the regional level, interviews with key actors were the main source of data in this study. The interviews were carried out in 2014 and included 26 interviewees, i.e. four or five persons in each of the six counties (26 interviewees in total). In all counties, we interviewed the Head of the Political Transport Committee, the Chief Transport Officer in the county administration and the Head of Department in the regional Public Roads Administration. In addition, we interviewed relevant actors for their key insights into transport governance networks.

The interviews produced important insights into how the regional governments managed the reform, how they used available tools to set priorities and coordinate transport policies, and the barriers they experienced. We let interviewees elaborate freely on themes such as organization of responsibilities in relation to roads, governance and outcomes of the reform. The interviews were semi-structured, thus enabling us to grasp nuances and clarify contextual factors.

Key written sources provided important background information – contracts between the counties and the public roads administration, and relevant transport plans. Policy papers such as the 'Regional Advantages – Regional Future' white paper and various editions of the National Transport Plan provided useful qualitative information about the reform. Similarly, we used secondary literature

such as the Norwegian Public Roads Administration's (2013) own evaluation as well as the International Research Institute of Stavanger's report on the reform (Leknes & Gjerstad, 2013). The secondary literature has a limited focus on coordination of public transport and roads and does not provide any information about increased coordination between different policy areas, which has been the focus of our study.

## Decentralization of road responsibilities in Norway

The Norwegian government's Reform of Government Administration came into force on 1 January 2010. As mentioned, it was a decentralization reform aiming to make the county regional developer and coordinator between sectors at regional level. The main changes took place within the area of transport. The reform meant that regional authorities were able to reorganize the area of transport and increase local democracy.

An important debate prior to the reform concerned the merging of counties into larger regions. However, the political parties favouring larger regions were unable to mobilize a majority in favour of mergers. The proposal to change the regional structure consequently failed and the current county structure remained in place. This was important for how the decentralization reform was carried out. The Public Roads Administration is a state agency that has managed roads on behalf of the national and regional government since the introduction of the Road Act in 1963. This common responsibility across administrative levels is labelled the 'common roads administration'. The agency is organized in six regional road units. The decentralization discussions included a debate on whether administrative capacity should be transferred from the Public Roads Administration to the counties. Having decided not to change the county structure, there were concerns that a transfer would weaken expertise in relation to roads, as it would entail the fragmentation of professional road knowledge from six regional units to the 19 counties (White Paper no. 12, 2006-2007: 44-45). It was decided to keep the 'common roads administration' as it was, which resulted in the decentralization reform being much more political than administrative. Nevertheless, increased responsibilities for roads provided the counties with new opportunities for how to organize transport policy. Continuation of the Public Roads Administration as a 'common roads administration' implied that the county administrations would continue to use their expertise in the Public Roads Administration to plan and estimate road projects, rather than establish their own administrative expertise.

The following describes how actors in the different counties perceived their ability to make priorities and coordinate regional transport policies after implementation of the reform.

## Different organizational arrangements

The continuation of the 'common roads administration' meant that the reform provided limited opportunities for regional authorities to develop their expertise in relation to roads. However, they chose to organize their responsibilities in different ways. Some counties took major steps to increase road expertise within their own organization, and the extent of delegation to the common roads administration varied (Norwegian Public Roads Administration, 2013). All counties, with the exception of Nordland, order services from the Public Roads Administration via contracts (*the procurement model*). In Nordland, the chief

executive of the Public Roads Administration is included as a department manager in the county administration (*the integrated model*).

It has been a challenge for the counties to find the right balance in the delegation of tasks and in managing the work of the Public Roads Administration. Rogaland attempted to establish 'in house' expertise for the planning of smaller projects such as bicycle lanes. The aim was to avoid a role limited simply to managing the work of the Public Roads Administration (Interview 15). However, the department was understaffed and 'there was a mismatch between the competence of the staff and the tasks they were carrying out' (Interview 14). One consequence of this was extensive use of consultants: 'They were at the mercy of consultants, who could deceive us' (Interview 14). Rogaland used consultants because the county did not have the resources to employ more people. After a couple of years, the county decided instead to make more use of the Public Roads Administration. The lack of administrative decentralization, i.e. resources to develop a county road administration, created barriers to counties forming their own administration.

