

Strategic Challenges

A Further Elaboration of the Swedish Strategy for Sustainable Development



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Elaboration of the Swedish Strategy
for Sustainable Development

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The Government hereby submits this communication to the Riksdag (Swedish Parliament).

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Primary content of this communication

Sustainable development is an overall objective of Government policy. This communication represents a further elaboration of the Swedish strategy for sustainable development presented in 2004. The strategy covers all three dimensions of sustainable development: economic, social and environmental.

The strategy proceeds from a long-term vision of sustainable development. The communication also deals with the international sustainable development effort, including UN initiatives and the EU's strategy in the area.

The communication presents a set of indicators, including 12 headline indicators, for sustainable development.

Furthermore, the Government emphasises four strategic challenges to be prioritised during the next term of office. Opportunities and threats are highlighted, while objectives and measures are described. The challenges are:

– *Building sustainable communities*

This challenge involves promoting good living conditions by means of physical planning, regional development, infrastructure projects, urban development and housing.

– *Encouraging good health on equal terms*

This challenge involves creating conditions for good health regardless of gender, ethnicity, social background, cultural background, sexual orientation, age or disability.

– Meeting the demographic challenge

This challenge involves taking measures across a range of policy areas to meet the demographic challenge in its economic and social dimensions.

– *Encouraging sustainable growth*

This challenge involves recognition that growth is driven by dynamic markets, a forward-looking welfare policy and a progressive environmental policy.

This communication also provides a general overview of the tools and horizontal conditions needed for effective implementation, as well as for the promotion of sustainable development as an objective, method and approach.

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1 Introduction

Sustainable development is an overall objective of Government policy. As of 1 January 2003, the Instrument of Government states that the public sector is to promote sustainable development designed to ensure a sound environment for current and future generations. The Instrument of Government had included social objectives even earlier.

Sweden's first National Strategy for Sustainable Development (Govt. Comm. 2001/02:172, Rpt. 2001/02:MJU16, Riksdag Comm. 2001/02:315) was submitted to the Riksdag in 2002. The strategy was one step in the effort to integrate the three dimensions of sustainable development: the economic, social and environmental. The twin goals of the strategy were to fulfil the Government's international commitment to submit a strategy for sustainable development to the UN in 2002, as well as to report on and plan the sustainability effort in Sweden.

A Swedish Strategy for Sustainable Development (Govt. Comm. 2003/04:129, Rpt. 2004/05:MJU3, Riksdag Comm. 2004/05:41) in 2004 was the first revision. The communication stressed the commitments of the 2002 UN World Summit on Sustainable Development in Johannesburg concerning consumption and production patterns. The communication was also a response to a Riksdag decision on a new Swedish policy for equitable and sustainable global development that was presented in a Government bill entitled Shared Responsibility: Sweden's Policy for Global Development (Govt. Bill 2002/03:122, Rpt. 2003/04:UU3, Riksdag Comm. 2003/04:112), which extended the objective of promoting equitable and sustainable global development to all policy areas. The revised communication identified four strategic issues for the future while describing current and upcoming efforts in eight core areas. The Government announced that the strategy would be revised in 2006.

Since presenting the most recently revised strategy, the Government has submitted several bills and communications to the Riksdag concerning fundamental aspects of sustainable development:

- Local development in Metropolitan Regions (Govt. Comm. 2003/04:49, Rpt. 2003/04:SfU9, Riksdag Comm. 2003/04:163)
- The Power to Decide: the Right to Welfare (Govt. Bill 2004/05:2, Rpt. 2004/06:KrU2, Riksdag Comm. 2004/05:94)
- Research for a Better Life (Govt. Bill 2004/05:80, Rpt. 2004/05:UbU15, Riksdag Comm. 2004/05:289)
- Swedish environmental quality objectives – a shared responsibility (Govt. Bill 2004/05:150, Rpt. 2005/06:MJU3, Riksdag Comm. 2005/06:48,49)
- New World – New University (Govt. Bill 2004/05:162, Rpt. 2005/06:UbU3, Riksdag Comm. 2005/06:160)
- From an IT Policy for Society to a Policy for the Information Society (Govt. Bill 2004/05:175, Rpt. 2005/06:TU4, Riksdag Comm. 2005/06:142)

- Overarching strategy and national priorities for the next rural development program (Govt. Comm. 2005/06:87)
- A National Action Plan for Human Rights 2006–2009 (Govt. Comm. 2005/06:95)

The Government approved the following bills and communications on the same date as the present communication:

- Secure consumer who shop sustainably: Objectives and directions for the consumer policy in Sweden (prop. 2005/06:105) (Govt. Bill 2005/06:105)
- Research and new technology for tomorrow’s energy system (Govt. Bill 2005/06:127)
- Sustainable power with wind – measures for vivid wind farming (Govt. Bill 2005/06:143)
- National programme for energy efficiency and energy-smart construction (Govt. Bill 2005/06:145)– Renewable electricity with green certificates (Govt. Bill 2005/06:154)
- Power to Shape Society and Your Life – Towards New Gender Equality Policy Objectives (Govt. Bill 2005/06:155)
- National Climate Policy in Global Cooperation (Govt. Bill 2005/06:172)
- Think twice! An action plan for sustainable household consumption (Govt. Comm. 2005/06:107)
- Account of the National Action Plan for the Disability Policy (Govt. Comm. 1999/2000:79, Rpt. 1999/2000:SoU14) (Govt. Comm. 2005/06:110)
- Certain fishery policy issues (Govt. Comm. 2005/06:171)

A series of inquiries on sustainable development have been conducted since the previous communication. The Education for Sustainable Development Committee submitted a final report entitled Learning to Change Our World (Swedish Government Official Reports 2004:104). Two governmental inquiries, an interim and a final report regarding a proposal for an action plan for sustainable household consumption been submitted. In addition, the Government Inquiry on Evaluation on Local Development Agreements submitted a final report entitled “Cities in motion”(Swedish Government Official Reports 2005:59). Innovative Sweden: A Strategy for Growth through Renewal (Ministry Publications Series 2004:36) was presented in June 2004. The innovation strategy represents a key platform for the Government's formulation of a policy oriented toward growth and employment. In addition, the College Act (Swedish Code of Statutes 1992:1434) was amended to promote sustainable development.

A set of indicators for sustainable development, including 12 headline indicators, was put together with the assistance of Statistics Sweden.

A follow-up on the measures announced in the revised strategy for sustainable development 2004 is available at the Ministry of Sustainable Development (M2006/723/Hu).

The Ministry of Sustainable Development was established on 1 January 2005, and the Unit for Sustainable Development was moved to the new ministry. 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 effort. In early 2005, the Government established a Council for Sustainable Development under the National Board of Building, Planning and Housing. The mission of the council is to facilitate the implementation of Sweden's strategy for sustainable development, particularly at the local and regional levels.

The Government Offices helped arrange a national conference in November 2005 entitled Envisions, "Quality of life through sustainable development". The Government Offices and the Council for Sustainable Development co-organised an initial consultation in January 2006 with local, regional and other key participants. The purpose of the consultation was to provide information concerning the overall effort to further elaborate the strategy, obtain viewpoints about that effort and initiate a dialogue on cooperative implementation of the strategy. Memoranda from that meeting are available on the website of the Council for Sustainable Development (www.hallbarhetsradet.se).

Revisions and follow-ups to the strategy will be submitted on a regular basis. The follow-ups will include the 99 measures presented in the strategy. The Government plans to revise the strategy in 2010.

2 Vision

Sustainable development is an overall objective of Government policy, both nationally and internationally. The policy objectives of the vision of a sustainable society are solidarity and justice in every country, among countries and among generations. The basic assumption is that members of one generation should not conduct their lives in a way that prevents their children or future generations from enjoying a decent standard of living. Sustainable development is an approach that must actively inform and shape all policy areas.

Long-term, not short-term

Sustainable development requires the formulation of all policy decisions so as to strike a proper balance among their long-term social, economic and environmental consequences.

Use, don't abuse

Sustainable development demands a clear perspective on resource utilisation. Sustainable development is dependent on our ability to use, create and invest in the resources on which the economy relies. Among them are natural resources, the buildings and infrastructures constructed by human beings and – last but not least – each and every woman, man, girl and boy, along with their health, expertise and creativity.

Support, don't undermine

Sustainable development begins with a holistic approach to society's needs and problems, both nationally and globally. Mutually reinforcing economic, social and environmental activities must be designed. Such an approach rests on the insight that a well functioning economy is the basis of social justice and environmental protection. But the reverse is also true – that what is good for human beings and the environment ultimately favours the economy as well.

