

**SGI** Sustainable Governance  
Indicators 2009

## Norway report



## Executive summary

Norway is a typical consensus-driven democracy. It performs well in most international comparisons of governance, economy, social conditions and quality of life. That record no doubt reflects the true situation of the country. It is dynamic, adaptable, modern and capable of change. Almost all OECD countries struggle with more or less pervasive limitations to their reform capacity. Such limitations can also be identified in the case of Norway, but, while real, are comparatively minor.

A review of the government's work program reveals a high level of activity across the board. This includes various significant reforms, but one would hardly describe the program as one of aggressive and vigorous reform. One reason for this might be that economic and social conditions in Norway are orderly and kept orderly by a steady flow of cautious step-by-step legislation rather than by big, spectacular one-off reforms.

The Norwegian policy style has been shaped by a state-centered tradition, which has resulted in a peculiar system of state capitalism. The state is by far the largest owner of capital in the country, holding a third of the equity traded on the Oslo stock exchange. It also serves as virtually the sole funder of research, education, culture and other areas, including "voluntarism." This makes Norwegian society oddly oligopolistic and non-pluralistic in a world where competitiveness is increasingly the order of the day.

Citizens are subject to a heavy tax burden, both through very high consumption taxes and relatively high labor income taxes. Corporate taxation is by contrast moderate. A large share of the tax revenues is spent on the welfare state's personal transfers, which contribute to making Norway a low-inequality society. The government also spends significant resources on infrastructure and the provision of public goods. However, expenditure on infrastructure is characterized by a strong and arguably excessive emphasis on remote regions.

All in all, Norway is a very comprehensive welfare state, with a well-functioning health system. Although levels of corporate investment are high, the extent to which this is due to government policy is unclear. On the one hand, the bureaucracy is relatively simple, and it is easy to set up a new company.

On the other hand, the government does not follow a fully coherent enterprise policy. Furthermore, education and innovation policy are areas of concern. Norway's labor force is one of the most educated in the world, and the government spends a considerable amount of resources (7.6 percent of GDP) on public education. But the country's share of degrees granted in scientific disciplines is very low by international standards, which limits the impact that public investments in education have on the nation's competitiveness and capacity for innovation.

The performance of Norwegian students in the OECD's recent Program for International Student Assessment (PISA) study was below the OECD average, especially in scientific knowledge, where students obtained even lower scores than students in low-performing countries such as Italy, Spain and Germany. More emphasis on student incentives, teacher quality and a culture of excellence are necessary to improve these performances.

From an innovation perspective, Norway spends little on R&D (1.6 percent of GDP, compared to a respective 3.5 percent and 4 percent in Finland and Sweden). This low level of investment shows up in the relatively small number of patents granted. The country would certainly benefit from more investment in R&D. However, there are also questions about the way existing research funds and state subsidies are allocated. Ample scope remains for increasing investment in academic and basic research, as well as to promote more joint involvement of by private and public actors.

Politics is characterized by continuity and pragmatism. The September 2005 national elections brought in a majority center-left coalition government, replacing a minority center-right coalition. This resulted in a very considerable change of government style, but less of a change in substance. The pre-2005 minority coalition government had little control of the legislative agenda, and rule emanated directly from parliament rather than from government leadership. The post-2005 government is in better control of the agenda.

However, in spite of this clear difference in style, the story is still one of continuity in legislation proper. Legislation progressed on a steady basis in the pre-2005 period, with no sign of crisis or paralysis, and legislation continues on the same steady basis in the post-2005 period. Nor was there much discontinuity in the substance of legislation. For example, several of the reforms being pursued by the current government are essentially following through on legislation passed in the previous period.

The lack of visible vigorous reform may simply reflect the step-by-step character of Norwegian governance, combined with an exceptionally solid financial situation both in terms of private and public budgets, so that there is

no need for reform more spectacular than what has been forthcoming. However, there are characteristics in the Norwegian system often thought to distract from governance and reform capacity. Among these, the following might be mentioned:

- The state-centered tradition. The state has been and remains an overpowering institution of national leadership. Private institutions, including those in finance and industry, play a marginal role in national life outside of pure business. Civic life is widely seen to be an area of undisputed state responsibility.
- Coalition parliamentarism. An electoral system of proportional representation encourages small parties. It is often suggested that this makes for weak governments and a distorted division of power between legislature and government. In this view, governments are unable to rule effectively, and decision-making has to be cobbled together in the legislature by means of back-room bargaining and horse trading. This is thought to give small narrow-interest or populist political parties disproportionate influence, and to make it difficult to drive through policies that are costly, controversial or represent substantive reform.
- Wealth. North Sea petroleum has dramatically increased national wealth, as is clear to see in household and government accounts alike. While that is largely positive, it is also seen to breed a kind of complacency with regard to difficult political decision-making and reform. In particular, it is seen that the combination of coalition parliamentarism and government wealth could result in complacency and a low reform capacity, shielded behind a pretense that the country can buy its way out of the need for reform and modernization.

## Strategic Outlook

The Norwegian political system functions well, characterized by a relatively high degree of trust and legitimacy, a sound economy, a generous welfare regime, and a relatively high degree of internal and external security. Revenues from the petroleum industry have made the system fairly sustainable. In addition, a fairly effective public administration and a well-developed cooperative relationship between the government and various interest organizations (particularly those representing employers and employees) have contributed to reduce the level of conflict and increase the ability to implement joint reforms and adaptations. International cooperation has also contributed to increasing the country's reform capacity.

However, a variety of outstanding issues pose continuing challenges. These include education, the integration of immigrants, environmental policy, research funding, enterprise policy, and reform of the health care, pension and retirement systems. In most of these areas, small- or large-scale reforms are already underway.

A summary of key areas of challenge follows:

- National leadership. The state-centered tradition in Norway is a burden on the country's capacity for modernization, innovation and reform. The reason is not that the state has provided bad leadership; it has not. Rather, in a world of global economic and social competition, there is a need, particularly in a small country, for some pluralism and diversity of leadership to provide the necessary pressures for modernization, change and competitiveness.
- Conflict between central government and local governments. An improvement in communication and collaboration between the central government and local governments would be desirable. A heavily centralistic approach can become a burden on the country's capacity for modernization and reform. However, it would be necessary to increase local governments' accountability and fiscal responsibility in order to make more decentralization viable.
- Education. Norwegian governments need to worry more about the quality of education. This implies strengthening student incentives, monitoring and upgrading teacher quality, and introducing a culture of excellence that is currently lacking. The current demand-driven system of university access, under which students can choose their preferred field of study without any constraint, fails to take labor market needs into account and should be reformed. In the current system, a significant part of educational expenditure represents a subsidy to consumption rather than true investment in human capital investment. The problem is made more severe by the wage compression that weakens the incentive for students to self-select in the most socially productive areas. Competition between academic institutions should be encouraged, and financing should be tied to academic excellence.
- Research policy. Investments in R&D, both public and private, must be increased. Investments in academic and basic research should also be increased, promoting more joint activity between private and public actors.
- Oil fund. The oil fund policy must be continued. The concern here is that a large (and slowly growing) minority of the population supports a switch to more populist and less responsible fiscal policies. Several steps ensuring this

should be taken. Governments should improve their public communication on the issue, in hopes of

guaranteeing support for the current policy. In addition, all non-populist parties (both those in government and those currently in the opposition) should make strong commitments not to renegotiate the basic principles of the oil fund policy in pursuit of political alliances.

