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Note prepared for the conference *European Sustainability Berlin 07*

A brief presentation of the 2006-2007 peer review of Norway's national strategy for sustainable development

1. The peer review process

As one element in the extensive process of revising its national strategy for sustainable development, Norway wanted to have a peer review. A point of departure was that the review should be carried out fairly rapidly, in a cost-effective manner and that the procedure should not be a too heavy administrative burden.

In the spring of 2006 the Norwegian Ministry for Finance, which coordinates the government's work on sustainable development, invited Sweden to be a peer. The Swedish Ministry for Sustainable Development accepted this invitation. A project plan was agreed in September 2006. The review was structured in the following parts:

- Design of the strategy (scope, institutions, indicators, follow-up).
- Climate policy.
- Biological diversity (some parts).
- Trade and development assistance.

A peer review group was formed with regard to this selection of topics. The group comprised five public servants from different policy fields who each had relevant practical and theoretical experiences. In addition, Norway wanted a perspective from a developing country, so an economist from Uganda was included in the team to work on trade and development assistance together with one of the Swedish team members.

It can be seen that the scope of the review did not only cover the sustainable development strategy as such but also three substantive policy areas. This in a sense made the review wider in scope compared to the textbook model. On the other hand, there were only two reviewing countries, and most of the topics were covered only by the Swedish peers. Moreover, all the peers were taken from the

public administration. This meant that there were no participation from external stakeholders or NGO:s in the review team. These choices meant costs in terms of less variety of perspectives and expertise but benefits in terms of speed and administrative costs.

Since Swedes and Norwegians easily understand each other's languages, all Norwegian policy documents were accessible for the Swedish members of the team without translation. A few brief notes in English on the selected areas were prepared by the Norwegian authorities especially for the peer review. The team could thus base itself on a large source of public documents but also on articles and reports from other domains.

The review process was divided into the following phases:

- Initiating and securing commitment to the process (June 2006)
- Preparing for the review/ Planning phase (August-October)
 - Documentation and background information
 - Scoping: Determining the extent and the emphasis of the review process
 - Determining which actors should be invited to take part in the process
- Undertaking the review (October – March)
 - Initial seminar
 - Peer review seminar (consultation)
 - Drawing up and discussing the report
- Disseminating of the review findings (March)
- Implementation (March- October 2007)

During the autumn the Norwegian authorities provided broad background documentation in the relevant areas. The intensive phase of the review process was initiated with a seminar in Stockholm in December 2006, during which Norwegian academics and officials presented the selected policies. From the Swedish side, the review team plus a wider circle of people attended in order to have a broadly based discussion. During two days in January 2007, the review team met with a large number of Norwegian stakeholders invited among NGO:s, researchers, labour market organisations, companies, municipalities, government agencies and ministries. These hearings produced a wide variety of perspectives on the sustainable development policies.

A draft of the final report was discussed with Norwegian officials to test conclusions and check for factual errors. Responsibility for the final report, however, rested fully on the review team in a personal capacity.

The report was presented by the review team to the minister of finance and the minister of environment on a well attended press conference in Oslo at March 20 2007. The event was covered by several newspapers and TV.

2. Recommendations and conclusions

The following were the main recommendations and conclusions of the report.

The first theme concerned *general aspects of the design of the sustainable development strategy*.