Interact, don't counteract

Sustainable development proceeds from joint responsibility and calls for a society characterised by democratic values, respect for human rights and gender equality. All citizens must enjoy equal rights and opportunities regardless of class, age, gender, sexual orientation, disability ethnicity, cultural background, religious belief or other personal creed. All people and social strata must have the possibilities to become involved and participate. For that to happen, the Government, public agencies, employers, unions and voluntary organisations must cooperate and interact. Collaborative initiatives are needed at the regional, national, EU and global levels.

Sweden has a great deal to gain from being a leading country in terms of sustainable society. The country can in that way contribute to greater solidarity and a more equitable allocation of the world's resources. A

sustainable development policy can thus serve as a key catalyst of renewal, growth and employment in Sweden as well. Just as social reforms constantly spur economic progress, adaptation to environmental demands will require new solutions, new ways of supplying energy, and cutting-edge, environmentally sound technologies and innovations that will create jobs and stimulate development.

3 Progress report

3.1 International trends

3.1.1 A global perspective

Accelerating globalisation is tying the world closer and closer together, while generating greater prosperity among large groups of people. The trend exhibits many desirable features, particularly with respect to economic growth and technological progress. The majority of the world's population lives under peaceful conditions, and the number of conflicts among countries has declined radically in recent decades. More and more people enjoy a higher standard of living. The percentage of poor people is only half of what it was before the latter part of the 20th century, while both life expectancy and literacy have increased. The trend is worldwide in nature. Trade and technology offer a wider variety of goods and services, providing large groups of people with the opportunity to obtain well paying jobs, to find improved housing and to make decisions that affect their own lives. Democratic values as well as freedom and respect for the human rights of women, men and children regardless of ethnicity or cultural background – are taking root in many places. Meanwhile, trade, migration and tourism, along with common security and environmental challenges, are constantly leading to greater interaction between regions and countries.

The globalised world of today, characterised by mass movements of capital and people, has altered the picture of poverty and welfare. Globalisation has its winners and its losers. Some 15 per cent of the population of the rich countries is living in relative poverty, while growing numbers of people (also around 15 per cent) in the developing countries enjoy a living standard similar to that of the West. The gaps are widening in many places, more so within countries than between them. Women are still overrepresented among the poor, and major gender inequalities remain when it comes to economic and other resources. Social tensions around the world are taking the form of unrest and frustration, mainly among young men who have not reaped the benefits of globalisation. The majority of people in areas such as sub-Saharan Africa remain poor. Their defencelessness and powerlessness is being aggravated by armed conflicts, lack of respect for human rights and the depletion of natural resources due to draught, deforestation and dwindling fish populations. Armed conflicts, which wreak havoc on both physical infrastructures and social cohesion, hit poorest countries the hardest and put girls and women at the greatest risk. Terrorist acts plague both rich and poor. The struggle against terrorism is creating new political constellations. At the same time, uneasiness is growing that the struggle is being waged at the expense of human rights. Day to day

violence persists and one of three women around the world are victims of male violence. Criminal trafficking in human beings, drugs and weapons represents a serious threat to the welfare of both individual citizens and entire societies, as well as to overall efforts to ensure sustainable development. A growing challenge stems from large-scale urbanisation, particularly in developing countries where more and more people live in poor and inadequately planned slums. The metropolitan areas of the rich countries also suffer from economic, social and discriminatory segregation that leads to major interregional discrepancies in living standards.

3.1.2 The sustainable development effort

To advance the cause of welfare, both nationally and globally, the international community is cooperating in a series of areas that strengthen the sustainable development effort. The UN Millennium Declaration of 2000 asserts that global development requires a holistic view and provides a platform for multilateral development, peace and security cooperation. The Millennium Development Goal of halving world poverty from 1990 to 2015 is an overall challenge that involves education, equal opportunity, health, HIV/AIDS, sustainable development, environmental protection and strengthened partnership between the rich and poor countries. The declaration both proceeds from and strengthens the sustainable development effort. Equitable and sustainable development and justice are integral to Sweden's policy for global development. The policy builds on a rights perspective and the perspective of poor people; women, men and children. The policy is also based on coherence – in other words, all policy areas must contribute to equitable and sustainable global development.

Another cornerstone of the policy involves the joint but diversified responsibility agreed upon at the 2002 UN World Summit on Sustainable Development in Johannesburg. In particular, the richest countries are to assume special responsibility. According to the Johannesburg Plan, eradicating poverty, changing unsustainable consumption and production patterns, and promoting protection and stewardship of natural resources for social and economic progress represent the overall objectives of, as well as the fundamental preconditions for, sustainable development. The document also makes it clear that women must be given equal opportunity and obtain greater control over their own lives if poverty is to be combated effectively and sustainable development is to be a reality. In accordance with decisions reached at Johannesburg, a ten-year framework of programmes for sustainable consumption and production patterns are to be developed in order to raise awareness and design tools aimed at bringing about changes and strengthening the international effort in those areas.

While the UN Commission on Sustainable Development (CSD) is specifically in charge of monitoring implementation area by area, the entire UN system has overall responsibility for the plan. The CSD will be focusing in 2006–07 on the mutually interdependent issues of energy, industrial development, air pollution and climate. Agriculture, rural

development, land, draught, desertification and sustainable development, particularly for Africa, will be the themes during the 2008–09 work cycle. The UN General Assembly's official declaration of 2005–14 as the Decade of Education for Sustainable Development has further fuelled the initiative. UNESCO is in charge of that project. Notwithstanding the educational orientation, science, culture and communication are also major priorities. The UNESCO Secretariat in Paris has put together an implementation schedule and will promote greater awareness of sustainable development during the period.

A number of leading international organisations deal with issues affecting sustainable development. The International Monetary Fund (IMF) and World Trade Organisation (WTO) exercise decisive influence when it comes to economic matters. Business interactions, along with the exchange of goods and services, fuel much of what is happening in the economic, social and environmental spheres. Cooperation at the international level is vital to strengthening the economies of both rich and poor countries, as well as to fighting poverty and promoting sustainable development. International financial institutions provide loans, regulations and advisory services to encourage greater economic and financial stability, more vigorous trade and accelerated growth. Efforts are also under way to ensure that developing countries face better export and import opportunities, paving the way for economic growth and steady reductions of poverty consistent with the goal of sustainable development. The same is true of initiatives that boost production capacity, raise the level of knowledge about export markets and build institutions that allow for mutually beneficial trading relationships. The Organisation for Economic Cooperation and Development (OECD) actively promotes key elements of sustainable development, including the compilation of statistics and indicators that reflect economic, social and environmental trends in member countries. The OECD draws up guidelines for the national sustainability efforts of member countries and for the advancement of international development cooperation. The organisation also puts together an annual report about ongoing sustainable development initiatives, one purpose of which is to assess how well member countries are meeting the international commitments that they made at the UN conferences in Johannesburg, Doha and Monterrey.

The 1992 UN Conference on Environment and Development in Rio de Janeiro was followed up by the 1998 Baltic 21: An Agenda 21 for the Baltic Sea Region and the 2002 Programme for Further Implementation of Agenda 21. The 2004 5th Baltic Sea States Summit in Laulasmaa lent its support to the inclusion of sustainability considerations in all activities of the Council of the Baltic Sea States, as well as emphasis on intersectoral Lighthouse Projects.

Meanwhile, the Nordic Council of Ministers is engaged in sustainable development issues and has adopted a strategy in the area. Other initiatives involve studies and meetings of experts designed to promote sustainable consumption and production patterns.

The UN Environmental Programme (UNEP) and a series of conventions, including the Kyoto Protocol to the United Nations Framework Convention on Climate Change, form the basis of an active

global effort to deal with climate change, air pollution and environmental toxins.

The International Labour Organisation (ILO) contributes to greater synergies between economic and social objectives by advocating for the right to form unions and conclude collective agreements, as well as prohibition of the most harmful forms of child, forced and slave labour and discrimination in employment. The World Health Organisation (WHO) is vital to bolstering the international social sustainability effort by means of broad-based health initiatives to fight tropical diseases, promote sexual and reproductive health and counter patriarchal violence.

The UN World Summit in September 2005 represented an important milestone for all dimensions of the global sustainable development effort. The summit confirmed the commitment of the international community to sustainable development worldwide. It also reached decisions in principle concerning the proliferation of weapons of mass destruction, as well as the establishment of a Peace building Commission and a Human Rights Council, all of which are decisive to the prospects for sustainable development from a broad perspective.