- **Infrastructure and regional policy.** Norway's stress on regional redistribution is excessive. Large infrastructural investments are made that only benefit very small communities. In contrast, infrastructural investments around the cities of Oslo and Bergen appear insufficient, given the affluence of the country. The policy of agricultural subsidies is also very costly and should be at least partially reconsidered.

- **Industrial policy.** The government should avoid the temptation of protectionism. Government interventions to prevent Norwegian companies from being bought by foreign owners appear anachronistic, and violate the principles of a modern market-oriented economy.

- **The state-church relationship.** The institution of the state church stands in the way of equity of status and treatment for the country's various faith-based and religious groups. Norway recently suffered the humiliation of a negative verdict in the European Court of Human Rights, which cited the country's limited freedom with respect to faith practices. In the course of a relatively short period, the country has been transformed into a multicultural society with respect to religion and ethnicity. The state church stands as an impediment in the country's uneasy quest for social harmony on these new pluralistic terms. There are strong moves in the country for the church to be disestablished, and the time is ripe for this to be done.

- **The constitution.** Norway's venerable constitution hails from 1814, and was in its time pioneering and democratically radical. However, it has gradually become outdated. Not only does the written constitution fail to reflect the facts of the actual constitution as now accepted, and therefore to serve as a democratic inspiration, it also describes an outdated elitist democracy which is at odds with the country's vision of itself as a popular democracy. The people are conspicuously absent from the formal text, and human and minority rights have weak constitutional protection.

## Status Index

### I. Status of democracy

#### Electoral process

*Fair electoral process*

*Score: 10*

Norway's procedures for registering candidates and political parties are considered to be fair, and have not been questioned or debated publicly in recent years. No candidate or party is discriminated against. A new law on the registration and financing of parties was passed by parliament in 2005, and the earlier articles on party registration removed from electoral law. The only requirement for starting a party is to collect at least 5000 signatures from Norwegians who have the right to vote.

*Fair electoral campaign*

*Score: 10*

Candidates and parties are free to purchase political advertising in print publications and on the Internet. However, advertisements from political parties are not allowed on television or radio. This ban has been subject to some controversy, with the populist Progress Party advocating a removal of this ban. The other political parties are opposed to changing the law.

Television and radio broadcasters organize many electoral debates, to which all major parties (those with a vote share larger than 3 percent in the previous election) have fair access. However, the biggest two parties, the Labor Party and the Progress Party, are interviewed more often and participate in more debates. Political advertising during election campaigns is extensively regulated to ensure that voters are aware of its source. During elections, a team of reporters from the state broadcasters organize the public debates. There is no direct government interference in choosing this team of journalists. However, in the 2005 election, it came to public attention that the leader of this team had previously been a member of the Labor Party. This spurred some debate, but she was not forced to resign. Overall, access to the media is open and universal.

*Inclusive  
electoral process  
Score: 10*

All Norwegian citizens 18 years old or more have the right to vote in parliamentary elections. In local elections, even permanent residents who have resided in Norway for at least five years have the right to vote. There is no requirement of prior registration. Each eligible citizen receives a voting card sent by mail. It is possible to vote before the election.

Since 2005, this early voting procedure has taken place at specific locations, including Norwegian embassies abroad. Previously, it had been possible to vote in advance by mail, but the system was abandoned because it was perceived to be too expensive. There has been no allegation from any political party that the electoral process is not inclusive. Election turnout is high and discrimination is rarely reported. Young voters “learn” voting behavior in schools, and arrange a school vote prior to reaching the age of voting eligibility.

#### **Access to information**

*Media freedom  
Score: 10*

TV and radio are predominantly state owned, while the newspapers are entirely in private hands. The dominant media house (NRK) is government owned, but organized in a way that ensures considerable autonomy. The government does not intervene in the organization’s daily practices or editorial decisions. However, since NRK is a non-commercial actor, it is largely financed by a tax imposed on all citizens having access to a television. The size of this tax is set by parliament, and the chairperson of the state channels is appointed by the government. Until 2007, the chairperson was always a former politician. However, in 2007 a professional media person without former political affiliations was chosen.

An institution called the “Kringkastingsrådet” plays an oversight role, monitoring, debating and expressing views about the management and activities of the state-funded broadcast media. It can also give advice on administrative and economic issues. The issues debated by the council can originate with the chairman of the state channels or from the public (including criticism and complaints). The opinions expressed by Kringkastingsrådet carry substantial weight, and recommendations from this council are usually implemented. Eight council members are appointed by the parliament, and an additional six by the government. The government does not control the council. For instance, the current committee chairman is affiliated with one of the main opposition parties, the Conservative Party. Newspapers are free from any government interference. Freedom of the press is explicitly guaranteed in the constitution. This article was amended and strengthened in the recent overhaul of the constitution, which was completed in 2004.

*Media pluralism**Score: 9*

The state broadcast channels control dominant shares of the country's TV and radio audiences. There are two private radio and TV channels. The government does not interfere with the daily activity of the private stations, but monitors to ensure they comply with their contractual obligations, which include broadcasting throughout the entire country.

The government regulates television or radio signal broadcasters. The stated goal of this regulation is to guarantee quality and national coverage. Cable TV is essentially unregulated beyond the effect of general laws (e.g., pornography laws).

Newspapers operate entirely independently and express a plurality of views. Norway is the country with the highest per capita newspaper circulation in the world. The two largest newspapers (Verdens Gang and Aftenposten) are owned by the same private company, Schibsted, which is publicly listed. The owner does not currently exercise any significant influence on the views expressed in these newspapers (in contrast, Aftenposten had a clear right-wing affiliation up until 20 years ago).

The concentration of ownership has not, so far, been perceived as a threat to the plurality of media. However, private ownership is becoming increasingly oligopolistic across print and broadcast media. Although there is a tradition of nonintervention by owners in editorial matters, the print media as a body has at critical junctures become politically biased rather than balanced. Broadband Internet is widely used and accessible all over the country.

*Access to government information**Score: 10*

Norway's constitution was amended in October 2004 to include a specific right of access to documents, and the right to attend court proceedings and meetings.

The Freedom of Information Act of 1970 gives every person a broad right of access to official documents held by public authorities. Official documents are defined as information which is recorded and can be listened to, displayed or transferred and which is either created by the authority and dispatched or has been received by the authority.

All records are indexed at the time of creation or receipt and some ministries make the electronic indexes available on the Internet or through e-mail. Requests can be made in any form (even anonymously) and must be responded to immediately. Internal guidelines issued by the Ministry of Justice say that requests should be responded to within three days.

Documents can be exempted from release if they are made secret by another law or if they refer to national security, national defense or international relations, financial management, the minutes of the State Council, appointments or protections in the civil service, regulatory or control measures,

test answers, annual fiscal budgets or long-term budgets, or photographs of persons entered in a personal data register. If access is denied, individuals can appeal to a higher authority and then to parliament's Ombudsman for Public Administration, or to a court. The Ombudsman's decisions are not binding but are generally followed. There have been very few court cases dealing with this issue.

The 1998 Security Act sets rules on classification of information. It creates four levels of classification and mandates that information cannot be classified for more than 30 years. The Act on Defense Secrets prohibits the disclosure of military secrets by government officials and also the collection (in the form of sketches, photographs and notes) and disclosure of secrets by others, including journalists. Articles 90 and 91 of the criminal code criminalize the disclosure of secrets, and provide for imprisonment of up to ten years).

