



Governance for sustainable development as “strategic public management”: the Swedish sustainable development strategy and the National Environmental Quality Objectives

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Abstract:

This paper compares the respective contributions of the Swedish sustainable development strategy (SDS) and the country's National Environmental Quality Objectives (NEQOs) in establishing what Steurer and Martinuzzi (2005) refer to as "strategic public management", an ideal model of what an effective governance framework for promoting sustainable development might look like. Key elements of strategic public management that are considered are the facilitation of policy learning, horizontal and vertical policy integration and the meaningful engagement of relevant non-governmental stakeholders. The paper identifies the central achievements and challenges of the SDS and the NEQOs in establishing these central elements of strategic public management in practice. In this context, it also addresses how these two governance instruments have fared in tackling some of the past shortcomings of sustainable development strategies in delivering an effective framework for strategic public management, resulting in the "administered strategies" described in Steurer (2008).

It argues that the NEQOs' relative success in influencing policy making processes in Sweden is linked to its strong political and institutional foundation as compared to the comparatively weak political mandate and low level of institutionalization of the SDS. Among other things, it relates this to the different political processes leading to the establishment of the two instruments. Despite the achievements of the NEQOs, however, the paper also identifies important challenges for leveraging the NEQOs' strong monitoring system for shaping concrete policy making processes and engaging stakeholders. Based on these insights, the paper concludes with a discussion on the future potential of the NEQOs and the SDS as frameworks for strategic public management in Sweden and draws more general lessons for the establishment of more effective governance frameworks for sustainable development.

1. Introduction

Sweden is considered one of the frontrunners in the field of environmental and sustainable development policy. In the 2010 ranking of Yale University's Environmental Performance Index Sweden is among a select group of countries that received a score above 85/100. Within the EU, Sweden was one of the driving forces behind the Cardiff Process as well as the EU's sustainable development strategy (Nilsson et al. 2007: 2-3). Sweden's commitment in these areas is shaped by a long tradition of environmental consciousness. As early as the 1960s, the country began developing key environmental legislation (Nilsson und Persson 2008: 225-226). This strong environmental tradition has also left its mark on Swedish sustainable development policy. While Sweden took early action to implement the sustainable development agenda emerging from the UN-summit in Rio, initial measures, such as the Swedish Local Agenda 21 (LA21) and the centrally funded Local Investment Programme for Ecological Sustainability (LIP), maintained a clear focus on environmental challenges (Eckerberg 2000: 220).

The development of a national strategy for sustainable development in 2002 signalled the adoption of a more integrated approach to sustainable development by the Swedish government. The strategy, which was reviewed twice in 2004 and 2006, takes a holistic, issue-based approach. Apart from environmental concerns, it addresses demographic and health issues, sustainable urban development as well as economic development challenges. At the same time the government has upheld its existing system for environmental policy integration (EPI). The National Environmental Quality Objectives (NEQOs), established in 1999, represent a comprehensive framework for integrating environmental concerns into other policy areas.

This paper compares the performance of these governance frameworks for promoting sustainable development in Sweden. It exploits the existence of two parallel frameworks with overlapping goals and a number of similar governance features within the same socio-political context. By highlighting similarities and differences of the approaches, it seeks to identify key factors for explaining the respective outcomes. The comparison builds on the concept of "strategic public management" as defined by Steurer and Martinuzzi (2005) and further explored in Steurer (2007). Strategic public management represents an ideal model for what managing sustainable development in the public sector might look like. It comprises a set of institutional features and related functions derived from the UN and OECD principles for sustainable development strategies. The paper explores to what extent the SDS and the NEQOs have been able to establish these central elements of strategic public management in practice. In this context, it also addresses how these two governance frameworks have fared in tackling some of the past shortcomings of sustainable development strategies in delivering an effective framework for strategic public management.

The article begins with a brief introduction to the concept of strategic public management. After defining its core elements, the most important challenges for its implementation are discussed. This is followed by an assessment of the SDS and the NEQOs and how they contribute to strategic public management in Sweden. After a brief historical overview of each approach, their performance is assessed based on four core features of strategic public management. Their main achievements and shortcomings are presented and are related to a number of political and institutional factors. The paper concludes with a discussion of the main lessons that these experiences yield for promoting effective governance for sustainable development.

2. Governance for sustainable development as “strategic public management”

A series of UN and OECD reports have laid out a set of criteria considered necessary for the development of an effective sustainable development strategy (Dalal-Clayton and Bass 2002; UNDESA 2002, OECD 2001, 2006). Steurer and Martinuzzi (2005: 458) summarize these criteria as follows, “In short, NSSDs are supposed to follow a non-linear and flexible strategic approach with a strong emphasis on policy integration, implementation and learning.” Moreover, a sustainable development strategy should pursue “the long-term integration of economic, social and environmental policies by providing clear objectives and by facilitating one or more tangible integrative measures such as interministerial collaboration or cross-sectoral monitoring and evaluation.” (Ibid.). Based on this definition, the authors discuss good practices and challenges observed in the implementation of sustainable development strategies. They consider achievements in vertical and horizontal policy integration, participation of stakeholders in the strategy process as well as monitoring and evaluation as an instrument for policy learning. Despite moderate levels of success, they view sustainable development strategies as “promising first steps” on the way towards establishing an approach they refer to as strategic public management (Ibid.: 466). They define this ideal model for sustainable public sector management as “a middle way between planning and incrementalism” (Ibid.: 468). Sustainable development strategies and their related features are viewed as an initial approach for combining the strengths of formal planning with the benefits of continuous policy learning.

