



Kingdom of Norway Initiative and Innovation in the Norwegian INDC Preparation

Activity	Norway's Intended Nationally Determined Contribution (INDC) was prepared and submitted at an early stage of the international process, advancing an innovative and progressive approach towards the accounting for land use, land-use change and forestry (LULUCF) and pursuing collective delivery with the EU.
Country	Kingdom of Norway
Sector(s) involved	All
Time frame	2014—2015

Case summary On 26 March 2015, Norway was the third government after Switzerland and the European Union to officially submit its Intended Nationally Determined Contribution (INDC) to the UNFCCC. Like the EU, Norway announced an emission reduction target at least 40% below 1990 levels by 2030. The target is economy-wide and covers 100% of national GHG emissions.

Being among the first Parties to submit an INDC, Norway demonstrated initiative and responsibility in the process towards a new international climate agreement in 2015. With regard to substance, two particular aspects in Norway's INDC deserve emphasis: firstly, Norway advances an innovative and progressive approach towards accounting for land use, land-use change and forestry (LULUCF). In the absence of a common framework at the European or international level, Norway unilaterally adopts the position that a future methodology for LULUCF accounting shall not affect its ambition level for 2030. Secondly, Norway intends to co-operate with the EU on a collective delivery of the targets. This is a clear political signal towards a closer collaboration with the EU in order to improve climate policy efficiency and raise efforts and ambition at a larger scale.

Norway's proactive approach in the preparation and submission of its INDC makes it an important role model that might encourage other countries to follow suit.



View into the valley ©iStock.com/GCShutter

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Background

Norway ratified the Kyoto Protocol in May 2002. For the first commitment period (2008-2012), Norway pledged to limit emissions to 1% above 1990 levels¹. For the second commitment period (2013-2020), the country pledged to reduce average annual emissions by 16% below 1990 levels². In addition, Norway proposed in the Copenhagen Accord (2009) to reduce emissions below 1990 levels by 30% to 40% by 2020³, and put forward a long-term goal of achieving carbon neutrality by 2050 (to be realised through the use of international offsets). A White Paper⁴ that was presented by the Norwegian Government in February 2015 includes a further long-term goal to significantly reduce domestic emissions and become a low emission society by 2050. As yet, there are no quantifications regarding this goal, but it represents a clear direction for further development. When this White Paper was discussed in Parliament, it decided to ask the government to elaborate a detailed implementation plan for the 2030 target within the current parliamentary period, which ends in 2017.

INDC development: After some preparatory work led by the Ministry of Climate and Environment, the government began work on the INDC in January 2014. The INDC builds upon the government's pledges in the Copenhagen Accord and is anchored in the White Paper of February 2015. Norway proposes to reduce at least 40% of emissions by 2030 and reinforces its commitment to reach carbon neutrality in 2050 and become a low emission society by 2050.

Activities

- » **Assessment of emission levels and emission trajectories consistent with a low-carbon society in 2050:** The Ministry of Climate and Environment commissioned the Norwegian Environment Agency to conduct a comprehensive assessment of the emissions trajectory necessary for Norway to become a low carbon society by 2050, and an analysis of different options for emission levels in 2025 and 2030, as well as the costs and consequences of achieving these levels (Norwegian Environment Agency, 2014)⁵. In addition, Statistics Norway and the Ministry of Finance have provided substantial input for projections on Norwegian emissions. These different data sources provided a first starting point for the preparation of the INDC.
- » **Chapter in national budget:** In May 2014, the revised national budget included a separate chapter that defines several principles for preparing the INDC, such as the principle to work with an economy-wide reduction target, to address all sectors and gases, and others.
- » **White Paper on emission reduction target and implementation:** In February 2015, the government presented a White Paper, which includes specifications on Norway's emission reduction targets for 2030 and on implementation through collective delivery with the EU. The White Paper, which has been discussed and approved by Parliament, presents a legal framework to Norway's INDC.
- » **Inter-ministerial working group:** An inter-ministerial working group, led by the Ministry of Climate and Environment and involving all relevant ministries, carried out the work on the INDC. Further inputs such as documents and analyses were prepared by the Norwegian Environment Agency, Statistics Norway and independent research institutes (in particular the Norwegian Forest and Landscape Institute). The results of the working group provided a foundation for final decision making in the government.
- » **Extensive stakeholder consultation process:** In the INDC preparation process, the Ministry of Climate and Environment organised external meetings and open hearings for interested stakeholder groups and NGOs, in order to distribute important information and to make the preparation process as transparent and traceable as possible.