The extent to which counties follow up Public Roads Administration tasks varies, with one county (Sør-Trøndelag) introducing particularly strict control measures. In 2010, when decentralization took place, Sør-Trøndelag increased its staff (by five persons) and established road project leaders in its county administration, which meant that each road project was monitored by permanent contacts in the county administration. Furthermore, Sør-Trøndelag's framework agreement differentiates between 'common roads administration' tasks and tasks that the county may choose to delegate to external consultants. In addition, all projects initiated have separate project agreements (Interview 22, 24). One interviewee explains: 'I think it is important that the Public Roads Administration can compete with other bodies, but it does not necessarily mean that the county should have a 'double' administration. However, to some extent I think we need it in order to be an effective procurer' (Interview 24). Increased control is a question of resources, i.e. having the resources to monitor the Public Roads Administration.

The transport department in the county administration is important for horizontal coordination. In counties with a procurement model, the County transport executive is responsible for roads and public transport, and policies are therefore coordinated before being handed over to politicians. Interestingly, in Nordland, where the head of the Public Roads Administration is also a department manager in the county (*the integrated model*), coordination occurs to a lesser extent than in counties that have implemented a procurement model. Even though department managers in Nordland are instructed to coordinate their areas of expertise (Interview 17), everyday coordination is limited (Interview 16; 20). One civil servant explained that this was due to limited resources in the county administration, but also to different organizational cultures and employers (Interview 16). Interviewees in the county of Nordland argue that they chose an integrated model in order to save costs, i.e. by relying on existing expertise in the Public Roads Administration (Interview 16, 17). Since 2010, the number of employees in the county's transport administration has decreased (Interview 16). One employee in the Public Roads Administration is happy with this solution, arguing that 'this means that they [the county] can use the money on asphalt rather than on additional employees' (Interview 19).

## Coordination of public transport and roads responsibilities

Our interviewees perceive the reform as creating increased political engagement at regional level. Politicians have tried to make it clear to the public that *they* are now in charge of the roads – and not the Public Roads Administration (Interview 8; 13; 22). Since implementation of the reform, the counties' responsibilities for roads have increased. From having been a small road owner, counties are now the largest road owners in Norway. The Public Roads Administration also used to supply road services to counties prior to the reform, but it is now encountering a much more engaged road owner which wants to have more control of the tasks that the Public Roads Administration carries out (Interview 4, 11, 12, 13, 17). This means that the Public Roads Administration has to deal to a much greater extent with a procurer that is highly competent in relation to public transport. The result is a greater focus on public transport in road projects, for example universal design of bus stops and priority for where buses actually go (Interview 1, 6, 24): 'Before the reform, public transport was more of a side-issue. [...] We have noticed that the county has a greater focus on bus infrastructure. Initially, we struggled to fulfil this. [...] The county is pushing us to construct a good public transport system' (Interview 1). Another interviewee argues that the Public Roads Administration has not been 'used to giving much thought to buses' (Interview 13).

Some counties have derived benefit from public transport expertise. Planners of routes and fares related to ferries, for example. This is because ferries, which are part of the road network delegated to counties, share similarities with the operation of local public transport. While some counties have integrated this responsibility in the county administration (e.g. Finnmark, Hordaland and Troms), others have delegated ferry-related tasks to the Public Roads Administration (e.g. Møre og Romsdal and Buskerud). However, even in counties where public transport and ferry administration is not integrated, there might be some learning effects. For example, in Nordland the Public Roads Administration is learning from the county's experiences on how to achieve cheaper competitive tenders (Interview 20).

There is a perception among interviewees that the increased political engagement of road policies at regional level has resulted in greater 'interest, commitment and money' (Interview 1). Statistics Norway (2016) shows that road expenditure has increased for the transport area as a whole, and while it was stable for regional roads prior to 2010, it has increased since implementation of the reform (see Figure 1). In contrast, public transport budgets began to increase prior to the reform, with interviewees arguing that this was related to external financing solutions such as earmarked state grants via the Reward Fund and transport packages mainly funded via toll ring roads (Interview 5; 21).