Building on this concept, Steurer (2007) critically reviews sustainable development strategies as instruments of strategic public management. He sees the development of sustainable development strategies as an important conceptual step forward in the debate on planning and incrementalism in public policy (Steurer 2007: 203). However, in terms of their practical impact, he points out important shortcomings. Due to their low political relevance, sustainable development strategies have largely failed to achieve their central objective of promoting sustainable development through increased policy integration (Ibid.: 202, 206). Meadowcroft (2007) draws a similar conclusion. He refers to a continuum between an “ideal strategy” and a “cosmetic strategy”. The former employs the full range of strategy features promoted by UN and OECD and is strongly integrated into existing institutional structures and policy making processes. The latter is purely symbolic without relevance for decision-making. He situates the majority of strategies closer to the cosmetic type (Ibid.: 156). According to Steurer (2008) the most successful sustainable development strategies might be referred to as “administered strategies,” where public administrators are responsible for implementing a set of processes that are detached from political decision making.

The central reason for these shortcomings is seen in the failure to link these “administered strategies” to relevant political factors. To date sustainable development strategies have failed to consider the reality of party politics and other challenges related to the democratic decision-making process (Steurer 2007). This explanation is linked to a problem that Hansen and Ejersbo (2002) refer to as the “logic of disharmony” between politicians and administrators. According to their analysis, administrators and politicians use different approaches to policy making. Politicians approach issues on a case-by-case basis and focus on the competing interests and actors in that particular context. Administrators on the other hand follow established procedures and try to justify their decisions based on existing rules and guidelines. The extent to which sustainable development strategies can overcome this logic of disharmony is viewed as crucial for their success in shaping concrete policy (Steurer 2007; Steurer Martinuzzi 2005; Tils 2007).

Another challenge for effective strategy implementation is the lack of institutional “hardware” corresponding to the task of policy integration (Steurer 2007: 211). Though a number of strategies have introduced inter-ministerial working groups to overcome these institutional obstacles, they still lack the required political weight to effect significant policy change. In other words, an interplay of institutional and political factors continues to hamper the establishment of strategic public management.

In their analysis of environmental policy integration (EPI) in Sweden, Nilsson and Eckerberg (2007) confirm the importance of institutional and political factors for successful policy integration. Political pressure and suitable institutional infrastructure are viewed as prerequisites for EPI. In their conclusions, Nilsson et al. (2007b: 141) state that external drivers, such as crises or other significant events, are typically needed to open windows of opportunity for EPI. Suitable institutional infrastructure is also considered an important success factor, provided these institutions have strong political support (Nilsson et al. 2007b: 151).

3. Analytical approach and data sources

The following comparison of the Swedish SDS and the NEQOs builds on the concept of strategic public management as discussed above. The paper seeks to assess how the SDS and the NEQOs have contributed to strategic public management in the Swedish context. For this purpose, the performance of the two approaches is analyzed using the four core features of strategic public management suggested by Steurer and Martinuzzi (2005). These include monitoring and evaluation as a tool for policy learning, vertical and horizontal policy integration and participation of non-state actors in the strategy process. The paper attempts to go beyond a mere description of the corresponding institutional elements. It assesses to what extent the various strategy features exert an influence on the process of policy making. Finally, the paper considers a number of political and institutional factors to explain the observed achievements and shortcomings. It seeks to answer the question to what extent the different approaches have been able to overcome the “logic of disharmony”.

The analysis is based on a review of relevant academic literature and government documents. This is supplemented by a series of interviews with government officials at the central and regional level as well as a representative of the Confederation of Swedish Enterprise. Where not indicated otherwise, these interviews constitute the basis of the analysis. During the research process an emphasis was placed on the triangulation of data, so that most information was confirmed by multiple sources. Where this was not the case, the interview from which the information was drawn is indicated in a footnote.

4. SDS and NEQOs in historical perspective

This section presents the historical development of Swedish sustainable development policy and situates the NEQOs and the SDS within this context. It describes the main social and political processes that have shaped the development of the two governance frameworks.