### Civil rights

*Civil rights  
protection  
Score: 10*

State institutions respect and protect civil rights. Personal liberty is well-protected against abuse by either state or non-state actors. People cannot be detained without charge for more than 24 hours. A court decides whether or not the suspect should be held in prison during the investigation. The issue of civil rights receives considerable attention in the media and by intellectuals, as well as from the government bodies responsible for their protection.

Access to justice is free and easy, and the judiciary system is viewed as fair and efficient. There is full freedom of movement and of religion. Respect for civil rights extends to the issue of asylum seekers. One example is that of Mullah Krekar, a citizen of Iraq, who is the former leader of the terrorist group Ansar al-Islam. Krekar applied for asylum in Norway in 1991 but his application was denied on grounds of national security. Both Iraq and the United States have asked for him to be extradited. However, since these countries both practice the death penalty, Norway's government has not sent him out of the country so far.

*Non-  
discrimination  
Score: 9*

Equality of opportunity and equality before the law are firmly established. There is an ombudsperson for civil rights. The Sami minority living in the north of the country has some limited self rule. Up until the 1980s, there was some open contention with the Sami over the use of natural resources in the north, but the issue has since subsided.

Men and women have essentially identical educational attainments. Labor force participation rate by women is very high, at 72 percent. There is some evidence of gender discrimination in wages, as women's earnings are average just 84.7 percent of men's. However, once the number of hours worked, occupation,

education and experience are controlled for, there are no significant differences between the earnings of men and women. This evidence does not per se imply that there is no gender discrimination at all in the labor market (e.g., men may find it easier to be hired in high-paid occupations).

Day care services are widespread and heavily subsidized. One of the major achievements of the current government has been to lower the price of day care, and to provide full day care coverage for all parents seeking it. In 2006, a law went into effect introducing affirmative action in the selection of board members for publicly listed companies. Under this regulation, at least 40 percent of board members must be women.

Some discrimination against non-Western immigrants seems to persist. Immigrants earn lower wages and have substantially lower employment rates than native Norwegians. Although discrimination against immigrants (including in the labor market) is illegal, in practice very few cases are prosecuted.

#### Rule of law

##### *Legal certainty*

*Score: 10*

Norway's government and administration act predictably and in accordance with the law. Norway has a sound and transparent legal system. Corruption within the legal system is not a significant problem. The state bureaucracy is regarded as both efficient and reliable. Norwegian citizens generally trust their institutions.

##### *Judicial review*

*Score: 10*

The Norwegian legal system is grounded in the principles of the so-called Scandinavian civil law system. On the one hand, there is no general codification of private or public law, as in civil law countries. Rather, there are comprehensive statutes codifying, among other things, central aspects of the criminal law and the administration of justice.

On the other hand, Norwegian courts do not attach the same weight to judicial precedents as do members of the judiciary in common law countries. Court procedure is relatively informal and simple, and there is a strong lay influence in the judicial assessment of criminal cases.

At the top of the judicial hierarchy is the Supreme Court. Directly below the Supreme Court is the High Court. The majority of criminal matters are settled summarily in the so-called "Forhoersrett." A Court of Impeachment hears criminal charges brought against government ministers, members of parliament and Supreme Court judges, although it is rarely used. The courts are strongly independent of any influence exerted by the executive. Professional standards

*Corruption prevention**Score: 9*

and the quality of the internal organization are regarded as high.

Corruption is rare in Norway. The few cases of government corruption that have surfaced recently have been at the municipal level. As a rule, corrupt office-holders are prosecuted under established laws. The income declarations of all Norwegian taxpayers are available online. Newspapers often publicize such information, especially in the cases of members of parliament and figures holding influential public administration positions. There is a great social stigma against corruption, even in its minor manifestations. However, there has been a growing concern over government corruption in specific areas such as building permits.

## II. Economic and policy-specific performance

<i>Basic socioeconomic parameters</i>	<i>score</i>	<i>value</i>	<i>year</i>
GDP p.c.	6.68	47207 \$	2005
Potential growth	4.29	3.5 %	2008
Unemployment rate	9.58	3.5 %	2006
Labor force growth	5.79	3.6 %	2007-2008
Gini coefficient	9.12	0.251	2000
Foreign trade	1.97	-30.6	2005
Inflation rate	7.99	0.5 %	2007
Real interest rates	7.92	4.3 %	2007

### A Economy and employment

#### Labor market policy

*Score: 10*

The unemployment rate in Norway has recently reached its lowest level in 20 years. Thus, unemployment is considered to be under control. This success is due, on the one hand, to successful labor-market policies, and on the other hand to a strong economic boom driven in part by the high price of oil. The

country's labor market policy has traditionally been proactive, with an emphasis on retraining long-term unemployed workers. Unemployment benefits are generous. Employment-protection laws impose restrictions on dismissal procedures. However, layoff costs are small for firms which do need to downsize. This guarantees a certain amount of mobility in the labor force.

There is no minimum-wage policy in Norway. However, in most sectors wage floors are set by negotiations between unions and employers. Indeed, wage setting is dominated by collective agreements, and bargaining is still quite centralized.

The recent economic literature portrays Norway and Denmark as successful examples of the application of the so-called "flexicurity model," combining high labor mobility (flexibility) with high levels of government-provided social insurance (security). However, concern has mounted over an increasingly large part of the population leaving the work force early due to health concerns and early retirement plans. Reforms of the early retirement and pension arrangements have thus been the subject of considerable recent discussion.

### Enterprise policy

*Score: 5*

Norway has experienced a long period of sustained growth, and corporate investments are accordingly high. The extent to which this is due to government policy is questionable. On the one hand, the bureaucracy is simple and it is easy to set up a new company. Moreover, macroeconomic stability and good institutions provide a good business environment. On the other hand, the government does not always pursue a coherent enterprise policy. The previous right-wing government pursued significant privatizations, while the current left-wing government is reversing some of these policies. For instance, in July 2007 the government bought a 12 percent stake in Aker, the biggest Norwegian shipyard company, in order to prevent its acquisition by foreign owners.

It is also difficult to point to industrial policies that actively foster growth. Government priorities are distorted by regional and sectoral objectives, favoring traditional activities such as agriculture and fisheries which have not contributed to the recent surge in economic growth. In principle, the government promotes pro-competitive policies.

However, its behavior has in some instances been contradictory, trading off competition policies with other objectives. For example, the two biggest companies in the Norwegian offshore oil industry, Statoil and Hydro, have been allowed to merge in spite of the risk that this will generate a monopolistic structure in this key sector.

## Tax policy

*Score: 9*

Norway imposes a heavy tax burden on consumers, both through very high consumption taxes and relatively high labor income taxes. Corporate taxation is by contrast moderate compared with other countries, although the tax rate on dividends has been recently increased.

An important fiscal reform introduced in 1992 equalized taxation on different types of capital. However, residential capital is taxed at a significantly lower rate. In general the tax code is simple and equitable, and tax compliance is high.

A large share of the tax revenues is spent on personal transfers in the context of the welfare state, which contribute to making Norway a low-inequality society. The government also spends significant resources on infrastructure and the provision of public goods. However, expenditure on infrastructure is characterized by a strong (and arguably excessive) emphasis on remote regions. The high level of tax receipts, combined with significant oil revenue, make public revenue sufficient to sustain the government's ambitious expenditure policy.