1. The intention to change the format from an action plan (as in the 2003 policy document) to a strategy document should be carefully considered. It is good to clarify the big lines of action in a strategy document. On the other hand, the new strategy should not be too general. It also needs to be concrete with clear targets and actions.
2. Norway has developed a theoretical framework for its sustainable development policies in a model called "the capital approach" (preserving and developing the capital base in its broad sense). This is a strength. Sustainable development policies can thus benefit from a clear structure. However, it is not always evident how the capital approach has been applied in practice. The social dimension should be strengthened. Endeavours should be made to work across traditional sectors so that the strategy can develop synergies.
3. The European dimension should be strengthened. Norway should regularly and actively review its strategy and its policies in relation to the EU:s policies for sustainable development in order to safeguard that Norway remains among the most advanced countries in Europe as regards sustainable development Norway can do this while still maintaining its own model for sustainable development policies. In some aspects, EU policies seems to be ahead.
4. Cost effectiveness should be emphasised as an important guiding principle for sustainable development policies. The discussions on market based instruments should be taken forward. Impact analyses should, in line with the EU, be systematically applied as a horizontal method for strengthening sustainable development work.
5. The Norwegian principles for sustainable development should be reviewed in order to ensure that they correspond to the principles that are actually applied. The EU guiding principles on sustainable development could help.
6. The fact that coordination of sustainable development policies are located in the Ministry of Finance is a strength in the Norwegian approach. This way of organising sustainable development work is interesting in an international perspective. Further efforts should be made in order to exploit the advantages of this arrangement, in particular by linking sustainable development work with the budget process.
7. Sustainable development does not have a particularly strong institutional base outside the Cabinet Office. This increases sensitivity for changed political priorities. A council or a commission for sustainable development should be considered. Such a body can improve participation from stakeholders outside the government and also have a role in the follow-up. Both a model with an independent council and a model where the council is closely attached to the government are conceivable.

8. Norway's work on indicators is ambitious. The capital approach should be preserved. However, there is also a need for indicators which are clearly linked to political goals. Using quantitative targets as a work model is good and gives indicators a stronger role in follow up. Today it is difficult to get a clear picture of the effectiveness of follow up.

The second theme concerns *climate policy*.

9. Norway should develop a clearer and more comprehensive climate strategy than the present one. Such a strategy should present goals and measures, both at the national and the international levels in a comprehensive way.
10. The government should clarify its international intentions after the expiry of the first Kyoto commitment period 2008-2012.
11. Norway's efforts on carbon capture and storage (CCS) are of big importance for testing the technology, gaining experiences and bringing costs down. For the latter, a continued support to technical development is probably crucial. Norway should continue to develop its unique competence in this field.
12. Norway should consider incentive measures for developing local climate work, particularly in the municipalities.
13. Public procurement is an important instrument. The government should work to ensure that actors within the government sector as far as possible apply environmental criteria in public procurement.
14. The high rate of differentiation of the carbon dioxide tax should be reviewed, with a view to have a uniform tax rate.
15. Norway will join the EU Emission Trading Scheme in 2008. It should consider auctioning the highest share possible of emission rights.

The third theme concerns *biological diversity*.

16. Objectives and targets should be clarified and more clearly linked. Follow up of measures needs to be improved.
17. It will be difficult for Norway to achieve the goal of halting the loss of biological diversity by 2010. Increased resources coupled with direct acute measures are needed, with a focus on the most threatened species and types of nature.
18. The system for protection and management of protected areas should be reviewed. The scattered population pattern provides possibilities to improve maintenance. Biological diversity needs to have a stronger position in relation to other interests in society.
19. The EU system *Natura 2000* could serve as a guiding example. Norway can adapt the system to fit domestic conditions.
20. There is a need for better indicators for protection and management and for threatened species.

The fourth theme concerns *trade and development assistance*.

21. The Norwegian policies are inconsistent by on the one hand, being generous and on the other hand applying a strong protectionism. That can

impact on the poorest countries (though not the very least developed countries that enjoy a favoured status) with a large export of agricultural products and textiles.

22. Development assistance is spread out on a large number of countries, sectors and actors. This raises doubts as regards fulfilment of objectives and cost effectiveness. The increased focus that was announced in the national budget for 2007 is to be welcomed, particularly in the light of the rapid increase of aid volumes. In parallel, there is a need for a strengthened evaluation function that is integrated in the operative work.
23. The strategy of channelling a large part of the assistance through NGO:s should be examined. It is unclear whether these organisations possess the relevant top competence. The risk for a geographical fragmentation increases. It is possible that emergency aid – an important part of Norwegian development assistance – rather should be channelled through multilateral organisations.
24. The indicators for trade and development assistance should be reviewed, supplemented and in some cases replaced. The present situation can be improved by simple means.

The team's general picture of Norway's work with sustainable development is that it is pursued with political commitment, ambition, a high professional level and openness. All the points of criticism and proposals for ameliorations listed above should be seen in the light of that general picture and in relation to the character of the assignment – to contribute to an improved new strategy for sustainable development.