4.1 *The National Environmental Quality Objectives (NEQOs)*

The NEQOs were built on a Swedish tradition of environmental policy integration, which dates back to the 1980s. After the establishment of the Ministry of the Environment in 1987 the Environmental Policy Bill for the 1990s (Government Bill 1987/88/85) introduced the first policy measures with a cross-sectoral focus and established the so-called sector responsibility for the environment in all government agencies (Nilsson et al. 2007: 7-11). Further measures followed shortly after. Environmental impact assessment was introduced and the sector responsibility received a legal foundation (Nilsson and Persson 2008: 225.228). With the election of Göran Persson in 1996 under the banner of the “green people’s home,” environmental policy integration gained increasing political support. In 1997 a high-level Commission of Ecologically Sustainable Development made a number of proposals for improving EPI in Sweden (Nilsson et al. 2007a: 7-11). This led to further measures, including the introduction of environmental management systems in public institutions, the Local Investment Programme for Ecological Sustainable Development (LIP) and the creation of the special sector responsibility² for the environment in 24 government agencies.

Building on the principle of sector and special sector responsibility for the environment, the NEQO system was finally adopted unanimously by parliament in 1999. The NEQOs consolidated more than 150 existing environmental targets into fifteen National Environmental Quality Objectives to be reached within one generation (by 2020). These fifteen goals represent reference points for a complex governance system that is intended to ensure their implementation. Henceforth government agencies with a special sector responsibility were expected to promote the NEQOs within the context of their sector-based activities. Additionally, a number of agencies were given lead responsibility for implementing individual goals (the Swedish Environmental Protection Agency was made responsible for nine of the goals). Subsequent legislation added three action strategies for joint implementation by a number of agencies as well as several interim targets for each NEQO. County administrative boards were given the task of implementing the goals at the regional level.

The system was further strengthened in 2002 with the creation of the Environmental Objectives Council, responsible for coordination and monitoring and evaluation of the NEQO system. The council includes the directors of fifteen government agencies and one county governor. Additionally, a number of representatives from civil society and the private sector participate as external experts without voting rights. The council publishes a yearly report on the progress towards the NEQOs and updates interim targets on a regular basis. The council has conducted two comprehensive reviews of the NEQO system and has proposed various adjustments to the system. A number of changes were made on this basis, such as reducing

² Agencies with special sector responsibility for the environment are required to actively promote environmental protection within the context of their sectoral responsibilities. The regular sector responsibility merely requires agencies to take action when their activities are expected to have an impact on the environment.

the number of agencies with special sector responsibility from 24 to 18 and the adoption of a sixteenth goal related to biodiversity.

4.2 The Swedish sustainable development strategy (SDS)

Sustainable development policy is closely related to the developments in environmental policy described above. Sustainable development in Sweden is clearly rooted in an ecological interpretation of the term (Eckerberg 2000: 217-218). Accordingly the Local Agenda 21 (LA21) programs that were initiated following the UN-conference in Rio focused on environmental issues and were supported by the environmental protection agency (Eckerberg 2000: 220). The centrally-funded Local Investment Programme for Ecological Sustainability (1998-2003), designed to build on the LA21, had the mission to create “green jobs,” while supporting the implementation of the NEQOs.³

These local activities were finally followed by the development of the first integrated national SDS in preparation for the 2002 UN Conference on Sustainable Development in Johannesburg. A first review of the strategy was conducted in 2003/2004 as a follow up to the conference (Ahlberg 2009; GOS 2002: 29). For this purpose the government created an inter-ministerial working group and a Unit for Sustainable Development in the prime minister’s office. A second review followed in 2006. None of the strategies, however, were submitted to parliament for approval.

The newly created Unit for Sustainable Development in the prime minister’s office was staffed with senior public administrators from the Ministries of Finance, Enterprise, Social Affairs, Environment and Foreign Affairs. The Unit was expected to coordinate efforts in the area of sustainable development and act as a catalyst for new initiatives at the national and international level (GOS 2006: 7-8). In 2005, the government transferred the Unit to the newly created Ministry of Sustainable Development, which integrated the fields of environment, energy, planning and housing (Sahlin 2007: 15). Simultaneously, it created an additional Council for Sustainable Development within the National Board of Building, Planning and Housing. Its official mandate was the regional implementation of the SDS (GOS 2006: 8). After the change of government in 2006, the Ministry for Sustainable Development was reconverted into a regular environment ministry and the Council for Sustainable Development was dissolved. The Unit for Sustainable Development became a regular department within the Ministry of Environment.

5. The Swedish SDS and the National Environmental Quality Objectives (NEQOs) as strategic public management

The following section analyzes the SDS and the NEQO in terms of their contribution to a Swedish form of strategic public management. For this purpose the four core elements of strategic public management are considered: monitoring and evaluation as a form of policy learning, horizontal and vertical policy integration and stakeholder participation in policy making. A particular focus of the analysis lies on how the two governance frameworks and their respective features exert a concrete influence on policy making processes. On this basis, their respective contribution to strategic public management is assessed.

³ Seven of the sixteen NEQOs were established as official goals of the program.

5.1 Monitoring and evaluation as form of policy learning

5.1.1. The Swedish SDS

Compared to other sustainable development strategies, the role of monitoring and evaluation in the Swedish SDS is fairly limited. There are no official progress reports or external evaluations. Instead the updates of the strategy produced in 2004 and 2006 function as a broad review of sustainable development policy in the country. Each of the strategy documents provides an overview of the government's goals and measures to promote sustainable development. The 2006 strategy mentions a progress report on the implementation of actions from the 2004 strategy, however, it does not refer to any recommendations from this report.⁴ Finally a set of twelve headline indicators and 91 additional indicators was developed within the context of the strategy. The 2006 strategy briefly reports on trends related to the twelve headline indicators. However, none of the goals or actions mentioned in the strategy are linked to the indicators.