## Budgetary policy

*Score: 10*

The Norwegian government receives a large flow of financial resources from the extraction of oil. This flow started in the 1980s, and is projected to remain substantial until around 2040. In many countries, the abundance of natural resources has given way to corruption and irresponsible fiscal policies. Norway has so far avoided this "resource curse."

One important achievement has been the establishment of a so-called petroleum fund, created in 1990 by the Norwegian parliament as a means to share oil proceeds between current and future generations, as well as to smooth out the effects of highly fluctuating oil prices. The fund is administered by Norges Bank Investment Management (NBIM), an arm of Norway's central bank. It is currently the largest pension fund in Europe; it is estimated that the fund will exceed the equivalent of \$500 billion by the end of 2009.

Under current rules, the government is required to invest all oil revenue in the fund. Each year, at most 4 percent of the fund's value is made available for current expenditure. This principle is supported by all political parties except for the populist Progress Party. When including the oil fund, the net asset

position of the Norwegian government amounts to about 120 percent of GDP. This surplus is sufficient to cover outstanding and future pension liabilities, putting the country in a unique position compared with most Western countries. The petroleum fund is invested 60 percent in stocks and 40 percent in bonds, and is not allowed to own Norwegian assets. The latter constraint is motivated by the desire to avoid an implicit nationalization of the economy that might threaten the independence of the nation's corporate sector. Budgetary policy has therefore been largely effective in ensuring fiscal sustainability.

## B Social affairs

### Health policy

*Score: 8*

Norway has an extensive health system, providing good services to its resident community. Anyone who is resident in Norway has a right to publicly provided economic assistance and other forms of community support during illness. Health care for mothers and children is especially good, as in other Scandinavian countries. Infant mortality is the sixth lowest in the world. Per capita health expenditures in Norway are more than 50 percent higher than the OECD average. The country's total health expenditures total about 12 percent of GDP, a third more than the OECD average.

The public share of this expenditure in Norway is also high, with 84 percent of health spending financed by the government. Health care costs accounts for a growing proportion of total public spending, with its share rising from below 16 percent in 1997 to slightly above 19 percent in 2006. Inpatient and day cases make up the largest single share of central government expenditure.

Yet although Norway offers high-quality health care services to the entire population, its efficiency is questionable. A recent study based on 47 Finnish and 51 Norwegian public hospitals found that the average level of cost efficiency was 17 percent to 25 percent lower in Norwegian than in Finnish hospitals.

In a major health care reform in 2002, ownership of all public hospitals was transferred from the regions to the central state. Subsequently, new "health care regions" were established, larger than the previous ones. These were given management responsibility, without ownership. The intention was for these regions to streamline and coordinate health care services, and impose a stricter regime of budget discipline. However, reorganization has been slow, and remains ongoing. Vast amounts of resources are being consumed by procedural

work and pervasive conflict, and the efficiency gains, if any, have yet to be identified. This reform has been uniquely unsuccessful by Norwegian standards. A previous reform, which came into effect in 2001, established a general-practice system for the first time, so that all persons and households would have a designated primary care doctor or practice. This was implemented with relative ease, and contributed to a notable improvement in access to quality primary health care.

### Social cohesion

*Score: 10*

Like other Scandinavian countries, Norway is a relatively equitable society. Poverty rates are among the lowest in the world. The Norwegian government has assumed responsibility for supporting the standard of living of disadvantaged or vulnerable groups. As a result, expenditures for social policy are well above the EU average. Government-provided social insurance is strong in almost all areas. Family support exceeds 3 percent of GDP, in the form of child allowances, paid leave arrangements and child care. Social insurance spending related to work incapacity (disability, sickness and occupational injury benefits) is also generous

### Family policy

*Score: 10*

Labor market participation by women is among the highest in the world, at 72 percent, and is only slightly lower than male participation, at 78 percent. However, there is clear gender segregation in the labor market, with much of the increase in women's employment rates coming in the form of public sector and/or part-time jobs. Day care services are widespread and heavily subsidized. One of the major achievements of the current government has been to lower the price of day care, and to provide day care services to all parents who want it. The fertility rate is about 1.8 percent; although this is below the replacement rate, it is nevertheless one of the highest in Europe.

Family policy is oriented towards promoting equal opportunity and equitable representation of women in leadership positions, such as in political and business settings. There is a 12-month maternal/paternal leave that provides parents with 80 percent of their salary. Six of the weeks are reserved for the father. These reforms have increased the involvement of the father in the first year of the baby (about 90 percent of fathers now take these six weeks).

Government policy treats married and non-married couples in a nondiscriminatory way. For instance, tax declarations for labor income are filed

individually, irrespective of whether a citizen is married or not.

A majority of children in Norway, or 52 percent, are born to unmarried parents. However, this largely reflects the growing number of people choosing to cohabit without marrying. Although as much as 10.4 percent of children are born to single mothers, institutional support for these women (e.g., day care and cash transfers) is stronger than in most countries.

### Pension policy

*Score: 9*

Norway is in the process of reforming its pension system. The change has been driven by fears that the old system gave weak incentives to work and strong incentives to early retirement. Moreover, the old system was vulnerable to changes in the levels of aggregate wage growth and to increased longevity.

Under the new system, benefits will be closely tied to an individual's lifetime earnings (in which all years of participation count), and stronger incentives to delay retirement will be put in place. Moreover, increased longevity for a particular age cohort will lead to proportional reductions in future pension benefits, as in the Swedish system. Like the old system, the new model has a strong redistributive component. First, the system guarantees a relatively generous benefit floor. Second, individuals accumulate pension rights even when unemployed, on sick leave, when disabled and when taking care of small children or the elderly.

There is no explicit fully funded pension system pillar based on individual compulsory savings. Instead, the government has opted to accumulate one large fund (the oil fund) which is supposed to finance various types of future government expenditure, including pension benefits. Incidentally, the government has recently renamed this the Government Pension Fund - Global ("Statens pensjonsfond – Utland"). This emphasizes the implicit commitment to use this fund to guarantee future pension benefits. Given the size of this fund and recent governments' discipline in complying with the commitment to build up this fund, the new Norwegian pension system is solid and fiscally sustainable.

## C Security and integration policy

### Security policy

#### *External security*

*Score: 9*

Security policy is informed by a commitment to international cooperation, in particular in U.N. activities in all areas, in NATO and OSCE activity (but not EU membership), and by a determination to do good, to be liked and to be respected as broadly as possible. Norway is one of the world's largest providers of development aid, is a participant in a range of U.N. and NATO peacekeeping missions, including in Afghanistan, and has acted as an active honest broker in trouble spots such as Israel/Palestine, Columbia, Sri Lanka, Iraq and elsewhere. The country is recognized as having influence beyond its relatively small size in various international forums and activities, and seems to be rewarded with widespread respect. Internally, the country's security is not seriously threatened by crime, social divisions or other social disruptions.

#### *Internal security*

*Score: 9*

Norway is traditionally a very safe country. For example, the number of homicides per capita is the third lowest in the world, and incarceration rates are also small. Theft and petty crime are relatively infrequent, although there has been some concern over increasing levels of narcotics- and gang-related crimes. In recent years, various reforms have been made in order to increase cooperation between different police and intelligence units, both internally and with respect to cross-border cooperation.