¹ At the international level, Norway decided to exceed this target by 10 percentage points. This target is anchored in a parliamentary decision but not an international obligation.

² This is equivalent to about a 30% reduction in the year 2020.

³ 30% is Norway's current commitment. The option of moving to 40% is conditional on that this contributes to a global and ambitious climate agreement where major emitters take commitment in line with the 2°C-target.

⁴ The White Paper has not been published in English yet, thus no direct citations are possible. The English version will soon be available at the website of the Norwegian Ministry for Climate and Environment: www.kld.dep.no.

⁵ A recent update and refinement of this report was published in June 2015.

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» **Collective delivery with the EU:** In the INDC preparation process, Norway decided to propose a collective delivery with the EU in order to highlight the close cooperation between Norway and the EU on climate policy. Details on the implementation through collective delivery are included in the White Paper of February 2015. As of August 2015, the dialogue between Norway and the EU had started at the official level. However, outputs are not yet mature for political discussion.

Institutions involved

- » **Federal ministries:** Ministry of Climate and Environment (lead), Ministry of Transportation, Ministry of Petroleum and Energy, Ministry of Finance, Ministry of Foreign Affairs, Ministry of Agriculture and Food
- » **Federal agencies:** Norwegian Environment Agency, Statistics Norway

Cooperation with

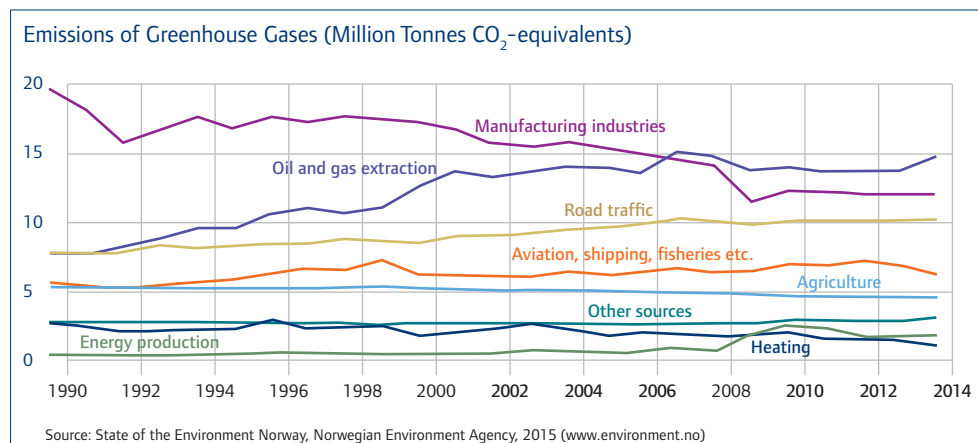
- » Research institutions (in particular the Norwegian Forest and Landscape Institute)
- » Industry and business associations
- » Non-governmental organisations

Finance

The preparation of the INDC was funded through the federal budget (or, more specifically, through the budget of the Ministry of Climate and Environment). Precise estimates of total costs for the implementation of the INDC are not available. Yet, the Environment Agency conducted a broad assessment of emission reduction measures and corresponding costs, which provide a basis for estimating costs associated with the implementation of the INDC (which are subject to constant updates and refinements). In addition, Statistics Norway is exercising macroeconomic modelling to indicate the aggregate cost of emission targets.