5.1.2 The National Environmental Quality Objectives (NEQOs)

In the NEQO system monitoring and evaluation is an integral part of the approach and constitutes the basis for regular review and adjustments of the system. On a yearly basis, responsible agencies deliver data on individual NEQOs to the Environmental Objectives Council. Based on these data, the Council publishes its annual progress report. All interim targets are linked to quantitative indicators, and progress towards these targets is measured accordingly. The sixteen NEQOs are assessed qualitatively, taking into account the quantitative indicators of the corresponding interim targets. In addition, local and regional authorities conduct complementary monitoring activities based on the NEQOs. These activities are adapted to the local context and are not required to replicate the national-level indicators.

Every four years the Environmental Objectives Council conducts a comprehensive evaluation of the NEQOs to assess progress towards the goals as well as the effectiveness of the system overall. It prepared evaluations in 2004 and 2008. Both years, the government followed up on the related recommendations and introduced adjustments to the NEQO system. For example, based on recommendations in the 2004 evaluation, parliament passed legislation to adopt the sixteenth goal for the protection of biodiversity and to adjust the role and the number of government agencies with special sector responsibility for the environment. In addition to these comprehensive evaluations a number of more focused evaluations have been conducted. For example, in 2006 the Swedish Environmental Protection Agency prepared an assessment of local authority implementation of the environmental objectives (SEPA 2006). In 2009 a special commission conducted to external review of the NEQO system. On this basis, the government has recently submitted a legislative proposal aimed at a more comprehensive reform the NEQO system.⁵

These examples clearly demonstrate the important role that monitoring and evaluation play in the NEQO system. It has fed into the continuous revision of the NEQOs and has shaped improvements of the system as a whole. A strong political and legal mandate, a central institutional home and a designated budget have enabled this ongoing process of policy learning. Firstly, government agencies are legally required to participate in monitoring

⁴ The document is not publically available.

⁵ For the moment, the legislative proposal is available in Swedish language only. For this reason its contents have not been considered here.

activities. They are required to deliver data to the Environmental Objectives Council whose coordinating role and annual reporting activities have also been legally mandated. Moreover, the Environmental Objectives Council has an annual budget of approximately €20 million, the majority of which is reserved for monitoring activities.

5.2 Horizontal policy integration

5.2.3 The Swedish SDS

The central institutions for horizontal policy integration within the framework of the SDS were the Unit and the Council for Sustainable Development. Since the Council primarily served the purpose of regional implementation of the SDS, however, it is discussed in the following section on vertical policy integration. Regarding the Unit for Sustainable Development, the 2006 strategy states, “The mission of the unit is to oversee interministerial coordination of the sustainable development effort, as well as to generate ideas and act as a catalyst in the national and international efforts.” (GOS 2006: 7-8). In practice, however, the Unit for Sustainable Development was primarily engaged in developing the strategy document as well as representing the Swedish position at the international level. Its activities did not include the initiation or implementation of any significant new policy measures. Accordingly, the strategy documents are primarily focused on summarizing existing government activities (Nilsson and Persson 2008: 233).

An additional task was the development of the sustainable development indicators. However, as mentioned above, the indicators are not linked to any objectives or actions within the strategy documents. Formally, members of the Unit were also responsible for promoting sustainable development efforts within their respective ministries. In practice, this did not play a significant role in their activities, however. Finally, the transfer to the newly created Ministry for Sustainable Development was perceived as a downgrading of the Unit. Moreover, a large part of its staff was exchanged after the transfer, so that the continuity of the Unit’s work suffered.⁶

These examples demonstrate the low levels of influence that the SDS had on policy integration. Despite an inter-ministerial Unit for Sustainable within the prime minister’s office, no notable policy integration measures can be traced to the strategy process. Without a budget for financing new initiatives and without a clear mandate within the domestic sphere, the Unit for Sustainable Development seems to have had more of an ambassadorial role than a role in promoting policy integration. Accordingly, the strategy documents it produced appear to have been primarily for international consumption. Focused on summarizing existing activities, they were not suitable for driving Swedish sustainable development policy.

Though only short-lived, the Ministry for Sustainable Development may be considered a more substantial measure for improving policy integration in Sweden. During its existence (2005-2006) it combined the environmental portfolio with areas of energy, planning and housing. In public statements its role was primarily linked to the government’s goals for promoting a sustainable energy supply (Sahlin 2007). The OECD report “Institutionalising Sustainable Development” (OECD 2007) points out that shortly after the creation of the ministry the government announced its goal to decouple the domestic energy supply from fossil fuels (Swanson and Pintér 2007: 44). Neither this ambitious energy policy goal nor the

⁶ Telephone interview, Lars Lundberg, Ministry of Finance, former member of the Unit for Sustainable Development, 23.3.2010.

creation of the ministry seem to have had any relationship with the sustainable development strategy or the work of the Unit for Sustainable Development, however. As many other progressive measures of Swedish sustainable development policy, the creation of the ministry and the new energy policy target were merely reported on *ex post* in the 2006 strategy document. Moreover, the creation of the new Ministry did not help strengthen the SDS process. Rather, as pointed out above, the transfer of the Unit for Sustainable Development to the Ministry is more likely to have further weakened the SDS.