3.1.3 Swedish priorities

Sweden plays an active role in many international arenas that touch upon sustainable development. The policy for equitable and sustainable global development stresses the importance of coherent actions within and between different policy areas. The strategy strives to pursue its primary objective while upholding fundamental values such as democracy, equal opportunity, the conviction that all human beings are created equal and receptiveness to the perspectives of poor people toward development issues. That policy, as well as the world's largest development cooperation effort in terms of GNI (1 per cent in 2006), allows Sweden to actively promote the Millennium Development Goal of halving world poverty by 2015 and encourage other countries to step up their own efforts.

As a part of the coherence efforts, Sweden works to promote sustainable consumption and production patterns. Such efforts serve as important contributions to fulfilling the UN Millennium Development Goals, in addition to the resources that Sweden makes available for global development cooperation. As part of the Marrakech Process on Sustainable Consumption and Production under the direction of the UN, Sweden is leading an international task force on Sustainable Lifestyles, the report of which is due in 2007. Proceeding from an unflinching social perspective, Sweden also participates actively in the work of the CSD when it comes to a series of intersectoral issues, such as combating poverty and promoting gender equality.

Sweden also works proactively within the IMF, World Bank, WTO and OECD to encourage economic growth, equal opportunity, equality before the law, expanded trade and effective poverty reduction. One of Sweden's most significant initiatives in promoting equitable and sustainable global development is to advocate a reform of EU agricultural subsidies. Sweden is on many arenas a leader in the

international environmental effort, particularly in respect of integrated approaches, the development of environmental technologies and renewable energy sources, and the reduction of environmental toxins.

3.2 The EU strategy for sustainable development

Sustainable development has been an overall objective of the Treaty on European Union ever since 1999. The 2001 European Council meeting in Gothenburg adopted the EU's first strategy for sustainable development. The strategy identified a series of unsustainable trends, as well as horizontal instruments for the promotion of sustainable development. It also added an environmental dimension to the EU's Lisbon strategy for growth and employment. Decisions reached by the 2002 European Council meeting in Barcelona expanded upon the international components of its sustainability strategy. That strengthened the EU's role as a driving force in the global sustainable development effort.

A December 2005 report by Eurostat, the European Commission's statistical body, contained some 150 sustainable development indicators. The report is the most ambitious attempt yet to review and monitor the status and progress of sustainable development within the EU. The indicators are broken down into ten different areas. The 12 headline indicators offer an overall view.

The report suggests mixed results. The trend is positive when it comes to life expectancy, as well as efficient material use and development cooperation. Gross Domestic Product (GDP) growth per capita, energy consumption by the transport sector and public faith in EU institutions show little progress. The trend is negative in terms of the risk of poverty, the support ratio, greenhouse gases emissions, energy consumption and the stewardship of natural resources. The overall conclusion of the report is that current trends within the EU are unsustainable.

A review by the European Commission concerning implementation of its sustainable development strategy concludes that progress has been considerable but remains unsatisfactory in many respects with regard to the unsustainable trends identified in 2001.

In June 2005, the European Council approved a declaration on guiding principles for sustainable development. The declaration defines objectives for environmental protection, social justice, social cohesion, economic welfare and international responsibility. It also specifies ten policy principles. The declaration represents a commitment by both the EU as a whole and the individual Member States. It also serves as guidance for Sweden's national sustainable development strategy. Annex 2 to this communication contains the declaration in its entirety.

The global dimension is increasingly vital to the EU's sustainable development strategy. Ahead of the September 2005 UN World Summit, agreement was reached that all Member States would commit to the target of contributing 0.7 per cent of their Gross National Income (GNI) to development cooperation by 2015. In November 2005, the ministers for development cooperation of the various Member States agreed that EU development assistance must focus on combating poverty for the purpose of ensuring sustainable global development.

The EU is now entering a new stage in its sustainable development effort. Following extensive preparatory work, the European Commission proposed a revised strategy for sustainable development (COM (2005) 658). Expanding on the current strategy, the proposal identified six areas: climate change and clean energy, public health, social cohesion, demographics and migration, stewardship of natural resources, sustainable transport, global poverty and development. The proposal contained a number of objectives, goals and suggested measures for each of the six areas. The Commission also issued proposals to encourage effective monitoring and to ensure that sustainable development is incorporated into decision making processes. A set of indicators was presented for monitoring purposes. Of great importance is also that all major proposals by the Commission undergo an impact assessment from the point of view of sustainable development.

The new EU strategy is to be approved by the European Council meeting in June 2006. The Commission's proposed new strategy for sustainable development urges the Member States to adopt national policies and consider ways in which associated measures can be incorporated into those taken by the EU.

Sweden is proactive when it comes to the EU sustainable development effort. The new five-year strategy should be more ambitious than the current one and clearly propel the EU effort forward throughout the entire period. The EU must also remain a driving force in promoting sustainable development at the global level.

Sweden strives for a balanced, prudent approach to the economic, social and environmental dimensions of sustainable development and stresses gender equality. Sustainable development served as a cohesive force in Sweden's 2005 national action plan for the Lisbon strategy. The EU's sustainable development and Lisbon strategies should work in tandem and eventually merge.

Sweden wants to see concrete targets and measures. Strengthening monitoring procedures and decision making tools is of vital importance.

As the present Swedish strategy is being presented, negotiations on the EU's revised strategy are under way. The new strategy will presumably contain measures that require follow up at the national as well as the EU level.

3.3 Sustainable development in Sweden

3.3.1 Overview of the effort so far

Sweden has been engaged in a systematic sustainable development effort since the early 1990s. The approach has expanded little by little. The 1992 UN Conference on Environment and Development (the "Earth Summit"), which proceeded from the 1987 Brundtland Report, in Rio de Janeiro marked the beginning. Carrying out Agenda 21, which the conference adopted, involved regional and local as well as national bodies. Integral to Sweden's implementation was the adoption of the

country's first National Strategy for Sustainable Development in March 2002. Two years later came the initial review of the strategy because of the UN World Summit on Sustainable Development in Johannesburg.

International cooperation has been a major source of inspiration to the national sustainable development effort. But Sweden has also built upon its own traditions. Inherent to the concept of the welfare state from the very beginning was the conviction that social justice and equality are both compatible and a stimulant of economic growth. Environment policy was early introduced in Sweden. As the major environmental issues – stewardship of scarce natural resources, climate change, hazardous chemicals, etc. – grew more and more pressing, the pursuit of an overall policy that could integrate the various dimensions into a vision of green welfare state represented a logical next step.

Sweden's broad-based sustainable development effort extends across all policy areas. Nevertheless, highlighting certain areas can illustrate how the effort works in practice. Climate change poses one of the great challenges of our times. No other environmental issue so thoroughly encompasses all levels of society. Decisive measures must be taken if current greenhouse gas emissions are to be reduced and future ones curbed. Meanwhile, adaptations are needed to cope with the climate change that has already begun. The EU has launched an emission trading scheme. Energy is a key area in which Sweden has set ambitious policy objectives. Conditions are to be created under which Sweden significantly can reduce its dependence on oil and other fossil raw materials by 2020. (see Section 4.4).

The 16 environmental quality objectives on which Sweden's environmental policy is based require an intersectoral approach if they are to be met. Three challenges are particularly important: the adaptation of energy and transport systems, the creation of a non-toxic environment and efficient recycling and proper stewardship of natural resources. Public health policy, which focuses on the determinants of ill health and the groups of people who are at particular risk, takes a similar approach. Forestry policy consists of an environmental and a production objective, both of which are equally important.

Moreover, the Government has targeted a 50 per cent reduction in sickness absenteeism from 2002 to 2008. Long-term sustainability as an objective of transport and communications policy calls for increasingly stringent environmental demands consistent with the demands of today's economy and society's need for the well functioning movement of goods and people. Such factors are vital to sustainable urban development policy as well. Sweden's adoption in 2003 of a uniform strategy for equitable and sustainable global development more explicitly incorporated growth targets into the objective of aligning all policy areas in carrying out the effort.

Sweden's sustainable development effort has given rise to institutional changes as well. Sustainable development was adopted in 2003 as an overall objective of Government policy. The Cabinet was reshuffled in 2005 to establish the Ministry of Sustainable Development, which brought together environmental, energy and housing policy. The Unit for Sustainable Development, which had been set up in 2003 as part of the Prime Minister's Office to lead and coordinate the work of the

Government Offices in the area, was incorporated into the new ministry. In early 2005, the Government established the Council for Sustainable Development under the National Board of Building, Planning and Housing. The mission of the council is to facilitate the implementation of Sweden's strategy for sustainable development, particularly at the local and regional levels.