Impact of activities

- » **Strengthening of the political agreement on climate policy on the basis of sound scientific analysis:** Central results from the IPCC's 5th assessment report as well as documents and analyses prepared by the Norwegian Environment Agency, Statistics Norway and the Norwegian Forest and Landscape Institute provided scientific input for the development of both a national and international climate commitment for Norway, and a basis for strengthening the national cross-party agreement on climate policy.
- » **Anchoring of INDC in domestic policies and legislation:** The INDC is anchored in the White Paper of February 2015, which was presented by the government and approved by Parliamentary vote. Parliament then requested the government to present a proposal for a climate law (preparations for this legislation are underway). Given the current government is a minority government, it is especially important that parliament is involved closely in important political processes and provides direction for further work of the government.



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- » **Pooling of knowledge and experience:** The creation of an inter-ministerial working group ensured the efficient use of knowledge and experiences available across government, and reduced the need for additional capacity-building activities.
- » **Creation of broad acceptance for climate policy:** Through the active involvement of important stakeholders, research institutes and NGOs in the preparation process of the INDC, understanding and acceptance were created in the broader public, which ensures backing of the government's current climate policy. A regular dialogue with these actors on long-term goals and ambition levels revealed what is possible both in a technical and a political sense and allowed increased ambition throughout the process.

Why is it good practice

- » **Integrity of emission reduction target:** Norway has committed to an ambitious target of at least 40% emission reductions by 2030. The target is fixed and will not be changed, even if a common framework for LULUCF accounting was decided upon at a later point in time⁶. It is based on enhanced national climate policy efforts in five priority areas: reduced emissions in the transport sector, low emissions technology in industry, CO₂ capture and storage, renewable energy, and environmentally friendly shipping. The inclusion of these details in the INDC ensures the integrity of the target, regardless of developments at the international level. Also, Norway is considering increasing its emission reduction target beyond 40% (through the use of flexibility mechanisms under the UNFCCC), if this would contribute to a global and ambitious climate agreement in Paris.
- » **Ambitious long-term goal:** Norway's INDC includes two long-term goals. Norway has committed to becoming carbon neutral by 2050, keeping open the possibility of using international flexible mechanisms in addition to national measures in order to achieve that goal⁷. Regarding domestic emissions, Norway has put forward the objective to become a low emission society by 2050. These long-term goals give a clear political signal and stimulate discussions on what the development in Norway should look like, not only in parliament but also among various stakeholder groups. As such, the long-term goals form part of a broader picture within which various processes have started (e.g. the development of a strategy for green competitiveness) that gain a lot of interest and establish a clear sense of (political) direction at the national and international level.
- » **Exemplary approach towards LULUCF accounting:** In the absence of an EU-wide methodology for LULUCF accounting, Norway is the first country to announce that future decisions on LULUCF accounting will not affect the country's ambition level for 2030. In practice, this means that net removals that are included in the historic accumulation of removals between the base year of 1990 and the projected levels will not count towards the 40% target. Additional removals from new measures (such as increased afforestation), however, will be eligible for accounting. Through this approach, Norway highlights the importance of creating incentives for new measures in the land use and forestry sectors, which are more likely to be implemented if countries receive credit for them. If the EU decides, at a later point in time, on a common framework for LULUCF accounting, Norway is prepared to change its current approach. Yet, changes will be done in a way that will not affect Norway's ambition level, i.e. if the EU were to decide on a methodology that allowed for net LULUCF removals to count towards countries' commitments, Norway would recalculate its commitment to ensure that the ambition level stays the same. This procedure is particularly remarkable in view of another approach that is discussed at EU level according to which LULUCF sinks could be used to replace emission reductions in those

⁶ Still, there are some conditions around the implementation of the 40% target: In case of collective delivery with the EU, Norway assumes to have access to the same flexibility mechanisms that EU Member States have and that Norway's participation in the EU ETS counts towards its commitment. In case of individual delivery, Norway assumes to have access to the same flexible mechanisms as under collective delivery. Yet, Norway will continue to use market based mechanisms under the UNFCCC and apply strict criteria to ensure that such credits represent reals and verifiable emission reductions and that double counting is avoided.

⁷ In case of an ambitious global climate agreement where other countries also undertake ambitious commitments, Norway will adopt a binding goal of carbon neutrality no later than 2030.