Finally, after dissolving the Unit and the Council for Sustainable Development and effectively abandoning the strategy process, the new prime minister created the Commission for Sustainable Development in 2006. The Commission included the Ministers of Finance and of the Environment as well as a range of non-governmental stakeholders. The Commission was, however, neither linked to the SDS nor was it intended to promote policy integration. During its existence (2006-2009), it functioned purely as the prime minister's advisory council on climate change. The prime minister used it as a sounding board during the preparation of the government's energy and climate bill. After the bill was passed, the Commission briefly supported the prime minister in developing his position on climate change for the Swedish EU presidency and was then dismantled.

5.2.4 The National Environmental Quality Objectives (NEQOs)

The NEQO system includes a number of interrelated mechanisms for promoting policy integration. Firstly, the special sector responsibility for the environment assigns the legally binding mandate to 18 government agencies for promoting the NEQOs within the context of their work. Secondly, these agencies along with the lead agencies responsible for individual NEQOs are represented in the inter-agency Environmental Objectives Council. The comprehensive evaluation reports published by the Council every four years include detailed proposals for new instruments and measures aimed at achieving the NEQOs. Finally, a number of these agencies are tasked with the joint development of the three action strategies. Both the measures proposed by the Environmental Objectives Council and the action strategies are assessed regarding their economic and financial impacts. All proposals are communicated to the government for its action.

Despite these mechanisms, the external evaluation of the NEQOs carried out in 2009 states that the most significant contribution of the system is related to its monitoring and evaluation activities. Progress in coordinating activities across different government agencies has only been moderately successful (SOU 2009:83: 12). This is primarily linked to the fact that the NEQOs function exclusively within the domain of the government agencies and lack a link to the ministerial level (SOU 2009:83: 39). Accordingly, proposals generated by the Environmental Objectives Council do not correspond to the political priorities within the government. Regarding the action strategies, the report states that they have improved coordination across agencies but have failed to set clear priorities for action (SOU 2009:83: 41). The lack of a mechanism for prioritizing measures within the NEQO system is also criticized by the European Environmental Agency (EEA). Furthermore, the EEA criticizes the fact that the budget of the Environmental Objectives Council is essentially reserved for monitoring activities with no or very limited resources available for implementing its proposals (EEA 2005: 25).

Despite these significant shortcomings, the NEQOs appear to provide an overall framework for EPI in Sweden. Without a direct link to political decision-making processes and without a budget for financing new initiatives, a gap remains between target setting and

implementation. Nevertheless, the system is viewed as an important reference point and appears to exert a positive influence on EPI. Nilsson et al. (2007b) see three reasons for the NEQOs relative success. Firstly, the existence of the goals and the regular and rigorous monitoring and evaluation are seen to promote accountability and professionalism in the integration of environmental aspects in the activities of the responsible agencies. Moreover, representation of agency directors on the Environmental Objectives Council in combination with the legally mandated special sector responsibility promotes ownership and political will for EPI in the concerned agencies. This is further strengthened by the fact that the NEQOs are backed by a broad majority in parliament (Nilsson et al. 2007b: 151). The strong political and social base of the NEQOs is also highlighted in the external evaluation of the NEQO system. The report states, "Sweden's environmental objectives system enjoys broad social support in many parts of Swedish society. There is broad consensus that it provides a shared framework of goals for action to secure a better future." (SOU 2009:83: 9) Nilsson and Persson (2008) point out that compared to the SDS the NEQOs enjoy significantly more political support and are endowed with a substantially larger amount of financial and institutional resources. For this reason they consider the NEQOs "*the* overarching framework for EPI" (Nilsson and Persson 2008: 233).

5.3 Vertical policy integration

5.3.1 The Swedish SDS

As mentioned above, the main instrument for vertical policy integration within the SDS was the Council for Sustainable Development established in 2004. The goal of the Council was to maintain the positive dynamic of the Local Investment Programme for Ecological Sustainability (LIP) through a structured stakeholder dialogue based on the national SDS. An institutional link to the SDS was established via the representative of the Ministry of the Environment in the Unit for Sustainable Development who acted as the chair of the Council. Unlike the LIP, the Council was not endowed with any budget for investments. For this reason, the former director of the LIP and subsequent secretary of the Council viewed the results of the Council's work as very limited. The only concrete action taken by the Council was the facilitation of a dialogue among fifteen local government entities on the integration of social policy goals in local planning processes.⁷ According to another staff member of the Council, an important challenge was the Council's lack of a clear mission. As a result, during its two year period of existence Council sessions were primarily focused on the development of such a mission.⁸

In other words, in terms of vertical policy integration the impact of the SDS may also be considered extremely limited. Without a budget and without a clear mission the Council was not able to fulfil a significant role in the promotion of vertical policy integration.