#### *New security policy*

*Score: 9*

Norway is not highly exposed to the threat of terrorism. This is at least the perception of the majority of public opinion. However, phenomena such as international organized crime, human trafficking and narcotics smuggling have been on the rise in recently, even if Norway's geographical location keeps it from being a central node.

Traditionally, the police presence and activism have each been relatively low. Prison sentences are relatively mild, and Norway has relied instead on long-term crime prevention policies, both internally and externally. Nonetheless, the rise in organized crime has to some extent challenged this policy. For example, between 2000 and 2004, Norway experienced a number of high-profile bank robberies. After a policeman was shot in a 2004 robbery, the government successfully applied considerable resources toward quelling this growing manifestation of organized crime, and since 2004, there have been no major bank robberies.

Foreign aid and contributions to world peace are regarded as pillars of the

country's long-term security policy. Norway provides substantial contributions to internationally sanctioned peacekeeping efforts and forcible humanitarian interventions. Norway also gives a large amount of foreign aid as a share of its income, and government policies support investment by Norwegian companies in developing countries. However, Norway employs restrictive trade barriers at the expense of poor countries. Trade barriers are low with respect to textiles, but are very high on agricultural commodities.

### Integration policy

*Score: 8*

Integration policy is well-organized and well-funded, but the effects of immigration represent a new challenge in this country, and the policies have to date been less than fully effective. Non-Western immigrants experience higher unemployment rates and lower wages than native Norwegians. There are frequent complaints about discrimination in both the labor and the housing markets.

Integration policies include free language training, and additional school resources allocated to immigrant children. Some of these resources are devoted to preserving cultural identity. For instance, children are offered additional classes in their mother-tongue. The acquisition of Norwegian citizenship is relatively quick. Applicants must have lived in the country for at least seven out of the last 10 years, and either be fluent in Norwegian or have attended courses in Norwegian (or Sami) for 300 hours. Immigrants with permanent residence status are entitled to vote in local elections.

An autonomous Directorate of Integration was created in 2006, separate from the pre-existing Directorate of Immigration and Integration, a change that was generally seen as a sensible and successful reform. However, the challenges of multiculturalism stemming from immigration remain relatively unfamiliar in this traditionally homogenous society, and policies remain unsettled and in some respects immature. For example, the country continues to deny the right to dual citizenship. The state church institution stands in the way of religious equity, particularly in the eyes of alternate religious groups. Islam has recently risen to become the largest non-Christian religious denomination, with a membership of about 75,000 people out of a total national population of 3.5 million.

The country's "old minorities," mainly the aboriginal Sami population, have in the course of two or three decades gone from facing severe discrimination to a state of equity and integration. This has been institutionalized in their formal recognition as an aboriginal people, with group rights written into the

constitution and the creation of a Sami parliament, elected by the Sami population, which possesses some legislative authority.

## D Sustainability

### Environmental policy

*Score: 8*

Norwegian public opinion is highly sensitive to environmental issues. There is broad support for the Kyoto protocol and for high international environmental standards. The Norwegian government regularly promotes international cooperation on environmental issues. There is a wide range of laws regulating various aspects of environmental policy and the use of natural resources, including specific laws on building regulations, pollution controls, wildlife and freshwater fish, municipal health, environmental protection and motorized vehicles.

Norway has among the lowest CO<sub>2</sub> emissions and highest degree of renewable resource use in the world. Air and water quality is among the best in the world, which is largely due to the country's low population density. These positive indicators are due partly to the fact that Norway's main energy source is hydroelectric power, which is in turn due to the natural abundance of water in the country. Less positively, Norway does not have a good record on waste management, and has also received international criticism for its policy concerning whale hunting. In addition, energy demand and usage per capita is higher in Norway than in the rest of Europe. This is partly attributable to the traditionally low price of energy, which in turn stems from the abundance of hydroelectric power. The government is committed to energy conservation. To this end, conservation standards for new buildings have been increased, and new taxes have been added to the use of electricity and gasoline. However, there is scope for significant improvement in this area.

Moreover, the government's plans for achieving its climate goals have sparked national and international controversy. The intention is to rely strongly on the purchase of international CO<sub>2</sub> quotas, to a degree that appears to be beyond what is acceptable by EU standards (to which Norway is committed despite not being a member itself). Environmental groups have criticized this as a strategy of buying oneself out of the problem rather than enacting appropriate and lasting economic and organizational reforms.

Researchers at government-owned companies have pioneered technological innovations aimed at reducing and ultimately eliminating CO<sub>2</sub> emissions in gas

exploitation. These procedures include storing CO<sub>2</sub> under the sea bed (and in the process using it to improve efficiency of exploitation), and the development of CO<sub>2</sub>-neutral production of electricity from gas. These initiatives are now moving from research to large-scale experimentation, including in a new gas power plant on Mongstad on the west coast.

### Research and innovation policy

*Score: 5*

Despite its high GDP per capita, Norway spends relatively little on R&D, allocating a significantly lower share of GDP to research than do its Nordic neighbors (1.6 percent of GDP compared to 3.5 percent and 4 percent in Finland and Sweden, respectively). Research policy is non-pluralistic, government led and is not strongly oriented towards enterprise or innovation. The country's strength lies in applied economic and social research rather than in basic and hard science research. Research funds are mainly public, and distributed through a single research council. Recent reforms have not been very successful and the government is frequently criticized for insufficient investment in research. This low aggregate investment level shows up in a relatively low number of patents granted. It is also interesting to note that the share of degrees granted in science and technology is low and that Norwegian children fared especially low in science knowledge in the OECD's recent Program for International Student Assessment (PISA) study.

The country would certainly benefit from a higher absolute level of investment in R&D. However, the research council's centralized allocation of funds and state subsidies, with only limited participation by private donors, has also been criticized. The council's selection of priorities has often been narrow, and informed by questionable criteria. There is thus ample scope for increasing investment in academic and basic research, as well for promoting more involvement by private and public actors.

### Education policy

*Score: 6*

Norway has a tradition of very high education attainment. The Norwegian labor force is one of the most educated in the world, as measured by the share of its working population with secondary and tertiary education. Like other Scandinavian countries, the Norwegian government spends a considerable amount of resources (7.6 percent of GDP) on public education. The emphasis of the primarily public school system is on free access and equalization of opportunities. Students with difficulties in learning or socialization receive a

high level of attention. In contrast, there is little emphasis on excellence or on providing specific attention to the most gifted pupils.

In spite of the high levels of educational attainment, there are important problems. The share of degrees in scientific disciplines is very low by international standards, and this limits the impact of public investment in education with regard to the country's competitiveness and capacity for innovation.

On the one hand, this may be due to the fact that university access is entirely demand-driven, with students able to choose a preferred field of study without any constraint. On the other hand, the country's high wage compression weakens the incentive for students to self-select in the most socially productive areas.

Another source of major concern is the quality of education in certain areas. In the OECD's recent Program for International Student Assessment (PISA) study, Norwegian students' performance was below the OECD average in mathematical, problem-solving and scientific knowledge. Science performance has been especially poor – worse, for instance, than Italy, Spain and Germany, whose performances were considered to be particularly unsatisfactory. Significant regress was seen with respect to previous instances of the same study. A higher emphasis on student incentives, teacher quality and a culture of excellence may be necessary to improve these performances.