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sectors that are not covered by the EU ETS. That would risk reducing the total amount of EU emission reductions. Norway's early positioning in the debate on LULUCF accounting serves as a role model and might motivate other EU Member States to follow suit.

- » **Collective delivery with the EU:** Norway intends to fulfil its commitment through a collective delivery with the EU and its Member States. This decision is a strong political signal vis-à-vis the EU and emphasises the current government's intention to collaborate more closely with the EU, in particular in the field of climate change. Collective delivery is expected to facilitate the inter-European exchange of knowledge and experiences on low-emission development and to help Norway to further join up with the broader European system. Moreover, linking the Norwegian target to the EU target is expected to help raise efforts regarding emission reductions in non-EU ETS sectors. In the case of collective delivery, Norway will comply with the same rules that apply to EU Member States. In particular, Norway will accept a national target for emission reductions in non-EU ETS sectors and will not use international flexibility mechanisms under the UNFCCC to reach its target (nevertheless, Norway assumes to have access to the same flexibility as EU Member States). Collective delivery thus ensures that emission reductions will be fully implemented in the EU and Norway.

Success factors

- » **High-level political ownership:** A high-level political decision was essential to start the process and to provide initial direction. The strong political commitment has been maintained in the inter-ministerial working group.
- » **Long-term goal:** The inclusion of a long-term goal provides a clear policy signal and a direction of travel, increasing the support from stakeholders and other interest groups.
- » **Building on existing practices:** In a situation in which there was very limited guidance from the international level, it was beneficial to build on existing and acknowledged international methodology (e.g. IPCC methodology) in order to conclude on a mitigation target.
- » **Innovative approach:** In the absence of a common framework for LULUCF accounting, it was important to elaborate an approach that takes into account local circumstances while simultaneously raising efforts and ambition at the international level. This ensured broad political backing for the approach domestically as well as international recognition for the domestic efforts.

Overcoming barriers/ challenges

Information

Political

**What were the main barriers/challenges to delivery?
How were these barriers/challenges overcome?**

Absence of international rules or guidance for INDC preparation.

Norway advanced an innovative approach building on existing international practices. At the same time, Norway reserved the right to change or revise its INDC in light of later decisions on the European or international level in order to reduce perceived risk and ensure full support from different stakeholders.

Uncertainty at the international level regarding overall ambition.

High-level political commitment and early stakeholder consultation helped to understand what was possible in both a technical and political sense.

Lessons learned

- » **Innovation and initiative are key:** Being among the first countries to submit an INDC requires a high degree of initiative for starting the process. In addition, innovation for the establishment of necessary structures and the coordination of contents is required, involving different ideas and concepts that are forwarded by a number of stakeholders.
- » **Dialogue drives acceptance and ambition:** Early involvement of research institutions and stakeholders (such as industry and business groups) in the process can provide important input and help to understand what is possible in both a technical and a political sense, creating broad acceptance and pushing ambition further on the basis of a common understanding.
- » **Existing practices provide a good starting point:** If no rules or guidance for a new process are available, existing methodologies or practices at the international level designed for other, related processes can provide a good starting point and can prevent a government having to start from scratch.

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How to replicate this practice	» Technical recommendations <ul style="list-style-type: none"> » Start to define the kind of mitigation target that will be put forward at an early stage. » Make very clear what is included in the target (in terms of sectors and gases). » Build as much as possible on established and tested practices and acknowledged international methodologies (such as IPCC methodologies). » If possible, use a historic base year rather than projections or reference levels as this might save time and resources required for additional analysis and political agreement.
	» Political recommendations <ul style="list-style-type: none"> » Build broad political backing in the government. » Involve all stakeholder ministries very early in the process. » Have early and regular dialogue with research institutions and stakeholder groups.
Contact for enquiries	» Karine Hertzberg, Ministry of Climate and Environment Karine.Hertzberg@kld.dep.no
Website(s)	www.regjeringen.no/en/dep/kld/id668
Case study author(s)	Marie-Jeanne Kurdziel, NewClimate Institute, Thomas Day, NewClimate Institute
Case study contributor(s)	Karine Hertzberg, Ministry of Climate and Environment
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