3.3.2 Sustainable development as reflected by 12 headline indicators

In preparing this further elaboration of Sweden's strategy for sustainable development, the Government has put together a set of indicators in cooperation with Statistics Sweden (see Section 5.4.4 and Annex 1). The Government is here presenting a progress report by means of 12 headline indicators. The list of headline indicators does not claim to measure the sustainability of trends in Sweden or to do full justice to all components of the concept of sustainable development.

The indicators are broken down into six areas: health, sustainable consumption and production patterns, economic development, social cohesion, environment and climate, and global development. Table 3.1 describes the 12 headline indicators and the main trend that each of them reflects. Six of the trends are positive, two are negative and four are neither positive nor negative. Important to emphasise is that consideration must be paid to the absolute value of each indicator as well as its trend. If an indicator is at an entirely satisfactory level, the most important thing to keep an eye on is that it does not decline. By the same token, an indicator may show a positive trend but remain at an unsatisfactory level.

Table 3.1: Headline indicators for sustainable development

Headline indicator	Trend
HEALTH	
1. Life expectancy	Positive
2. Violence	Neither positive nor negative
SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS	
3. Energy efficiency	Positive
4. Investments	Neither positive nor negative
ECONOMIC DEVELOPMENT	
5. Employment rate	Neither positive nor negative
6. Public debt	Positive
7. Growth	Positive
SOCIAL COHESION	
8. Risk of poverty	Negative

9. Demographic support ratio	Negative
ENVIRONMENT AND CLIMATE	
10. Greenhouse gases	Neither positive nor negative
11. Hazardous substances	Positive
GLOBAL DEVELOPMENT	
12. Development co-operation	Positive

Note: Annex 1 contains statistics and definitions of the headline indicators

Source: Statistics Sweden

Life expectancy is a headline indicator when it comes to the area of *health*. Life expectancy in Sweden has increased year after year. From 1982 to 2004, it rose from 79.4 to 82.7 years for women and 73.4 to 78.4 years for men. Healthy life years can be traced back to 1997 only. The figure has increased by approximately two years for women but shown no discernible trend for men. The country's life expectancy is a clear sign that Swedes generally enjoy good health and well-being. Sweden does well in comparison with other countries. Another indicator in the area of health involves the risk or threat of violence. There are major differences among various groups – young men are most at risk, whereas older men and women are rarely at risk. No general trend is discernible – except in the case of young women, for which it is negative.

Energy efficiency is an important indicator of *sustainable consumption and production patterns*. An improvement in the variable is necessary for reducing Sweden's dependence on fossil fuels and setting its energy system on a more sustainable course. Greater energy efficiency is vital at both the producer and consumer levels. The energy efficiency headline indicator reflects a total decrease in energy consumption per GDP unit. Oil dependence is down for the housing and manufacturing, but not the transport, sectors. Biofuels and other renewable sources have increased slowly as a percentage of total energy usage.

Investments often play a major role in assessing sustainability. The ability to maintain various kinds of capital – physical, natural and human – is frequently regarded as a reflection of sustainable development. Investments are fundamental not only to growth and competitiveness, but to renewal and environmental progress. While the methodology does not permit complete analyses of the various types of investments, one headline indicator breaks them down into physical capital (gross and net), human capital (education) and R&D in order to highlight key components of sustainability. Sweden's investments in physical capital have remained fairly constant over the past ten years, albeit lower than before the economic crisis of the early 1990s. Investments in education have held steady at 7 percent of the GDP. Since 1993, R&D expenditures have remained above the Lisbon strategy's target of 3 percent of the GDP. The figure passed 4 percent in 2001 and was down somewhat in 2003–04. The private sector accounts for approximately three quarters of the R&D effort.

Full employment is a fundamental objective in the area of *economic development*. The employment rate indicator shows no discernible positive or negative trend. The Government's 80 percent employment

rate target has not been met yet. However, the employment rate for older women and men has risen in recent years. One complementary employment measure is the number of hours worked per person of working age. The measure also captures various types of absenteeism. The trend is negative for men and essentially unchanged for women.

Sustainable public finances are fundamental to welfare systems and to the national economy as a whole. Since the budget reform of the 1990s, the public debt has trended downward. That is necessary if Sweden is to handle its rising demographic support ratio.

Rapid growth not only generates social resources, but serves as evidence that the country has the capacity to combine an efficient economy and high productivity with ambitious social and environmental objectives. Sustainable development does not doom a society to low growth. GDP growth per capita has been solid and the prospects for the next few years remain bright.

The risk of poverty indicator in the area of *social cohesion* reflects the percentage of Swedes living in households that earn less than 60 per cent of the country's median income. The indicator has risen to 12 per cent since the early 1980s. But that is the second lowest in the EU and remains well below the 15 per cent average for the EU 25 countries. The 60 per cent cut-off point is not intended as a measure of absolute poverty, but represents an assessment of the level below which normal consumption and integration in the community are difficult to maintain. In absolute terms, such households may enjoy a decent standard of living well above what poor countries have to offer.

The demographic dependency ratio indicator measures the number of children, young people and elderly who are dependent on the working age population. The upcoming major increase in the number of elderly who fall into this category will have substantial social and economic repercussions.

Greenhouse gas emissions are a headline indicator in the area of *environment and climate*. The indicator has trended slightly downward in Sweden. Annual emissions declined from 72.4 million to 69.8 million tonnes of carbon dioxide equivalent from 1990 to 2004. Sweden's real GDP growth was approximately 27 per cent during that period. But substantial additional reductions of greenhouse gas emissions are needed if the country is to meet its long-term climate objective.

The *hazardous substances* indicator measures concentrations of long-lived organic compounds in breast milk. In other words, it reflects the extent to which certain hazardous environmental substances are absorbed by the body. Four types of long-lived organic compounds have been studied. The trend is positive for three of them and essentially unchanged for the other one.

Among the many ways in which Sweden can promote *global development* is through open trade. Development assistance is another key instrument. Sweden contributes 1 per cent of its GDP to development assistance. That is high in comparison with the rest of the world. Only a few countries have met the UN target of 0.7 per cent. A complementary measure of global development is Sweden's trade with the poorest countries. After starting off at a very low level, both exports and imports are on the rise.

4 Strategic challenges

Summary: The Government is further elaborating on the four issues for the future identified in its 2004 strategy, placing an emphasis on four strategic challenges:

- Building sustainable communities
- Encouraging good health on equal terms
- Meeting the demographic challenge
- Encouraging sustainable growth

The Government's vision highlights sustainable development as an overall objective of its national and international policies. Sweden's sustainable development policy strives for solidarity and justice, both within and among countries and generations. Those values form the basis of the four strategic challenges discussed here. The challenges represent a further elaboration of the issues for the future identified in the Government's 2004 revised strategy for sustainable development. The Government has selected the challenges that are decisive to meeting Sweden's objectives and realising the vision of a sustainable society. Sweden shares these challenges with many nations both in and outside the EU. As a result, Sweden must act at the local, regional, national, EU and global levels to successfully confront them.

Intersectoral initiatives are needed in order to achieve synergies, while any conflicts of objectives must be brought to the surface so that new interfaces and measures can be identified. Follow-ups on the 2004 strategy suggest that the measures announced at that point have usually been adopted primarily in the particular core area with which they were associated (M2006/723/Hu). However, the strategic challenges extend across a number of different policy areas.

While important in itself, each challenge is related to the others as well. The opportunity for gainful employment is central to all four challenges, given its impact on where people live, their state of health throughout life and the prospects for sustainable economic growth. Social cohesion is another basic component of sustainable development inherent to each of the challenges. Thus, gainful employment and social cohesion are the kinds of intersectoral issues that, along with the strategic challenges, help make the sustainable development effort more concrete and comprehensible.

The following sections of Chapter 4 describe the four strategic challenges for the purpose of illustrating the issues that arise when various policy areas cooperate on the basis of objectives that reflect sustainable development's three dimensions and associated measures. Chapter 5 provides a general overview of the tools and horizontal conditions needed for effective policy implementation, as well as for the promotion of sustainable development as an objective, method and attitude.