3. Follow up in the proposal for an updated National Sustainable Development Strategy

The Norwegian Government put forward a proposal for an updated Strategy for Sustainable Development June 4 2007. The Strategy will be sent on a broad public hearing until mid-August. After the hearing process the Government will sum up the process. The Strategy for Sustainable development will be included in the National Budget for 2008 which will be presented to the Parliament in October 2007.

The peer review met its intentions as one of the most important inputs to updating the Strategy of Sustainable development. The recommendations are viewed as highly relevant and important. The recommendations were discussed in the committee of state secretaries which coordinates the work on sustainable development, and the main recommendations were also presented to the cabinet. Some of the main conclusions and the follow up are mentioned in the strategy.

Several of the recommendations will be followed up either in the Strategy and/or in other White papers and propositions to the Storting (The Norwegian Parliament). In some areas policies mentioned were already in the process of

being updated and strengthened. The peer review then acts as a further support for ambitious policies.

General aspects of the design of the strategy (scope, institutions, indicators, follow-up).

- Scope and priorities in the Strategy
 - The Norwegian Sustainable Strategy focuses on seven thematic areas:
 - a) International cooperation to promote sustainable development and combat poverty.
 - b) Climate change, the ozone layer and long-range air pollution.
 - c) Biological diversity and the cultural heritage.
 - d) Natural resources.
 - e) Hazardous chemicals.
 - f) Sustainable economic and social development.
 - g) Sami perspectives on environmental and natural resource management.
 The policy areas are quite similar to the policy areas under the Plan of action from 2003. In the proposed updated strategy social issues is more emphasised, this is also reflected in that *social* is included under heading g).in addition to economic. .
- Norway is a Member of The European Economic Area, and thereby has to implement all relevant EU legislation into Norwegian law and follows the EU decision making processes tightly. In the Strategy the link to EUs policy in different areas is made clearer.
- The government has decided to review how existing provisions for public decisions making could be amended to explicitly take sustainable development into account in budgetary and other decisions .
- The indicators for sustainable development are revised in conjunction with the revision of the Strategy. The decision will be presented in the budget. It is an aim for the government to link indicators to the political goals. The increase in emphasis of social issues is likely to have an influence in the choice of indicators.

Climate policy

The review group points out the early implementation of a CO₂ tax and underlines the importance of the work to develop technology on carbon capture and storage of CO₂, but expresses that there is a need for a clear strategy on climate change policies. Several important decisions addressing Norwegian climate change policies have been made this spring.

- The Government presented renewed national climate change goals in the Revised National Budget for 2007 in May this year.
 - The Government put emphasis on the need to negotiate a broader and more ambitious agreement to follow Kyoto.
 - Norway will commit to reducing global emissions of greenhouse gases by 2020. corresponding to 30% of Norway's 1990 emissions

- By 2012 Norway will reduce its GHG-emissions to a level 10% below its Kyoto obligations. Norway is the first country to announce such a target. Norway calls for other countries to take similar action.
- Norway will take responsibility for reducing emissions of green house gases corresponding to 100% of its 1990 emissions by 2050. This will make Norway carbon neutral. Norway might be the first country in the world to set such an ambitious target.
- The targets will be met by a combination of national reductions and use of the Kyoto mechanisms.
- In the Strategy for Sustainable development Climate change is pointed out as one of the main challenges for a sustainable development. The poorest countries will be most affected, The developed countries have the main responsibility for the existing GHG concentration and have the largest economic resources. In addition to financing considerable emissions reduction at home, the developed countries must finance considerable emission reductions in their own countries. This will promote the transfer of income from developed to developing countries,.
- A White paper on Climate change which will be submitted to the Storting by the end of June will clarify further Norwegian action to reach the climate policy goals. Sector plans including for the municipality sector will be presented as a part of the White Paper,
- In May the Government submitted a proposal for a law on the emission trading scheme for 2008- 2012. The features of the system are very near EU ETS. However the amount of quotas sold is considerable larger and the total amount of quotas allocated less, compared to projected emissions. The Government aims at linking the Norwegian system to EU-ETS by January 1 2008.
- The Government has to decided to prepare an action plan for environmental and social responsibility for public procurement. The main features of the Action Plan were presented in the White Paper no 26 (2006-2007), “State of the environment report” forwarded to the Parliament in May this year.
- The Norwegian government will continue its work on technology for capture and storage of CO₂, and will support to establish a carbon capture facility connected to the gas fired power plant which is under construction at Kårstø, and also contribute to establish a carbon capture facility connected to the gas fired power plant at Mongstad.