## Management Index

### I. Executive Capacity

<i>Cabinet composition</i>	<i>Prime minister</i>	<i>Parties in government</i>	<i>Type</i>	<i>Mode of termination *</i>	<i>Duration</i>
	Kjell M. Bondevik	Conservative Party (H), Liberal Party (V), Christian People's Party (KrF)	multiparty minority government	1	10/01-10/05
	Jens Stoltenberg	Labour Party (AP), Socialist Left Party (SV), Centre Party (SP)	minimal winning coalition	-	10/05-

\* *The following modes of termination should be distinguished: elections = 1; voluntary resignation of the prime minister = 2; resignation of prime minister due to health reasons = 3; dissension within cabinet (coalition breaks up) = 4; lack of parliamentary support = 5; intervention by head of state = 6; broadening of the coalition = 7.*

#### A Steering capability: preparing and formulating policies

##### Strategic capacity

*Strategic planning*  
*Score: 10*

Significant strategic planning takes place in the course of government decision-making. The typical procedure for major decisions is the following. First, the government appoints an ad-hoc committee tasked with delivering a detailed report on a particular issue. Some of these committees are composed exclusively of experts, while other have a broader membership that includes politicians and representatives of interested parties such as unions, business confederations and other non-governmental organizations.

For instance, a report to the Ministry of Finance would typically be drafted by high-profile academic economists, representatives of unions, employers and the central bank. When this procedure leads to legislative action, a

proposal is drafted and distributed to interested parties, who are invited to make comments and suggestions (a period of three months for comments is recommended, and six weeks is the minimum stipulated).

Only after comments have been received will the government prepare a proposal for parliament (sometimes in the form of a parliamentary bill, but sometimes only as an initial white paper). Governments deviate from this procedure only in cases of emergency, and any attempt to circumvent it would lead to public criticism.

There is an established procedure for the approval of the annual budget. The activity starts one year in advance, when the government holds three conferences on the budget proposal.

The Minister of Finance presents the initial proposal in the first week of October. A parliamentary committee plays an active role in the budget process and makes concrete proposals on the distribution of resources. This proposal becomes the basis of parliamentary discussion. After the parliament approves a proposal for the allocation of resources, it becomes binding for subsequent, more detailed discussions that take place in various parliamentary committees. By December 15, this work is concluded, and the final budget is approved by the full parliament.

Annotation: No data on frequency of meetings is available.

#### *Scientific advice*

*Score: 8*

There is a significant degree of academic influence on policy-making. Academics are regularly involved in the preparation of public reports (the so-called green papers) to parliament. On a more informal level, various departments regularly consult academic experts. Academics are active in public debate (e.g., by writing newspaper articles) and their views often prompt replies and comments from senior politicians. However, it is relatively uncommon for academics to be appointed to senior government positions.

#### **Inter-ministerial coordination**

#### *GO expertise*

*Score: 9*

The Office of the Prime Minister has a small to medium-sized staff of 30 to 50 people, about 10 of which are political advisers, with the rest being professional bureaucrats. The office has sufficient expertise to evaluate proposals from other departments, but with only 10 political advisers, the capacity to steer all proposals in detail, or to provide regular, detailed

evaluations of draft bills for the cabinet and prime minister, is limited except in especially important situations. Nevertheless, the office is considered to be an “elite” department, with a set of very gifted employees.

*GO gatekeeping*

*Score: 9*

The Office of the Prime Minister plays an important role in coordinating government policy and in ensuring a consistent and coherent legislative program, especially in situations of disagreement between line ministries. In particular, the office is de facto able to return materials based on policy considerations. For example, the prime minister’s office and the relevant ministries work iteratively on draft proposals. However, this gate-keeping role is often shared with the Ministry of Finance.

*Line ministries*

*Score: 9*

Norway has a strong tradition of letting civil servants play a prominent role in policy-making. This tradition is reflected in the fact that the vast majority of line ministry employees are civil servants who typically serve longer than the tenure of individual governments. In comparison, the line ministries have quite few political appointments. It is therefore fair to say that civil servants at the line ministries are involved in all aspects of the drafting of proposals and laws. Nevertheless, the line ministries do involve the prime minister’s office regularly when drafting proposals. For example, when new proposals are being prepared, the Office of the Prime Minister and the relevant ministries exchange iterative versions of draft proposals. Initiatives that do not have the support of the prime minister’s office would not get through the cabinet.

*Cabinet committees*

*Score: 1*

There is little use of formal cabinet committees. The whole cabinet meets several times a week and generally works all together, as a full-cabinet committee.

*Senior ministry officials*

*Score: 10*

Senior civil servants and political appointees play an important role in preparing cabinet meetings. These officials play a leading role in the preparation of proposals and in the activity of ministerial committees. This reflects the strong civil-service tradition in the Norwegian government. Consequently, the general perception is that cabinet meetings focus more on strategic issues, and that routine business is not dealt with at the cabinet meeting level.

*Line ministry civil servants*

*Score: 10*

There is a large amount of coordination between line ministry public servants. This takes place both directly on the civil servant level and also formally, as the Ministry of Finance must approve any proposal with budgetary implications. It is not uncommon for the Ministry of Finance to request changes to a proposal. This reflects Norway’s strong civil servant tradition. It is therefore safe to say that most policy proposals are effectively

coordinated by civil servants.

### Regulatory impact assessments

#### *RIA application*

*Score: 9*

In Norway, a system of regulatory impact assessment (RIA) was introduced in 1985 and revised in 1995. The ministers and the government are responsible for providing comprehensive assessments of the budgetary, environmental, health and human-rights effects of their proposals. Consequences should be quantified as far as possible, including by means of a thorough, realistic socioeconomic analysis. A set of codified guidelines (the “Instructions for Official Studies and Reports”) regulates RIAs. However, the ministry in charge has some discretion to decide when an RIA should be produced. There is no formal rule on when a full RIA must be conducted, or when a less detailed assessment is sufficient.

The RIA is included as a separate section in the ad-hoc reports commissioned from experts or broader committees, as well as in white papers and final bills. There is no central body in the government administration that conducts quality control on RIAs, although each department has issued guidelines on how RIA should be conducted. An interministerial panel on economic impact assessments was established in 2005, which brought together RIA experts from various ministries, and has an advisory function in improving the quality of RIAs. The parliament may send back a proposal if it regards the RIA as unsatisfactory. This has actually occurred in a number of cases.

#### *Needs analysis*

*Score: 9*

The quality of RIAs in parliamentary bills show great variation, but is generally good. At a minimum, parliamentary bills describe the financial and administrative (government) consequences of a proposal. Other costs are typically not quantified systematically and regularly when preparing bills. The RIA system in Norway is strong in terms of consultation, transparency and creating a broad political consensus around decisions. It is weaker in terms of the technical quality of such analyses.

#### *Alternative options*

*Score: 8*

The official “Instructions for Official Studies and Reports” require that a sensitivity analysis must be made if any appreciable uncertainty exists, and that alternative instruments should be assessed, including instruments other than those of a regulatory nature (e.g., economic instruments). In practice, the extent to which alternative options are given careful consideration and submitted to a systematic cost-benefit analysis varies from case to case. Quantification of the costs and benefits of different alternatives is relatively rare.

### Societal consultation

*Mobilizing  
public support*  
Score: 9

Norway is a consensus-oriented society. Not only are interested parties fully informed of measures under discussion, but they also play an active role in the legislative process. In particular, there is a firm tradition of consultation with trade unions and business organizations. Interested parties are invited to express their views before new laws are presented to parliament. Social confrontations over policy-making (e.g., political strikes or violent forms of protest) have been almost nonexistent in recent years.