### Cooperation and extraordinary funding

The development of financing schemes, such as toll ring roads around urban areas and earmarked state grants, has influenced regional transport policies. Interviewees highlight reward funds and transport packages as being more important for the development of public transport than the reform (Interview 1, 2, 4, 5, 6, 21, 22). They argue, for example, that cooperation and funding have been important in making public transport a priority. The reform has been less effective in determining how the counties make priorities between road and public transport (Interview 2, 5, 11, 13, 14, 15, 16, 22, 24).

This is particularly relevant for urban areas where decisions are made in transport networks. Different perceptions exist of whether the county holds

stronger formal power in such networks following the reform. Some interviewees argue that the reform has not affected cooperation in networks (Interview 4, 6). Others argue that it has strengthened the role of the county in networks, as the county now has greater responsibilities and therefore a stronger voice (Interview 21, 23).

### Efficiency in policy-making

According to interviewees, increased local democracy in the transport area has influenced efficiency in policy-making related to road projects. Representatives of the Public Roads Administration argue that efficiency has decreased due to increased 'bureaucracy' (Interview 1, 4, 9, 12, 19, 20, 21) (there are now many more meetings and reports). They perceive the county administration to be detail-oriented and that it makes more stringent demands than central government, which used to be the largest road owner. For example, the national authorities were more ready to accept project delays and budget excesses. However, regional politicians have smaller budgets than national politicians. Budget overruns are therefore more significant in terms of what they can accomplish. Regional politicians therefore do not readily accept delays and budget overruns. They request more reports and details about why this has occurred (Interview 1, 2, 10, 21, 22). One politician argues: 'For us it is a crisis if the budget is exceeded [...]. It is important that this has consequences for the Public Roads Administration (Interview 10). A representative from the Public Roads Administration argues: 'While the central government has mechanisms to compensate for budget overruns, the financial framework in the counties is more limited' (Interview 21).

Another issue is the fact that the Public Roads Administration is not always able to carry out all the projects that it was supposed to, and has consequently not spent all the funding. In these cases, politicians also require reports from the Public Roads Administration explaining why this is the case. One politician argues that citizens blame the politicians, not the Public Roads Administration, when the Public Roads Administration does not deliver (Interview 13). Because of the increased interest in roads in local politics, politicians want to obtain detailed information about the road projects that the Public Roads Administration implements on their behalf.

### Limits to political discretion

Although the reform has increased political engagement, interviewees mention three aspects that limit political discretion. First, the Public Roads Administration is organized as a state agency, which makes it more difficult for local politicians to gain control. Compared to county-owned companies, for public transport for example, politicians argue that they have less insight into the Public Roads Administration as they are not able to intervene directly in relation to priorities and the economy (Interview 10, 11, 13). One politician states: 'We have a different relationship with a company that is wholly-owned by the county. We by no means own the Public Roads Administration' (Interview 13). Moreover, even though regional politicians are in charge of spending the general state grants for transport, considerable sums of earmarked grants are channelled through the Public Roads Administration. For example, one interviewee explained that the county did not have the discretion to use grants for tunnel safety to upgrade a railway line, something which the regional politicians would have preferred (Interview 22). This shows that vertical coordination between

levels of government in the area of transport is continuing to hamper horizontal coordination at the regional level even after the reform.

Second, the Public Roads Administration likes to follow a detailed framework of standards and manuals when designing road projects, which it is required to do for national roads. Some counties have decided to follow the manuals for regional roads (Nordland for example), others have not. However, whether or not to follow the standards is a recurring issue. Most of the interviewees representing a county, politicians and civil servants, highlight the fact that they want alternatives to standards, often cheaper solutions in order to build less ‘elaborately’ – to be able to build more, given restricted financial resources (Interview 2, 13, 17, 22). Interviewees experience the Public Roads Administration as unwilling to provide alternatives to the standards, with its representatives, in line with their profession, arguing about the difficulty in providing an alternative to what they consider the best solution, i.e. the one given in the manuals (Interview 21). The solid road expertise of the Public Roads Administration challenges political decisions as they ‘think they know better’ (Interview 10).