Biological diversity

The criticism from the review group is strongest addressing policies on biological diversity. The White Paper no. 26 (2006-2007), “State on the environment report” comprises several measures and actions which follows up the recommendations from the review group and former initiatives to ensure the fulfilment of the goal of halting the loss of biological diversity by 2010.

- The national program for mapping and surveillance of biological diversity will be extended and strengthened.
- The system for management and maintenance of protected areas will be strengthened.

- Norwegian policies for conservation and sustainable use of the most important areas for biological diversity, and a national mapping and identification system, is developed in cooperation with the municipalities. The areas are to be identified in the municipality planning, and will be managed according to regulations in the revised physical planning act and a new biodiversity act to be finalized by the government in 2007. This network, based on well defined threatened and vulnerable nature types, is different but still largely compatible to the EU system *Natura 2000*.
- Both the relevant protected areas and the most important parts of the network for areas important to biodiversity conservation is reported to the European Environment Agency (EEA) as well as the Emerald Network, the Bern-conventions “twin-system” to *Natura 2000*.
- A Nature-index for Norway is under development and will be presented in 2008.
- A report on the progress on the goal of halting the loss of biological diversity by 2010, will be presented in 2008.
- By establishing a “species data bank”, also cooperating closely with the data bank in Sweden, we have obtained substantial improvement in producing national species red lists, alien species lists, nature types red lists based on scientific data. This will be an important tool in the years to come for conservation and sustainable use of biological diversity, as well as planning and management of protected areas.

Trade and development assistance.

- The review team criticises Norway for spreading development assistance on a large number of countries. Norway focuses on the importance of having a broad commitment to aid among the citizens and a strong presence of NGOs. The review group also acknowledges that this is underpinning the political mandate for a large aid volume.
- The government wishes to concentrate on the areas of aid where Norway has special capabilities and competences – and where this competency is in demand. In the Uganda case in the peer review document Norway is credited for directing the aid to sectors which is prioritized by the Ugandan government.
- Norwegian efforts are targeted at countries where there are great, unmet humanitarian needs, and where Norway is particularly well placed to make a contribution, or where the measures concerned support peace and reconciliation processes.
- Children, women, minorities and indigenous peoples are priority groups. There is a particular focus on anti-landmine efforts and efforts to ban cluster munitions that have unacceptable humanitarian consequences. The Government emphasizes that humanitarian assistance should be a supplement to, rather than a substitute for, political action.
- The UN has a key role in the Government’s humanitarian policy. Supporting the Red Cross and NGOs is also an important part of Norway’s humanitarian efforts.

- The Norwegian government is at present reviewing its GSP measures (Generalized System of Preferences), and in particular the present GSP provisions for tariff and quota free market access for all product from all the least developed countries. An interdepartmental group displayed a report in April this year. One of the proposals in the report is to extend the provisions for tariff and quota free market access to 14 more countries (all low income countries)
- Sustainability Indicator no. 2 is the level of Norwegian imports from Africa and the LDCs in Africa. Improvements in the GSP provisions are aimed at increasing these imports. However, there are many other factors than tariff barriers that make trade between Africa and Norway difficult.
- Increased imports could help combating poverty in the poorest countries and thus contribute to global sustainability. On the other hand, trade over long distances could be a negative factor in relation to creating environmental sustainability.
- The Government is working on an Action Plan for Aid for Trade, aiming at an increased cooperation in particular with the LCDs in Africa in this field. The general objective is to integrate better the poorest countries into international trade and the multilateral trade system, and to help them increasing their exports in general. Measures to try to increase their exports to Norway in particular are one part of this general effort.

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