### Policy communication

*Coherent  
communication*  
Score: 8

Norway has had coalition governments in recent years. The previous center-right minority coalition government on occasion had severe internal disagreements which reduced its ability to communicate with one voice. For instance, the Iraq war was a divisive issue within the coalition. Internal disagreements are not uncommon in the current center-left majority coalition government either, although public contradictory statements seem to occur less frequently. Cabinet members who disagree with specific policies avoid voicing their criticisms in the press.

## B Resource efficiency: implementing policies

*Legislative  
efficiency*

*Veto players*

	<i>Total</i>	<i>Share</i>
Bills envisaged in the government's work program	298	
Government-sponsored bills adopted	298	100 %
Second chamber vetos	-	- %
Head of state vetos	-	- %
Court vetos	-	- %

### Effective implementation

*Government  
efficiency*  
Score: 8

Since October 2005, the government has had a parliamentary majority and therefore has had no external constraint on implementing its political objectives. The real impediment to government efficiency has been the potential for conflict between the three parties in government. However,

collaboration between the three parties is generally good. The main dimension of contention within the government has been foreign policy, as the Socialist Left Party (SV) is highly critical of Norway's participation in NATO's Afghanistan operation.

*Ministerial compliance*

*Score: 9*

Ministers report to the prime minister, who can fire individual ministers. The cabinet meets regularly in order to increase ministers' identification with the government's program, and to make the government into a "team." As long as there is no serious division between coalition partners, this system guarantees relatively strong cabinet cohesion.

An even stronger source of discipline is party loyalty, however. In this regard, it should be stressed that Norway has a pure proportional electoral system, where parties have full control over the formation of electoral lists. Therefore, breaking party discipline is very costly, and ties to specific districts are not particularly intense.

*Monitoring line ministries*

*Score: 8*

Ministers appoint their own senior advisors. Consequently, the prime minister's office does not control directly the activity of line ministries or of the various departments. However, the strong party discipline implies that individual ministers comply with their party's political line. As long as there is agreement between the coalition parties, ministerial autonomy does not pose a threat to the government's political cohesion. When conflicts between the line ministries emerge, the prime minister's office becomes more directly involved.

*Monitoring agencies*

*Score: 9*

Government agencies are subject to effective monitoring both through direct bureaucratic channels and by the activity of the free press. As a rule, executive agencies do not act against the directives of the ministries. A recent example was the case of Manuela Ramin-Osmundsen, the former director of the country's immigration agency. Her activity came under scrutiny by a government committee that found that in some asylum cases she had acted against the policy dictated by the overseeing ministry. Ramin-Osmundsen was forced to resign in May 2006.

*Task funding*

*Score: 9*

Local governments are almost entirely dependent on transfers from the central government budget, with a very limited ability to raise their own revenue or to run an independent fiscal policy. In general, regional governments and municipalities are adequately funded. However, fungibility in the expenditure of the funds allocated to them has been an occasional source of conflict. Local governments tend to make discretionary expenditure decisions that go against the intentions of the central government.

*Constitutional*

There is ongoing tension between local and central governments over the

*discretion**Score: 5*

amount of discretion local governments can exercise in the context of taxation and spending decisions. The central government deliberately tries to control expenditure at the local level by earmarking transfers to local governments for specific items. This tension was illustrated in the 2001 reform of the health system, in which the central government put the country's public hospitals under its direct authority.

*National standards**Score: 9*

The Norwegian government is committed to providing public services that are as uniform as possible across the country. Given the large distances involved, and the remoteness of some regions, this implies that peripheral parts of the country receive large (and expensive) transfers, both direct and in the form of infrastructure investments. Regional policy aimed at ensuring uniform standards of living is a continuous source of debate and controversy. In 2007, the central government took specific measures to ensure that local governments provide at least a minimum standard of social assistance across the country.

## C International cooperation: incorporating reform impulses

### Domestic adaptability

*Domestic adaptability**Score: 6*

Government structures have remained rather stable over time. However, there is an ongoing effort to improve the institutional framework. For example, the constitution underwent a major reform over the last decade (with final approval coming in February 2007), and it is common for new governments to reallocate tasks across ministries. Examples of adaptation are the early establishment of an environment ministry, a strengthening of the political leadership devoted to development cooperation, and the recent establishment of a directorate of integration separate from the body dealing with immigration issues. In general, interdepartmental coordination has increased as a result of international activity, and particularly so in relation to the handling of European affairs. The Ministry of Foreign Affairs has decided in principle to establish a new post of anti-terror coordinator, but by the close of this period of analysis, had as yet failed to fill the post.

### External adaptability

*International coordination activities*

Norway is very diligent in adopting legislation passed on the level of the European Union. The country is not an EU member, but it still participates in most forms of EU policy coordination through membership in the European

*Score: 9*

Economic Area (EEA), with the exception of certain reservations with respect to agriculture and fisheries. This relationship does not give it a role in EU decision-making or policy formulation, however.

Norway has been an active participant in and promoter of various international conventions, forums and activities. Areas of particular interest have been human rights, development and peace. Relative to its size, Norway is a large contributor to U.N. and NATO peacekeeping operations and to international organizations such as the IMF, the United Nations and the World Bank. Another example is Norway's participation in the Extractive Industries Transparency Initiative (EITI) and the Kimberley Initiative on so-called blood diamonds. Norway actively encourages developing countries to join the EITI and is one of four contributors to the World Bank Special Trust Fund to assist in its implementation.

*Exporting reforms*

*Score: 8*

Norway's role in exporting reform varies between different policy fields. In general, it is reasonable to say that Norway's policymakers try to promote their solutions and approaches in areas where they have competence and experience, such as in the fields of development aid or fishery policy.

Norway spends a relatively large share of GDP on foreign aid, and a clearly stated aim for this aid is to spread democracy and social development. To this end, active measures are taken to strengthen civil society in developing countries. Moreover, a large share of the country's bilateral aid (aid directly to foreign governments) is tied to measures such as education, health, strengthening of local institutions and fighting corruption. The social model of "flexicurity" is often viewed as an alternative to a pure laissez-faire market system, which can in principle be exported to developing countries to guarantee the joint pursuit of growth and social justice.

In the period under review, the government also actively sought out broader levels of international cooperation, including in such fields as environmental policy, but not entirely with the aim of spreading its own priorities. Norway could probably be termed more a cautious partner of cooperation than a follower.

## **D Institutional learning: structures of self-monitoring and -reform**

### **Organizational reform capacity**

*Self-monitoring*

*Score: 9*

Self-monitoring in Norway has an informal rather than formal nature. On a formal level, there is a parliamentary committee devoted to monitoring

whether government and parliamentary activity adheres to the constitutional framework. However, there is no specific government institution whose main task is explicit monitoring.

Nevertheless, on an informal level there is substantial monitoring of the way institutional arrangements affect government functions. For example, the various ministries' portfolios are often reviewed and changed. In particular, each time there has been a change in government over the last decade, there has also been a reallocation of ministers' portfolios.

*Institutional reform*

*Score: 9*

As a result of the continuous institutional self-monitoring, the government often improves its strategic capacity by changing its institutional arrangements. This continuous reform is reflected in the frequent changes in ministers' portfolios, which often but not exclusively takes place after a change in government.