Third, financial discretion has been limited since the reform, prior to which debatable calculations estimated road maintenance expenses to be some EUR 2.3 billion (White Paper no. 16, 2008-2009: 75). More recent estimates from the Public Roads Administration put expenses at more than twice that figure (Sund, 2013). The lag in maintenance contributed to increased road expenditure (Rasmussen et al., 2014). In addition, costs of contracts with contractors have increased greatly. In other words, central government delegated roads to the counties at a time when there was a major need to catch up with the maintenance backlog. In interviews, county representatives say that they are ‘powerless’ in the face of the maintenance challenges, as they do not have sufficient resources. One politician argues: ‘It wasn’t a reform, but a belly flop. When we said what responsibilities we wanted, we got nothing. All we got was some roads in poor condition. [...] For me, a reform is about making major changes, not just embellishing’ (Interview 13). In line with this argument, many interviewees point out that changes to the reform have been minuscule (Interview 5, 8, 13, 17, 22). However, interviewees also point out that it is important and appropriate for the county to be responsible for roads, and that the reform has had important implications for local democracy (Interview 16, 22). This shows the duality of the reform: while on the one hand it has given local politicians a clear responsibility, on the other, this responsibility is weakened by the status quo of the administrative organization.

## Discussion

The aim of the Reform of Government Administration was to bring more policy tools together at a single political level in order to improve coordination between road, public transport and land use. However, the Reform was simply political as administrative competence remained at central state level. Does this mean that the politicians’ ability to make policy changes was limited? In line with the literature, the evidence shows that standards, expertise and financial resources have hampered the effects of the Reform. The study shows that some counties have chosen to follow the national *standards*; however, even in counties where politicians have decided that they will not necessarily adhere to the standards, it may be difficult to deviate because the Public Roads Administration argues that the standards provide the “best” solutions. There is an on-going debate in general

in Norway related to standardization versus local adaption for public services. Central government has an increasing interest in influencing municipal activities to ensure that citizens gain access to the same services independently of where they live (Vabo, 2014). However, local adaption can be beneficial, given differences in demography and local environment (Vabo 2014). There is a democracy dimension related to this, as standardization underpins an extended state model rather than local democracy. The tension between adapting policies suited for one geographical area versus the objective of strict equality underlies many of the Norwegian debates on local government (Baldersheim & Rose 2011). Although road infrastructure is necessarily based on professional judgements, it can be important to adjust the solutions to the local context.

Another barrier to political discretion embedded in organizational structure is *expertise*. In the case of the Reform of Government Administration, the transfer of expertise to the regional level is limited because the key expertise in relation to roads remains in the hands of the Public Roads Administration. The allocation of administrative expertise is similar to what it was prior to the Reform. Old practices remain in place because the counties are obliged to continue using the Public Roads Administration, which makes it difficult for the regional authorities to make changes and find alternative solutions to road projects even when they want to. Tennøy (2012) argues that when planners in the Public Roads Administration use its methods and its knowledge in land use and transport development, the solutions often involve tools under its control.

*Financial resources* also limit discretion at lower levels. The evidence suggests that since the implementation of the reform, financial restraints have limited the discretion of regional government, although the regional authorities have increased the transport budget. Increasing operating and maintenance costs, along with an extensive maintenance lag, has made it difficult for counties to give priority to their resources in any way other than by trying to prevent a further lag in maintenance and covering increasing contract prices through using contractors. Politicians say that they do not have the resources to act. Along similar lines, Tosics (2011: 29) argues that local government will be overloaded with decentralized tasks unless it gets the necessary financial resources. In other words, the backlog and lack of financial resources limit the ability of regional politicians to make decisions, although decentralization has increased their responsibilities.

So far we have discussed the evidence in the light of restrictions, however, the evidence shows that, despite the aforementioned limitations, the regional authorities have been able to effect some changes.

In describing expectations from organisational perspectives, we anticipated that policy changes would occur. The first of these expectations suggested that sub-national governments might duplicate administrative expertise and thus be able to increase its ability to make policy changes. Indeed, the Reform made it possible for the counties to reorganise their own administrations and decide how they wanted to manage their relationship with the Public Roads Administration. However, there were limited opportunities for regional authorities to develop their own road expertise, due to lack of resources and the continuation of the 'common roads administration'. Grappling with how to manage their relationship with the Public Roads Administration, some counties (i.e. Sør-Trøndelag) chose to increase organizational capacity in order to improve political control over the Public Roads Administration. Although costly, organizational capacity has increased the agency's focus on signals from the

political leadership (Egeberg & Trondal 2009). The counties' different ways of implementing and adapting to increased road responsibilities reflect the fact that one reform provides the basis for different local practices. This is not surprising, since decentralization is more likely to increase local disparities (Powell & Boyne, 2001). However, in terms of service delivery, the centralized organizational structure is fixed in relation to national frameworks and standards for road infrastructure.