Below is a brief summary of the four strategic challenges on which the Government is focusing for the next term of office:

– Building sustainable communities

The Government's ultimate goal in building sustainable communities is to promote and develop decent living conditions for everyone. That calls for balancing various interests in terms of physical planning, regional development and infrastructure, along with residential and city planning consistent with sustainable urban development. An overall challenge, both nationally and globally, is posed by demographic change as the result of migration, an ageing population, urbanisation (particularly in the metropolitan areas) and depopulation trends in most Swedish municipalities. Another vital ingredient of building sustainable communities is to encourage participation and codetermination in a society where all have equal rights, opportunities and obligations.

– Encouraging good health on equal terms

Initiatives for improved public health and the right of all people to enjoy maximum well-being are integral to achieving Sweden's objectives of sustainable growth, satisfactory welfare and environmental sustainability. Encouraging good health on equal terms requires laying the foundation for decent living conditions – access to gainful employment, decent workplaces, economic and social security, communities in which children can grow up safely, participation and codetermination. A clean environment and healthy lifestyles are also vital. Improved public health facilitates both national economic growth and more stable household finances. It is important that the society prioritises broad-based initiatives aimed at eliminating health and mortality discrepancies among various social and economic groups.

– Meeting the demographic challenge

As Swedes live longer and healthier lives, the age and size of the population increases. But that also translates into a higher support ratio. Of crucial importance is that tax-financed welfare systems continue to work well so as to ensure security and social cohesion. That objective makes a higher employment rate – more hours worked, a larger labour force and later retirement – even more vital. Both young people and adults with foreign backgrounds must be given more of a chance to enter the labour force. Furthermore sound public finances and solvent social security systems are of great importance Sweden must be able to deal with the demographic challenge in its economic and social dimensions.

– Encouraging sustainable growth

Encouraging sustainable growth implies economic expansion driven by dynamic markets, a forward-looking welfare policy and a progressive environmental policy. Sustainable consumption and production patterns pave the way for new enterpriser higher employment and increased exports. Knowledge acquisition, innovation and access to venture capital are basic tools for influencing such patterns. The Government's vision is for Sweden to eventually obtain its entire energy supply from renewable sources. Changing over to a sustainable society by means of

environmental technology, new solutions and a social systems approach lays the foundation for economic growth and new jobs.

4.1 Building sustainable communities

4.1.1 Opportunities and threats

Building sustainable communities refers to activities in the areas of municipal planning, regional development, overall urban planning, transport and communications, infrastructure, housing and environmental protection. It also encompasses the ability of citizens to actively participate in the decisions that affect these areas and represents a key tool for meeting global objectives with respect to sustainable consumption and production patterns.

Achievement of the Government's sustainability goals requires greater interaction among various interests when it comes to physical planning, regional development and infrastructure, as well as residential and city planning consistent with sustainable urban development. The creation of a national platform for a sustainable urban development policy is of the greatest urgency. One challenge is to build sustainable communities that offer even greater assurance of decent living conditions. Municipal planning, regional development policy and a strategy for thriving residential and urban environments can help meet that challenge. In response to the global, national and regional changes that have taken place, the Government is building on the welfare that was created by means of active policies for employment, housing, resource allocation and equal opportunity. An overall challenge, both nationally and globally, is posed by demographic changes as the result of migration, an ageing population, urbanisation (particularly in the metropolitan areas) and depopulation trends in most Swedish municipalities. More stringent environmental demands, including 16 national environmental quality objectives for the next 15 years as part of a commitment to the welfare of current and future generations, also represent a major challenge.

In addition to national and EU strategies for building sustainable communities, Sweden has made a number of global commitments, including the implementation plan from the 2002 UN World Summit on Sustainable Development in Johannesburg and the plans that came out of the UN Conferences on Human Settlements in 1996 and 2001 (Habitat I and II). The richest countries have been assigned a special responsibility for the overall commitment to sustainable consumption and production patterns. That requires a more proactive approach to building sustainable communities. For that to happen, city planning and infrastructures must facilitate and reward sustainable behaviour on the part of individual citizens. In concrete terms, retail outlets and recycling centres must be located near residential areas, while housing, energy systems and transport facilities must be designed in a sustainable manner.

Another vital challenge when building sustainable communities is to encourage the participation in decision making of adults and children in

cooperation as everyone has rights and obligations vis-à-vis each other. A first step in meeting that challenge at both the national and international levels is to combat discrimination and social alienation so that differences among individual people do not lead to subordination and disparities when it comes to power and influence. Building sustainable communities should encourage codetermination at each point along the way and promote the active utilisation of human resources. One cornerstone of a sustainable society is freedom of expression and ready access to public service media that serve as an independent voice in relation to both commercial interests and the state.

Building communities in a way that respects local and regional differences

Sustainable development requires a living environment for women and men in different parts of the country characterised by decent economic, social and environmental conditions, along with universal access to jobs, housing, education, child welfare, green areas and clean air.

Physical planning forms the basis for subsequent development of a city, urban area or region. The reviews of the Environmental Code (Swedish Code of Statutes 1998:808) and the Planning and Building Act (Swedish Code of Statutes 1987:10) that are now under way, along with experience accumulated by municipalities and various agencies, will set the stage for fine tuning physical planning instruments to make them more efficient. The instruments serve as means of attaining urgent social objectives, such as security, equal opportunity, sustainable consumption and production patterns, integration and diversity.

Laying the groundwork and structures of sustainable growth, as well as adequate services and accessibility for everyone throughout the country, is a matter of utmost importance. That way, each city and region can contribute to sustainable development on the basis of its particular circumstances through the coordination of municipal planning, overall urban planning and regional development. The state has a vital role to play in encouraging sustainable municipal and regional development by facilitating intersectoral cooperation, as well as collaboration among the local, regional and national levels.

A number of municipalities are actively engaged in Processes and Methods in Urban Development Studies aimed at identifying capacities and areas with potential for development. Many of them are also carrying on a long-term sustainability effort. County administrative boards, municipal coordinating bodies or regional self-governing bodies are putting together Regional Growth Programmes by means of a strategic function that specifies the direction and set of priorities for sustainable development. The programmes, which have been drawn up by approximately half of Sweden's counties, are being operationalised in the form of regional growth, transport, environmental protection or rural projects.

Options for expanding and improving upon intermunicipal planning cooperation based on reports of the National Board of Building, Planning and Housing need to be examined.

Cities and rural areas are mutually dependent. Rural areas provide for production of food and experiences of nature and as vital resources in the

changeover to a sustainable energy system, including the production of bioenergy for heating and automotive fuels. The rural areas of Sweden have the wherewithal for sustainable growth by virtue of their rich forest and mineral resources, as well as the potential offered by their recreation, tourism, ecotourism, adventure and experience industries. The key to ensuring that rural areas remain viable over the long term is to build on this potential in a way that promotes entrepreneurship and economic growth.

Sweden's three metropolitan areas of Stockholm, Gothenburg and Malmö each play a special role in regional, national and international development. At the regional level, expansive university centres have the same function and can serve as both engines of economic expansion and magnets for population movements. Nationally and internationally, the metropolitan areas are vital to Sweden's welfare and economic growth.

From a long-term economic point of view, the Swedish labour force must acquire both occupational and geographic mobility. More and more regions are characterised by both surpluses in some sectors and shortages in others of labour.

Local differences notwithstanding, urbanisation trends are similar around the world. That makes international cooperation on urban development issues particularly important. Sweden is engaged in such initiatives as part of its development cooperation effort while working within the EU to create platforms and structures for the exchange of experience and knowledge among different cities. Sweden welcomes the agreement reached at the EU Ministerial Informal Meeting on Sustainable Communities in Bristol in December 2005.

Transport, communications and infrastructure

Every society is dependent on sustainable, well functioning transport and communications networks. More sustainable planning of energy supplies, infrastructures, air routes, railways, road systems, public transport, harbours, telephony and IT networks is acquiring increasing urgency. That in turns has a direct bearing on how residential areas, educational initiatives, health care institutions and welfare systems are planned.

Swedish businesses and technologies are well positioned when it comes to environmental technology and systems thinking, as well as infrastructure and urban development expertise. For instance the Sustainable Cities project that is part of Sweden's international cooperation effort takes a holistic, systems approach to social planning.

Integrated planning, management and development of transport systems, as well as urban and regional growth, are urgent not only for transport policy but for preventing and reversing residential segregation, particularly in the metropolitan areas. Many of the complex environmental problems faced by the cities are related to transport. The fact that different authorities oversee the various components of planning makes the formulation of integrated solutions especially challenging. A collaborative effort is currently under way among the National Road Administration, the National Rail Administration, the Swedish Association of Local Authorities and Regions and the municipalities of Jönköping, Norrköping and Uppsala, and typifies new approaches in this area.