A more specific example might be the ongoing overhaul of Norwegian foreign policy and the functioning of the Norwegian Ministry of Foreign Affairs. This ministry was criticized for being slow to respond to the 2003 tsunami in Asia, and has also had difficulties in defining the role of Norwegian foreign policy after the fall of the Berlin Wall. By the close of this period of analysis, the ministry had undergone a process of evaluation and self-evaluation, and the government was deciding on how to reform the ministry from top to bottom.

Another example of such institutional reform was the recent policy to gather all state ownership of firms (including ownership of fully owned state firms and partially owned firms alike) into one single ministry of industry. In the past this ownership had been scattered across various ministries.

## II. Executive accountability

### E Citizens: evaluative and participatory competencies

#### Knowledge of government policy and political attitudes

*Policy knowledge*

*Score: 9*

Norwegian public opinion is generally well informed about government policies, measures and operations. This is partly attributable to the country's small size, but also to the population's high educational attainment, the very high circulation of newspapers and the widespread access to Internet and

television. Moreover, the Scandinavian tradition of transparency in government helps the free press to report accurately about public policies.

## F Parliament: information and control resources

### Structures and resources of parliament, committees, parliamentary parties and deputies

Number of deputies	169
Number of parliamentary committees	13
Average number of committee members	13
Average number of subcommittee members	-
Pro-government committee chairs appointed	6
Deputy expert staff size	0.83
Total parliamentary group expert support staff	18
Total parliamentary expert support staff	74

*Obtaining documents*  
Score: 10

Parliamentary committees have the de facto power to obtain the production of government documents. The procedures for doing so are fast and effective. The parliamentary right of access to information is a very strong norm, which most members of the government are very careful not to violate. They thus work to ensure that the parliament is provided with adequate and timely information. Oral proceedings and consultations are sometimes used to supplement written procedures. There are no limitations to this right of access, except in specific cases of secrecy, which are not widespread. However, even in these cases, parliament has an extended foreign relations committee which has access to classified security information.

*Summoning ministers*  
Score: 10

Parliamentary committees may summon ministers for appearances. Ministers regularly respond to invitations and answer questions. In addition, there is a weekly session in parliament where legislators can ask questions directly to the ministers.

*Summoning experts*

Each party represented on the committee has the right to invite experts to appear at parliamentary committee hearings. This kind of invitation is common, with experts coming from interest organizations, NGOs, businesses

*Score: 10*

or academia to present information and views on various issues and policy proposals. Moreover, the parliament has a group of independent experts who can assist legislators by collecting information and performing information analysis.

*Task area  
coincidence*

*Score: 9*

There is not perfect overlap between the organization of the parliament and the government. There are 13 parliamentary committees, and 17 ministries in addition to the Office of the Prime Minister. Some parliamentary committees therefore have a slightly broader task and mandate than others.

*Audit office*

*Score: 10*

Norway has a national audit office, an independent statutory authority that is responsible to parliament. Its main task is to audit the use of government funds to ensure they are used according to parliamentary instructions. The audit office has 500 employees, and its governing council is made up of members of the main political parties. Decisions of the audit office have consistently been consensual.

*Ombuds office*

*Score: 10*

Norway has a Parliamentary Ombudsman whose task is to investigate complains from citizens concerning injustice, abuses or errors on the part of the central or local government administrations. The Ombudsman is also tasked with ensuring that human rights are respected, and can undertake independent investigations. Every year, this office submits a report to parliament about its activities.

In general, the Ombudsman is active and trusted. In 2006, the office received over 2000 complains, and found that in 161 cases there were grounds for criticism or a request to a public agency to reexamine or reevaluate its conduct. It has a staff of 43 members.

## **G Intermediary organizations: professional and advisory capacities**

### **Media, parties and interest associations**

*Media reporting*

*Score: 9*

The mass media's treatment of government decisions and policy is accurate and informative. The two largest broadcasting channels, NRK and TV2, both produce broad-ranging evening news programs that typically devote considerable space and time to governmental and political affairs. Both channels also regularly (almost daily) broadcast debates and discussions on current affairs.

Statistics show news and political debates to have a high number of viewers. Both large television organizations have recently strengthened their news coverage, in TV2's case by establishing a new news channel, and in NRK's

case by reforming NRK2 into a news and facts channel. Political news is frequently featured on TV's popular Friday night infotainment shows. The leading radio channels, NRK and to a lesser extent P4, also devote considerable time to political news.

### *Fragmentation*

#### Parliamentary election results as of 9/12/2005

<i>Name of party</i>	<i>Acronym</i>	<i>% of votes</i>	<i>% of mandates</i>
Labour Party	AP	32.7	36.09
Progress Party	FrP	22.1	22.49
Conservative Party	H	14.1	13.61
Socialist Left Party	SV	8.8	8.87
Christian People's Party	KrF	6.8	6.51
Centre Party	SP	6.5	6.51
Liberal Party	V	5.9	5.92
Others		3.1	0

### *Party competence Score: 8*

In Norway, only three parties receive more than 10 percent of vote. The largest, the Labor Party, is a traditional social democratic party. Its platform falls to the left of Britain's Labor Party, and is similar to that of the Swedish Social Democratic Party. Its traditionally ally is the smaller Socialist Left Party, which runs on a more radical platform. The second largest party, the Progress Party, runs on a populist right-wing platform. It is the only party that is opposed to the petroleum fund policy, and has in the past engaged in some anti-immigration rhetoric, which has recently been moderated.

Until 2005, it supported (but did not participate in) a minority coalition government with the traditional center-right parties. The third largest party, the Conservative Party, is a traditional conservative party. Its natural allies are the Christian People's Party and the Liberal Party. In spite of the ideological differences (which translate into moderate differences in social and foreign policy) all parties – with some partial exceptions in the case of the Progress Party – propose coherent mainstream policies.

### *Association*

The major interest associations all propose practical, plausible policies. The

*competence**Score: 10*

Norwegian Confederation of Trade Unions and the Confederation of Norwegian Enterprise have for years been engaged in very close tripartite cooperation with the government. Through this process, these organizations – in combination with the government – have been able to prevent strikes, secure a moderate salary policy and ensure moderate inflation and interest rates.

At the same time, this cooperation has been regarded as important for promoting gradual governmental reforms in areas such as health insurance and pension plans. In their work, these interest organizations rely to a large extent on scholarly knowledge, and typically apply a long-term perspective.

In many other policy fields we see some of the same patterns of organized cooperation. Employers' association groups have traditionally been allied with the conservative parties, farmers' groups with the Center Party, and trade unions with the Labor Party. These ties are most explicit between the Labor Party and the labor unions, with the head of the labor union's confederation sitting on the party's executive committee. The unions and the employers' association both have academics as advisors, and their proposals normally aim at consensus rather than pursuing social confrontation.

*Association  
relevance**Score: 10*

The government and the opposition parties listen carefully to the opinions expressed by business, farmers and union leaders. Intellectuals and academics also receive attention. Environmental groups have a substantial influence on environmental policy. The large organizations are professional in communicating their messages to politicians and to the public, and are sometimes able to set the political agenda.

In addition, there are numerous formal arenas for routine consultation between governments and various kinds of interest organizations. In many areas, such consultations are formalized and have become a routine mode of policy formulation.

This country report is part of the Sustainable Governance Indicators 2009 project, which assesses and compares the reform capacities of the OECD member states.

More on the SGI 2009 at [www.sgi-network.org](http://www.sgi-network.org)

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