5.3.2 The National Environmental Quality Objectives (NEQOs)

The NEQO system does not include a separate coordination mechanism for promoting vertical policy integration. In the Environmental Objectives Council regional governments are merely represented by one county governor as full member of the Council and by a representative of the Swedish Association of Local Authorities and Regions as an adviser to

⁷ Telephone interview, Ola Engelman, Adviser, MISTRA / former Secretary of Council for Sustainable Development, 23.3.2010.

⁸ Telephone interview, Eva Wahlstrom, Swedish Agency for Economic and Regional Growth / formerly Secretariat of the Council for Sustainable Development, 16.3.2010.

the Council. Regional implementation of the NEQOs is primarily the task of the county administrative boards. They are responsible for translating the national goals into regional targets, promoting progress towards the achievement of the goals and coordinating monitoring and implementation activities (SEPA 2008: 67). Systematic communication between county administrative boards and the responsible government agencies does not take place within this context (Wibeck et al. 2006: 464-465). Coherence with the national targets is, therefore, not always guaranteed. For this reason, a 2008 evaluation on the regional implementation of the NEQOs calls for improved coordination between the national and regional level (SEPA 2008: 43). As a first practical step county administrative boards had already participated in this evaluation process.

Within the Stockholm county administrative board responsibility for the implementation of the NEQOs is currently divided among fifteen staff members. Each goal is assigned to one of the staff members who are each allotted one staff week per year for activities in this context. In addition, two staff members are tasked with the coordination of the overall process and the related monitoring activities. Finally, a steering committee is responsible for general oversight of the process. The overall coordination is in the hands of a staff member who dedicates half of her time to the NEQOs. The coordinator's main tasks comprise the integration of the NEQOs in relevant planning processes and the strategic coordination of environmental protection measures. According to this staff member, the success of her efforts depends largely on the governor's priorities and the amount of additional resources she receives for taking forward new initiatives.⁹

Unlike the county administrative boards local authorities have no legal obligation to promote the implementation of the NEQO in their jurisdiction. Nevertheless, a large number of local authorities refer to the NEQOs and have taken measures to support their local implementation. The evaluation on local implementation of the NEQOs found that 84 percent of local governments had initiated activities related to the NEQOs. Approximately one third had adopted local environmental goals with reference to the national and regional objectives. An additional 40 percent declared that such goals were being developed. A common opinion held by local government employees is that the NEQOs are a useful instrument for promoting sustainable development at the local level. They increase the visibility of environmental issues and help strengthen knowledge and commitment. Moreover, the evaluation states that the NEQOs promote cross-sectoral cooperation and the integration of environmental aspects in local planning. Finally, the NEQOs are considered to be better adapted to local administrative structures than the LA21 initiatives (SEPA 2006 in SEPA 2008: 71-72).

Although the NEQO system does not include a separate committee for vertical policy integration, the examples above clearly demonstrate its important function in promoting local and regional level EPI. At the regional level the role of the NEQOs is strengthened by the legal obligation of county administrative boards to promote their implementation. But even local authorities refer to the NEQOs and actively promote their implementation. This confirms the assessment in Nilsson et al. (2007b) that strong political and social support enables the NEQOs to influence policy beyond its legally mandated role.

⁹ Telephone interview, Amanda Palmstierna, Coordinator Environmental Objectives, County Administrative Board – Stockholm, 16.3.2010.

5.4 Stakeholder participation

5.4.1 The Swedish SDS

Niestroy (2005) criticizes the fact that stakeholder participation within the context of the SDS was too passive and too short in time (p.262). The SDS developed in 2002 and 2004 are, therefore, viewed as too “bureaucratic and government centred” (Ibid.: 271). As mentioned above in 2005 the Council for Sustainable Development was created. One the roles envisioned for the Council was the involvement of non-governmental stakeholders. However, neither civil society nor the private sector were represented on the Council and without resources or a clear mandate the Council did not have a significant impact on promoting the participation of stakeholders in policy making.

5.4.2 The National Environmental Quality Objectives (NEQOs)

A fairly low level of stakeholder participation is also seen as an important weakness of the NEQO. It appears to be limited to discussions in the Environmental Objectives Council with its four “expert members” from civil society and the private sector. According to the external evaluation of the NEQOs, there is a lack of interest from external stakeholders in the activities of the Environmental Objectives Council as it has not been able to facilitate a clear prioritization of issues. Without clearly discernible political priorities stakeholders have few incentives to participate (SOU 2009:83: 50). The current representative from the Swedish Association of Enterprise confirmed this assessment. Due to the wide range of issues, effective participation on the part of the private sector is a major challenge. Moreover, as the only private sector representative she encounters important difficulties in representing the diverse set of interests within her constituency. She also criticized the fact that government agencies made no effort to engage her in the implementation of specific measures. Finally, she pointed out that the private sector was interested in targets that are better aligned with international standards and processes. This would allow multinationals to work more effectively with the NEQOs.¹⁰