Improved transport permits regional expansion, i.e., more women and men can reach a greater number of places within a reasonable period of time. The Government's transport policy bill (Govt. Bill 2005/06:160, Rpt. 2005/06:TU5, Riksdag Comm. 2005/06:308), describes the importance of expansion within and among regions, as well as ways to ensure that the process unfolds in a sustainable manner. Regional expansion in a sparsely populated country like Sweden makes it easier for women and men to get to places of employment, educational institutions, service outlets and cultural facilities.

Ensuring sustainable regional expansion poses a major challenge. The more people travel in their professional and personal lives, the greater the risk of environmental problems. Energy consumption, air pollution, noise pollution and climate change, as well as the depletion of natural and heritage resources, are the most vulnerable areas. Of particular importance is to consider the tendency of men to commute long distances by car and of women to work near their homes and use public transport. More functional regions based on IT solutions and working from home may be an alternative in certain situations. The potentially unfavourable consequences of regional expansion must be weighed in each case against such advantages as economic growth and the ability of women and men to study and work without having to move – all of which is also integral to sustainable development. Regional expansion that proceeds from well considered analyses of all the pros and cons yields alternatives most conducive to sustainable development.

Decent residential and urban environments

Residential areas around the world are being affected by accelerating urbanisation. A November 2005 report by the Swedish Institute for Growth Policy Studies (ITPS) entitled *The State of the Regions* found that 47 per cent of Swedes live in the three metropolitan areas of Stockholm, Gothenburg and Malmö. Other regional university centres house 17 percent, and the remaining regional centres 22 percent of the population. In other words, 86 per cent of Swedes live in highly urbanised places. A sustainable urban development strategy linked to national metropolitan policy is of the essence. Such a strategy must be based on universal access to housing. That involves fighting housing discrimination, homelessness and residential segregation.

Urbanisation can contribute to greater welfare and efficient solutions when it comes to utilities such as district heating and public transport systems. It can also have a negative impact on health and the environment as a result of air pollution, overcrowding, noise pollution and social alienation. Sweden's air quality standards must be met. The regulations require further adaptation to the special conditions of the metropolitan areas.

More densely populated cities at the expense of green areas reduce recreation opportunities. While more spread-out residential areas ensure greater proximity to nature, they can also boost traffic.

Building sustainable societies promotes well-being, along with physical and mental health, by offering greater opportunities for recreation and exercise. Children, the elderly and people with disabilities are often more dependent than others on green areas in their immediate

vicinity. Building sustainable communities also involves greater protection from violence and physical assault in residential areas and public settings through properly planned footpaths and sufficient lighting.

A decent residential environment requires that both new and renovated housing is sustainable and accessible to everyone, particularly the 1 million Swedes who have some type of disability. Suitable planning, construction and property management are needed to ensure a decent indoor environment. The Building, Living and Property Management for the Future dialogue project is integral to that effort. A large percentage of Sweden's residential properties, including buildings erected in the 1950s and areas developed in the 1960s and 1970s, face extensive renovation and restoration requirements. The owners of some of the properties will have to ensure greater accessibility, as well as more options for sustainable living and consumption. Other properties are in need of a better residential environment, such as improvements to the surrounding area, as well as connections to schools, services and places of employment. New construction is a major priority in a number of areas. Both renovation and new construction should be performed in an energy efficient and cost-effective manner based on the proper choice of building materials and the conversion of existing energy systems for greater long-term sustainability. Limiting the use of fossil fuels is vital to reduce the environmental impact of energy consumption. A series of successful initiatives have been launched in the above areas, including those that resulted from the Local Investment Programmes (LIP) and Climate Investment Programmes (Klimp). The experience acquired from these programmes must be communicated to other municipalities, as well as to businesses and organisations both in Sweden and abroad.

Satisfactory welfare includes adequate access to housing, workplaces and public buildings. Such requirements must be taken into consideration whenever property is developed, renovated or extended. Both design and construction must make it easier for children, the elderly and people with disabilities to live decently. Smaller, less expensive apartments are needed if young people are to have readier access to the housing market. Residential areas should be planned from the point of view of the consumer. Measures that encourage small business starts, while improving access to extensive and competitive public transport, must be part of that effort. Ample footpaths and bicycle paths are needed to reduce society's dependence on cars, as well as to minimise air pollution, injuries and noise. Building sustainable communities also requires progressive waste management that encourages the recycling of materials and energy.

The availability of culture and nature is integral to sustainable social development. Architecture, design and art all help make our culture and society what they are. Vibrant culture that includes libraries, theatres and public art elevates the general welfare and the quality of people's lives, encouraging openness to and acceptance of other heritages as well. Wholesome, appealing residential and recreational environments that are free of air pollution and noise must be a central objective when building sustainable communities.

A broad range of measures must be adopted to fight social, economic and discriminatory segregation in the housing market. If a residential area is to meet the needs of everyone, it must be planned on the basis of democratic decision making and working methods. All people regardless of ethnicity, religious belief or other personal creed, disability status, gender, age or sexual orientation must have a say about what happens with respect to both their own housing and their residential area as a whole. For that to happen, planners and public officials must be more aware of how people experience the areas in which they live, while planning processes must be developed that are responsive to the views and insights of different groups among the general population. Encouraging widespread participation at an early stage promotes a sense of ownership, commitment and belonging that augur well for the future of the area. A series of successful initiatives have been launched in that regard, including local development agreements as part of the Government's metropolitan policy. The European Commission's proposed revision of the EU Strategy for Sustainable Development also prioritises the issue of social cohesion.

4.1.2 Objectives and measures

Objectives

The Government's objectives in building sustainable communities are:

- to promote sustainable development consistent with local and regional conditions
- to ensure vital, safe and secure urban environments and city centres that are readily accessible to everyone
- to encourage decent residential environments in which people feel a sense of belonging and ability to participate
- to reverse social, economic and discriminatory segregation in the metropolitan areas
- to guarantee the right of everyone to obtain housing on a non-discriminatory basis

National measures

Overall issues, transport, communications and infrastructure

1. Local and municipal environmental protection measures carried out in accordance with a Government Bill entitled Swedish Environmental Quality Objectives – a shared responsibility (Govt. Bill 2004/05:150, Rpt. 2005/06:MJU3, Riksdag Comm. 2005/06:48, 49).

2. The Government has appointed an inquiry entitled Commission on Climate and Vulnerability (Terms of Reference, ToR Terms of Reference, 2005:80), which is to present its proposals in October 2007.

3. In 2006 or 2007, the Government will present a bill in connection with the review of the Planning and Building Act (Swedish Government Official Reports 2005:77).

4. The Government has appointed an inquiry to propose a long-term strategy for sustainable development of rural areas (ToR 2004:05). Agriculture along with the collective value of rural landscapes, will be explored from a social and environmental point of view, as well as in terms of regional economies. A rural development strategy and programme co-financed by the EU will be put together during the spring of 2006 and will run from 2007 to 2013.

Decent residential and urban environments

5. The Government Offices are preparing a report on a sustainable urban development policy to be presented in May 2006.

6. During 2006, the Government and the municipalities of Stockholm, Gothenburg and Malmö will be revising the local development agreements of the Government's metropolitan policy.

7. A Government bill entitled National programme for energy efficiency and energy-smart construction (Govt. Bill 2005/06:145) is being submitted on the same date as this communication.

Participation and measures to oppose discrimination

8. The Government is stepping up its effort to encourage accessibility to public premises, as well as to combat sexualisation of public sphere.

9. The Riksdag passed the Act on Prohibition of Discrimination and Other Degrading Treatment of Children and Pupils (2006:67). The purpose of the act is to ensure that children and students enjoy equal rights, to fight discrimination based on gender, ethnicity, religious belief or other personal creed, sexual orientation or disability and to combat other types of abusive treatment.

Measures at the EU and global levels

10. Sweden shares its experience and knowledge in the areas of sustainable development, environmental technology, infrastructure and urban development with the rest of the world through the EU, UN and development cooperation. For instance, Sweden is involved in the Sustainable Cities project, as well as in promoting better residential and road planning – particularly in areas affected by urbanisation, air pollution and waste management problems – within the scope of international development cooperation.