The second expectation addressed organizational specialization in terms of being single- or multi-purpose, horizontal or vertical. The regional level is multi-purpose in the transport sector as it is responsible for both public transport services and roads. However, the division of tasks is in part vertical for roads as the road administration is located in an agency at the national level. The fact that the counties are competent public transport authorities has affected the road projects to some extent. The evidence suggests that there is increased coordination of public transport and road policies within many of the counties studied. However, urban transport networks based on toll ring road schemes as well as extraordinary funding from central government have been more important for this coordination than the Reform of Government Administration – although the reform has given the county a more important role and a stronger voice. As shown, the funding has increased for both roads and public transport after the decentralization reform. Although regional authorities have undoubtedly prioritised roads and public transport in their budgets, road tolls and extraordinary funding from central government have given them the leeway to invest in both. Although counties have a free rein to utilise their transport budgets, they cannot use earmarked funding channelled to the Public Roads Administration, Reward funds or governance networks. This illustrates how meta-governance is used by the national government to influence regional policies. This might maintain the strong vertical structures between transport segments and sectors apparent in central government structures (Difi 2016), making coordination of regional policies more challenging. Other studies find that strong vertical structures at the national level make coordination across sectors challenging (Fimreite & Læg Reid, 2005).

The third expectation suggests that the politicians are eager to make visible changes and look for such opportunities when increasing the number of public service responsibilities. The evidence shows that the reform has made it possible for the regional politicians to put pressure on the Public Roads Administration to shift their focus somewhat, as the counties are now the largest road owners. All interviewees emphasize that the Public Roads Administration is now held accountable to regional politicians, who make 'more stringent' demands in terms of keeping to budgets and deadlines. In reference to accountability, a recurring question in the literature addressing political and administrative processes is how the 'right' balance can be found between agency autonomy and political control (Christensen & Læg Reid, 2007). In particular, agencies with politically salient tasks have a greater chance of being closely monitored (Verschuere, 2007). Researchers also argue that it is not particularly common for local politicians to maintain a distance to policies; rather they tend to get involved (Krogstad & Leiren, 2016; Vabo, 2000).

## **Conclusion**

In summary, the decentralization reform has increased political engagement in road projects. However, restrictions related to national standards, expertise and

financial resources curb discretion at regional level. National road standards and norms limit the possibilities politicians have to change priorities, as the standards require more funds and less costly solutions and limit the scope of alternatives. Expertise and distribution of resources between the national and regional level remain with the 'common roads administration', which creates challenges when it comes to controlling and following-up road projects. Increased contract costs and a maintenance lag on roads that have been transferred greatly restricts the possibility that politicians have to assign priority in any other way than covering what it 'has to'. This is in line with literature that argues that central government is becoming more 'local' (Bouckaert & Kuhlmann, 2016).

Having studied the leeway that sub-national authorities have, and whether they are able to effect important policy changes or only able to follow the path prior to decentralization, we find that the Reform of Government Administration has been successful in creating political engagement and provided certain opportunities. These opportunities include prioritising roads for public transport over other roads, considering alternatives to the national standards, and following-up the Public Roads Administration's implementation in more detail (e.g. in cases of delay or budget overrun). The extent to which counties have made use of such opportunities varies.

Such experiences may have contributed to laying the foundations for further incremental changes, as they have made it possible for the regional authorities to challenge the organization and professional community in the Public Roads Administration. The Reform of Government Administration has strengthened the negotiating role of the county, particularly within urban transport networks. Such changes in relative power relations in the coordinating network are probably more important for the Reform's effects on actual policy than decentralization itself.