At the regional level, stakeholder participation seems to be more effective. The coordinator of the NEQOs in the Stockholm county administrative board explained that civil society and the private sector were engaged in initiatives related to the NEQOs. The county administrative board is currently facilitating a participatory process for the development of regional goals along with a road map for their implementation. Moreover, the county administrative board is implementing a program with funds from the Environmental Objectives Council to integrate the NEQOs in a training program aimed at the private sector.¹¹ A number of interview partners stated that local companies also frequently draw on the NEQOs within the framework of their internal environmental management systems. This was also confirmed by the representative of the Swedish Association of Enterprise. She added, however, that a number of the NEQOs were too abstract to serve as useful guidance for measures at the company level.¹²

¹⁰ Interview Inger Stromdahl, Director Environmental Policies, Confederation of Swedish Enterprise / Expert, Environmental Objectives Council, Stockholm, 4.3.2010.

¹¹ Telephone interview, Amanda Palmstierna, Coordinator Environmental Objectives, County Administrative Board – Stockholm, 16.3.2010.

¹² Interview Inger Stromdahl, Director Environmental Policies, Confederation of Swedish Enterprise / Expert, Environmental Objectives Council, Stockholm, 4.3.2010.

In conclusion, the performance of the NEQOs as an instrument for engaging stakeholders in policy making is mixed. The lack of focus limits its effectiveness at the national level. Without a clear set of political priorities it provides few incentives for stakeholder participation. Moreover, its institutional structures for participation are not well developed. Nevertheless at the regional level the NEQOs seem to offer entry points for engaging stakeholders. Moreover, Swedish companies seem to use the NEQOs as reference points in their environmental management systems. In other words, despite low levels of participation the NEQOs provide a framework for EPI in the private sector.

6. Conclusions

In the preceding analysis, SDS and NEQOs were compared based on their contribution to strategic public management. Four features considered central to the concept structure the analysis. Within these four areas the assessment focused on the relevance of the two governance frameworks in promoting the desired functions of strategic public management. While it was important to describe related instruments introduced in that context (such as the monitoring system of the NEQOs), the primary interest was an assessment of their relevance for the process of policy development. Although not anticipated initially, this proved to be of particular importance for the assessment of the NEQOs. It became clear that an important part of their influence on policy making can be attributed to “soft”, knowledge-based mechanisms. In other words, specific institutional mechanisms can only partly explain their impact on policy.

Another important feature of the analysis relates to the fact that two governance frameworks within the same socio-political context were considered. This way the variations in outcomes could be more easily linked to features of the instruments themselves rather than unrelated factors that might interfere in a cross-country comparison (such as differences in the political system or cultural differences). A number of differences emerged as key variables for explaining the differing outcomes. These included the levels of social and political support enjoyed by the different approaches, their origin and relationship to pre-existing governance mechanisms and the strength of their institutional framework. Clearly this broad range of factors complicates the task of attributing the observed outcomes to individual characteristics of the two frameworks. Nevertheless, it leads to a number of hypotheses that are explored below.

During the four-year period of its existence, the Swedish SDS was not able to develop into an effective tool for promoting strategic public management. Mechanisms for monitoring and evaluation and stakeholder engagement were largely absent, and the Council and Unit for Sustainable Development had little if any role in setting the domestic policy agenda. Instead the SDS remained aligned with international engagements, including the UN process that had originally inspired it. The main task of the Unit for Sustainable Development was the preparation of the country’s international sustainable development agenda. The strategy documents primarily summarized existing sustainable development policy rather than proposing new measures. The conclusion of this assessment is, therefore, that the main function of the SDS was to fulfil international obligations and to communicate Swedish progress internationally. Its role in shaping domestic policy development is considered negligible.

The NEQOs, on the other hand, have clearly played a role in promoting EPI in Sweden. The monitoring system is firmly established throughout the government agencies and has started to take shape at the regional and local level. The reporting obligations of the

government agencies and the county administrative boards build the backbone of the system. They have allowed the goals to be internalized within the administration. The NEQOs are widely known and accepted within the administration. As a result, the goals constitute an important frame of reference that is utilized at different administrative levels. Even without active coordination, programs and initiatives at the regional and local level refer to the NEQOs. The county administrative board in Stockholm is actively integrating the NEQOs in its activities, and numerous local authorities have done the same. Even private companies have begun using the NEQOs as a reference for their environmental management activities. The system's strong emphasis on monitoring and evaluation has also facilitated a process of continuous review and adaptation. The combination of long term, legally mandated goals and flexible interim targets provide room for continuous adjustments within a clearly defined framework. Numerous revisions of the system based on internal and external evaluations demonstrate that a process of policy learning has also taken place in practice.