4.2 Encouraging good health on equal terms

4.2.1 Opportunities and threats

Public health

Initiatives for improved public health and the right of all people to enjoy maximum well-being are integral to achieving Sweden's objectives of

sustainable growth, satisfactory welfare and a sustainable environment. Encouraging good health on equal terms for everyone is largely a matter of creating the tools for people to live under decent conditions. Among such tools are access to employment, safe and pleasant workplaces, economic and social security, adequate communicable disease control, a sense of participation and codetermination, communities in which children can grow up safely, a clean environment and healthy lifestyles. Those are also some of the areas targeted by Sweden's public health policy.

Improved public health and economic growth mutually reinforce each other. Better public health improves the preconditions for economic growth, which in turn strengthens the opportunities to finance activities that can lead to further improved health. Greater awareness concerning the role of social circumstances and lifestyle, knowledge about the causes and prevalence of widespread diseases, a more concerted effort to promote well-being and prevent illness, and constant healthcare progress remain the keys to ensuring steady public health improvements.

Society must assign priority to initiatives aimed at eliminating major health discrepancies among various social and economic groups. Additional knowledge, as well as greater use of that which we already have, is needed when it comes to the source of those discrepancies and appropriate measures for addressing them at the national, regional and local levels. Legislation, economic resources, norms and traditions in different sectors of society – including the workplace, education, housing, the allocation of work between women and men, transport, agriculture, recreation, culture, social services and health care – all determine the health risks faced by the general population.

The impact of social circumstances on health is one of the main reasons that most sectors of society adopt health policy initiatives.

Among the responsibilities of the state is to create favourable conditions for all members of the population to live healthy lives. Initiatives for that purpose should be viewed from a long-term, sustainable point of view. Promoting good health is an investment in the future that yields a number of different benefits. For the individual it means more years of robust health and a decent quality of life. For society it implies a population that experiences health and well-being until old age provides a firmer foundation for prosperity through accelerated economic growth, reduced sickness absenteeism and less early retirement.

That life expectancy in Sweden continues to rise is a highly encouraging sign. In 2003, the life expectancy was 83 among women and 78 among men (see Indicator 1). Sweden can boast of longer life expectancy and fewer discrepancies among various population groups than most other countries. But there are distinct systematic differences in disease and mortality rates between various social and economic groups, girls and boys, women and men, people born abroad and in Sweden, those with and without disabilities, homosexuals and heterosexuals, etc. The Swedish population's self-perception of mental well-being has steadily declined since the late 1990s, particularly among women. In recent years, the percentage of schoolchildren aged 11, 13 and 15 who

say that they enjoy good mental health has decreased. That is especially true of girls.

Lifestyle, a major determinant of health, poses a major challenge. Healthy lifestyles can prevent a number of common diseases, including many types of cancer, cardiovascular disease, diabetes, brittleness of the bones and pulmonary disease. Thus, the state must promote sound approaches to diet and physical exercise, as well as the use of alcohol and tobacco. Initiatives are needed that give people greater opportunity to choose healthy lifestyles as early in life as possible. Accessibility to wholesome alternatives, affordable prices, social norms and peer pressure are all issues to be addressed in this connection. One successful effort has been the introduction of non-smoking restaurants. The law took effect on 1 June 2005. An initial evaluation indicated that it was being enforced well. As a result, both employees and guests are less exposed to passive smoking.

At the global level, undernourishment remains a major public health problem among poor people around the world. Meanwhile, obesity represents an increasing threat to the health of those who are well-off in developing countries. Obesity is on the rise among all age groups of the Swedish population. Half of all men and a third of all women are overweight, while the problem has grown among children and adolescents as well. A number of developments are aggravating the attempt to combat obesity. For instance, aggressive marketing of high-fat and high-sugar foods – often processed food and fast food – are contributing to unhealthy eating habits. The EU Common Agricultural Policy leads to subsidies of certain unhealthy products, whereas efforts to promote the consumption of fruits and vegetables are conspicuous by their absence.

Both nationally and internationally speaking, violence is a major obstacle to physical and mental health. In terms of the visible violence associated with public settings, men are the primary victims. Women and children are at greater risk when it comes to hidden violence in the home and are frequently reluctant to report a perpetrator who is a family member to the authorities, are at greater risk when it comes to hidden violence in the home. Moreover, there are often no witnesses – or the witnesses who do exist are dependent on the perpetrator and feel that they do not dare to go to the police.

Health at the workplace

Health at the workplace is a vital challenge that must be addressed. A substantial, nationwide increase in sickness absenteeism, due primarily to psychological and musculoskeletal complaints, poses a long-term threat to Sweden's welfare.

Studies of ill health have gone from focusing on the physical risks faced by production workers to the stress-related factors with which service personnel, often women, have to deal. The efforts that are under way to introduce changes and improvements at Swedish workplaces, as well as to understand the sources of ill health on the job, will hopefully make a difference when it comes to such employment-related problems. Stress injuries remain one of the largest problems at the workplace. The number of reported occupational diseases and, to a lesser extent,

accidents (mostly among women) increased in the late 1990s. Since then, the number of reported occupational injuries has decreased for both women and men.

The rise in sickness absenteeism in the late 1990s may also be due to inadequate administration of Sweden's national health insurance programme. As a result, major changes and improvements are currently being instituted.

Women account for two out of three sickness absences. According to a number of Swedish studies, that may be due to deteriorating psychosocial work environments in professions dominated by women, along with recurring reorganisations of municipal and county workplaces where women make up the majority. In connection with previous cutbacks in the public sector, younger women left their jobs while the older women who remained were saddled with a heavier workload. Women's commitment to look after the home and take care of elderly family members often adds to the stress that they experience on the job.

The part-time and temporary jobs that both women and men take, sometimes against their will, may be contributing to the increase in ill health. Four out of ten women and one out of ten men worked part-time, while one in six female employees and one in seven male employees held a temporary job, in 2004. The lower income ordinarily associated with part-time jobs affects social insurance and pension compensation as well.

Ill health is more common among the unemployed than people who are working. Approximately 6 per cent of the Swedish labour force was unemployed in January 2006. Unemployment among 16–24 year olds who were available to work was around 15 per cent – 17 per cent among women and 13 per cent among men. Unemployment among people born abroad has decreased since 1997 but remains substantially higher than among people born in Sweden. Opening the labour market to everyone and fighting all forms of discrimination is of vital importance (see Section 4.3).

The ability to combine career and family is often fundamental to good health. On the average, women and men work the same number of hours per week. But half of women's work is unpaid, whereas only one-third of men's work is unpaid. Women work just as much throughout the entire week, whereas men work mostly on weekdays. In other words, men have more of a chance to recover and relax on the weekends. Women often have less, and more fragmented, time to themselves than men. That women experience more ill health than men may be partly due to these factors.

Childhood circumstances

A key challenge to the encouragement of good health on equal terms is to make sure that girls and boys grow up under decent, equal conditions. That has a major impact on their lifelong health. Insecurity, ill health and disease at a young age often reappear at various stages later in life. Given that children and young people cannot choose their own circumstances and environment, it is particularly incumbent on society to ensure that they have decent living conditions. Children from households that are at risk of poverty face a greater likelihood of suffering ill health or dying

both earlier in life than others. Improving conditions for the most economically and socially segregated districts of metropolitan areas to grow and develop is vital in that connection.

Air pollution has a direct impact on children's health. Allergic diseases represent the most common, long-term health problem among children. A child's health is also affected if his or her parents smoke. Hearing damage due to noise pollution is a growing health risk for children. They are exposed to organic pollutants, heavy metals and the like when they explore objects with their mouths, not to mention nicotine and alcohol in breast milk.

For children and young people to enjoy good health, they must be provided with a decent environment both in and outside the home, at preschools, childcare facilities, elementary schools and recreation centres. In addition, they must be introduced to healthy lifestyles and be given the opportunity to grow and develop normally. A number of effective methods, including parent support, have emerged in recent years for promoting child and adolescent health. The key is to allow children and young people more scope for influence and participation. Another urgent challenge is to make it easier for children to have nourishing relationships with their parents, as well as with adults and other children in school and recreation. Bullying and sexual harassment of girls, a source of mental ill health, must be combated. Integral to creating a sustainable society is to ensure that girls and boys have the opportunity to participate and exert influence on equal terms as full-fledged citizens when it comes to the issues that affect their lives. Children and young people must also be given expanded opportunities for acquiring skills and contributing to cultural life on equal terms.

Lifestyles: physical activity, outdoor life, alcohol consumption and smoking

Physical activity and exercise have a positive impact on many bodily functions and the quality of life, along with weight control. People have engaged in physical activities more and more regularly during the current decade. Approximately 60 per cent of Swedish women and 58 per cent of Swedish men exercise regularly. But two out of three young people in Sweden engage in too little physical activity. Particularly unsettling is that sedentary is rising among both children and young people. Physical activity accounts for 3 percent of all illness among women and 6 percent among men.