Future research should look into the conditions under which restricted decentralization leads to incremental changes that may eventually radically strengthen the regional level while further weakening the regional level. For example, as a part of a new Local Government Reform initiated only five years after the Reform of Government Administration (White Paper no. 14, 2014-2015), in August 2017 the government decided to merge several counties into larger regions and that the Public Roads Administration's tasks related to the county roads would be transferred to these new regions, keeping the central Public Roads Administration unit solely as a state agency. In May 2019, the Public Roads Administration published a report, suggesting how to reorganise its structure, when it transfers its administrative capacity related to county roads to the new regions on 1 January 2020 (Public Roads Administration 2019).

It would also be fruitful to examine decentralization reforms in the light of governance approaches, as the study suggests that network governance has been more important than decentralization in contributing towards increased coordination of road and public transport policies. Although the aim of decentralization is to transfer responsibilities to regional authorities, thereby providing more freedom for sub-national governments, the urban networks have been more important for policy coordination at the regional level than decentralization.

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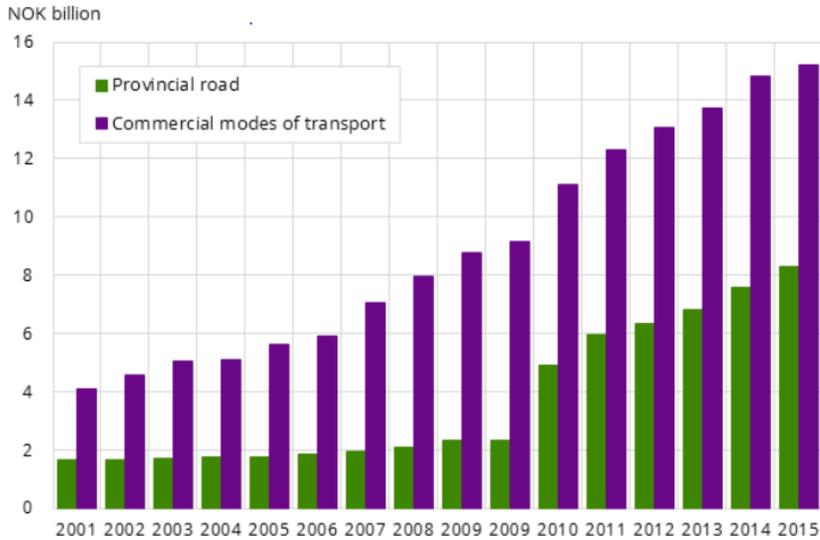
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<b>Interview no.</b>	<b>Organization</b>	<b>Date</b>	<b>Location</b>
1	Public Roads Administration	07.03.2014	Kristiansand
2	Vest-Agder County	07.03.2014	Kristiansand
3	Public Roads Administration	02.04.2014	Oslo
4	Public Roads Administration	30.04.2014	Bergen
5	Hordaland County	30.04.2014	Bergen
6	Hordaland County	30.04.2014	Bergen
7	Hordaland County	30.04.2014	Bergen
8	Troms County Public Roads	08.05.2014	Tromsø
9	Administration	08.05.2014	Tromsø
10	Troms County	08.05.2014	Tromsø
10	Troms County	08.05.2014	Tromsø
11	Troms County Public Roads	08.05.2014	Tromsø
12	Administration	12.05.2014	Stavanger
13	Rogaland County	12.05.2014	Stavanger
14	Rogaland County Public Roads	12.05.2014	Stavanger
15	Administration	12.05.2014	Stavanger
16	Nordland County	10.06.2014	Bodø
17	Nordland County	10.06.2014	Bodø
18	Nordland County Public Roads	10.06.2014	Bodø
19	Administration	10.06.2014	Bodø
20	Public Roads Administration	10.06.2014	Bodø
21	Public Roads Administration	16.06.2014	Trondheim
22	Sør-Trøndelag County	16.06.2014	Trondheim
23	Sør-Trøndelag County	16.06.2014	Trondheim
24	Sør-Trøndelag County	16.06.2014	Trondheim

## Appendix

Figure 1. The counties' gross operating expenses in the transport and communication sector<sup>1</sup>



<sup>1</sup> Figures for the concern as from 2009. A new administrative reform as from 2010.  
Source: Statistics Norway.

## Endnotes

<sup>1</sup> Rogaland county adopted a similar policy package in 2014.

<sup>2</sup> Troms county has not succeeded in establishing cooperation with the city municipality.