Despite important shortcomings, these trends constitute important progress towards a Swedish variety of strategic public management. Compared to the SDS, the impact on the Swedish public sector has been significant. As indicated above, a number of political and institutional factors can help explain these different outcomes. Firstly, unlike the SDS, the NEQOs emerged from a long term, domestic policy agenda oriented towards ecological sustainability. The law for the creation of the NEQO system was passed with unanimous approval. This not only provides the system with a strong political mandate, it also indicates its broad social base in Swedish society. Secondly, the institutional framework of the NEQOs was built on the pre-existing special sector responsibility for the environment and was expanded and refined in a series of legislative acts. This has enabled the gradual institutionalization of a strong, legally mandated system grounded in monitoring and evaluation. Furthermore, this combination of strong political and social support and rigorous monitoring and evaluation has allowed the NEQOs to exert influence beyond their formal implementation instruments. The NEQOs have developed into reference points for EPI for regional and local administrators as well as the private sector.

Nevertheless, significant challenges remain on the path to strategic public management. Despite the strong political mandate and the solid institutional foundation, the NEQO system lacks a mechanism for setting political priorities. Priorities are neither set at the political level nor by the government agencies in the Environmental Objectives Council. Without representation of the political leadership the Council lacks the required mandate and the decision-making power to do so. As a result, no coherent strategy has been developed to implement the NEQOs. This also complicates the meaningful engagement of stakeholder groups.

In other words, despite some important achievements, the NEQOs continue to suffer from the logic of disharmony. An upcoming reform of the system is intended to address this particular challenge. The development of proposals for action, previously in the hands of the Environmental Objectives Council, will be turned over to a parliamentary commission. This new form of strategy development will replace the three action strategies and will no longer be based on any pre-defined thematic focus (as was the case for the action strategies). This way resulting proposals are supposed to be aligned to the priorities of the political leadership and have a stronger link with other ongoing policy processes. Furthermore, the coordinating role of the Environmental Objectives Council will be eliminated. It will instead function as an advisory body to the newly established parliamentary commission. In line with

the commission's work program, the Council's work will acquire a thematic focus. The coordination of the monitoring and evaluation process will be turned over to the environmental protection agency.¹³

Whether these reforms will help overcome the logic of disharmony and increase the political role of the system remains an open question. Nevertheless, this latest reform is further confirmation of the fact that the process of policy learning continues. Moreover, it signals the strong foundation the NEQO system is built on. While the new government quickly abandoned the SDS, the NEQOs have remained in place. A combination of a strong institutional and social base for the goals themselves and flexibility regarding the form of implementation have allowed the NEQO system to outlive changes in political leadership.

Of course, another key difference between the SDS and the NEQOs is its thematic approach to sustainable development. While the NEQOs focus narrowly on environmental sustainability, the SDS is committed to an integrated approach to sustainable development. This raises the question whether lessons from the NEQO system are transferable to an integrated SDS process. One of the key features driving progress in the NEQO system is the strong social support that the goals enjoy. Would it be possible to sustain this kind of support if the goals were expanded to include other dimensions of sustainability, such as health or demographic challenges? A similar proposal was already made during the evaluation process in 2004 (Nilsson et al. 2004: 233). It seems that a fully integrated, multi-dimensional approach would be more difficult to communicate politically and might weaken overall support and recognition for the system. Moreover, this would further complicate the already challenging process of setting political priorities.

Another possible approach might be to establish separate but complementary systems in other policy areas based on the same foundation, i.e. long term goals and a strong system of monitoring and evaluation. This might lay the foundation for the gradual development of a multi-dimensional system of strategic public management. Of course, this approach also raises the question whether such additional goal-oriented systems would enjoy the same level of social and political support. An important question would be whether there is sufficient agreement on the fact that the benefits of such an elaborate system of monitoring and evaluation justify its additional costs.

Whether this is the case goes beyond the scope of this paper. What this comparison clearly demonstrates, however, is that strategic public management cannot be introduced in isolation from existing social and political trends. Both the achievements and shortcomings of the NEQO system highlight the importance of strong linkages to existing political developments and institutional structures. The importance of building on existing processes and strategies was already highlighted in the guidelines published by the OECD (2001: 27) and the UN (2002: 102-104) but has been largely ignored both in the academic literature and in the practice of developing sustainable development strategies. Rarely strategy features, such as inter-ministerial coordination bodies, have been built on existing institutional mechanisms. Instead the focus has been on the creation of new, innovative mechanisms for implementing the SDS.

The Swedish example shows that such a strategy may be more suitable for international dialogue and learning rather than domestic policy change. This in itself may serve an

¹³ The contents of this section is based on an information provided by Tom Hedlund, Head of Environmental Objectives Secretariat, Swedish Environmental Protection Agency. The interview was conducted on 3.3.2010 in Stockholm.

important purpose in the quest for sustainable development. Sweden's position as a frontrunner and role model in the field of sustainable development make this dimension particularly relevant for the Swedish SDS. It also highlights the importance of existing institutional structures and governance arrangements for building a system of strategic public management. An important question for further research should be the identification of existing structures and approaches that may serve as a basis for developing a more ambitious yet politically relevant approach to strategic public management. Striking a balance between planning and incrementalism should also apply to the process of developing a system of strategic public management.

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