Making sure that land and water is available for outdoor activities, particularly in the immediate vicinity of densely populated areas, promotes and paves the way for exercise and movement. Being able to experience nature and the outdoors is a key to good health for the entire population (see Section 4.1).

Diet concerns everyone and is a key element of health and well-being. The availability of nutritious food is important for people at all stages of life. Society must promote food safety and choice for all consumers. Stringent requirements for safety, security and hygiene throughout the food chain are vital. Among suitable measures are parental education, advocacy for nutritious school lunches, adequate consumer labelling, and high-quality meals at municipal elderly care facilities. The retail sector

must also assume responsibility for ensuring product safety and providing information about the source of ingredients, as well as where and by whom their merchandise is manufactured.

Growing alcohol consumption is a threat to health and economic growth in Sweden and around the world. Approximately 600 000 Europeans, including some 1 600 Swedish men and 400 Swedish women, die prematurely every year of alcohol-related causes. Per capita alcohol consumption among Swedes rose by 33 per cent from 1995 to 2005. Possibly due to additional stress, the increase was greater among women than men.

Changes in Europe have placed Swedish alcohol policy in a more difficult position. Neighbouring countries have substantially lowered their alcohol taxes and abolished import restrictions on alcohol. Furthermore, the European Commission is demanding that Sweden eliminate its prohibition on the private import of alcohol by Internet or mail order. As a result, Swedes have considerably greater access to alcohol than they did ten years ago. However, alcohol consumption does not appear to be increasing any longer and has declined somewhat over the past year. However people in their late teens and early adulthood account for increases in alcohol consumption and inebriation, while consumption has decreased among people in their early teens, primarily boys.

The declining number of Swedes who smoke translates into several thousand fewer premature deaths each year. Discrepancies among various social groups when it comes to smoking habits are substantial and increasing. The percentage of teen smokers has been declining, mostly among boys, since 2001. Meanwhile, the use of moist snuff has risen, especially among girls. More than 500 000 Europeans die every year of tobacco-related causes. A growing percentage of smokers are in developing countries, while tobacco consumption is declining in the industrialised world.

Communicable diseases, sexual and reproductive health and rights, HIV/AIDS and violence as global challenges

Communicable diseases, sexual and reproductive health and rights, HIV/AIDS and violence pose a major challenge to health. Approximately 26 per cent of deaths around the world are due to communicable diseases. Some 40 per cent of those deaths are caused by respiratory infections and diarrhoea. Resistant bacteria are exhibiting unsettling signs of spreading at healthcare facilities and throughout the rest of the community. That may eventually represent a threat to the medical advances that are dependent on the use of antibiotics. SARS and avian influenza such as bird flu have called attention to the need for measures able to quickly detect and curb outbreaks of communicable diseases among animals and human beings that can threaten economic, social and political stability at the global level.

The international community has made it clear on a number of occasions that communicable diseases are a major threat to equitable and sustainable global development. The 58th World Health Assembly (WHA), which was held in May 2005, adopted new International Health Regulations that will take effect in 2007 and create a system to monitor

outbreaks of serious diseases that can spread to other countries. The HIV/AIDS epidemic is seriously jeopardising economic and social progress in many countries. As a result of the global trend, the number of HIV/AIDS cases in Sweden is on the rise but remains at a modest level.

Inadequate sexual and reproductive health and rights, particularly in connection with teen pregnancies and childbirth, causes hundreds of thousands of deaths around the world every year. Due to their lack of rights and their economic weakness, girls and women are also at risk for sexual abuse and violence.

4.2.2 Objectives and measures

Objectives

The Governments objective in encouraging good health on equal terms is:

- to create social conditions that permit good health on equal terms for everyone

National measures

Public health

11. A 2006 Government communication to the Riksdag will contain an initial report on the implementation of its public health policy. The effort proceeds from the conviction that maximum health is a human right.

Health at the workplace

12. The Government is drafting a proposal aimed at promoting higher quality occupational health care.

13. In 2006–08, the Government will provide special support to the healthcare sector for the purpose of encouraging county councils to adopt active measures that reduce sickness absenteeism.

14. The Government has assigned the National Board of Health and Welfare and the Social Insurance Administration the task of formulating a more quality assured, uniform and legally consistent process for sickness absences that correctly identifies people's ability to work and encourages them to return to their jobs as soon as possible.

15. Starting in 2006, the National Labour Market Board and Social Insurance Administration will review everyone who has been on sick-leave for more than two years or has been granted temporary sickness and activity compensation. The purpose is to ensure that rehabilitation or other suitable measures are adopted so that people can re-enter the labour market and receive the proper level of compensation.

Childhood conditions

16. The National Board of Health and Welfare has been assigned to propose an action plan for improving children's environment and health. An interim report will be released in October 2006 and the final report in March 2007.

17. A total of SEK 1 billion has been appropriated for 2006 to institute reforms that will help children who are at risk of poverty, improve maintenance support and housing allowances to families with children, and introduce a child supplement for parents who are receiving student aid. Improvements in general child allowances will take effect as of 2006. A Government bill (Govt. Bill 2005/06:142) submitted to the Riksdag on the same date as this communication proposes that the income tax ceiling for parents' insurance and the sickness allowance system, as well as the lowest level for the parents' allowance, be raised.

18. The Swedish Work Environment Authority has been assigned to monitor the living conditions of young people between the ages of 16 and 25. The report is to be completed by early 2007.

19. The Government has appointed an inquiry entitled The Study of Young People's Life Situation in Terms of Stress and Its Consequences for Mental Health (ToR 2006:12), which will submit its proposal in May 2006.

20. The Government has instructed the National Institute for Working Life to review and summarise current research about how young women and men are faring at the workplace. The final report is to be submitted in May 2007.

Lifestyles

21. Sweden is continually working to modify the EU Common Agricultural Policy so that production will better reflect consumer demand. In connection with the reform of EU marketing regulations for fruit and vegetables in 2006, Sweden will actively promote the elimination of all agricultural subsidies that have the effect of raising prices.

22. The Government's Food Manifesto, launched in June 2005, contains a series of measures in the area of food and health.

23. The National Food Administration and the Swedish National Institute of Public Health have documented a proposed action plan for healthy eating habits and greater physical activity among the general population. The Government Offices are drafting the proposal.

24. Measures to reduce alcohol consumption will be implemented on the basis of the New National Action Plan on Alcohol-Related Harm for 2006–10 (Govt. Bill 2005/06:30, Rpt. 2005/06:JuSoU1, Rpt. 2005/06:SoU12, Riksdag Comm. 2005/06:157).

Measures at the EU and global levels

25. The European Commission has released a green book to encourage broad-based consultation among EU institutions, Member States and civil society to identify ways of promoting healthy eating habits and physical activity. The results of the effort will be presented in late 2006.

26. Monitoring the strategies that govern Swedish development cooperation with individual countries includes a dialogue in which Sweden can raise issues, including health considerations, that are relevant to sustainable development.

27. In addition to plans to promote extension of the UN Millennium Development Goals to include sexual and reproductive health, Sweden is actively engaged in international efforts to oppose violence against girls and women.

28. Measures to prevent the spread and minimise the negative consequences of HIV/AIDS and other sexually transmittable diseases are to be implemented on the basis of the National Strategy against HIV/AIDS and Certain Other Communicable Diseases (Govt. Bill 2005/06:60, Rpt. 2005/06:SoU20).

29. The Government will promote the inclusion of communicable disease control as a high priority at the EU, WHO, UN and regional levels. Initiatives are also being planned to study ways of encouraging the development of medications even if they are commercially unprofitable, including antibacterial drugs and HIV vaccines. The Government put together a strategic action plan in 2005 for fighting communicable diseases at the global level.

30. Measures to preserve the effective use of antibiotics against bacterial infections in animals and human beings are to be carried out pursuant to the Government's proposals in the Strategy for Coordinated Efforts to Prevent Antibiotic Resistance and Healthcare-associated Infections (Govt. Bill 2005/06:50, Rpt. 2005/06:SoU13).

4.3 Meeting the demographic challenge

4.3.1 Opportunities and threats

Increasing life expectancy represents one of the greatest advances in the general welfare. Healthy life years have also risen (see headline indicator 1 in Annex 1). Both individual citizens and the community as a whole benefit from that trend.

The trend also affects the age of the population. As in many other OECD member countries, the percentage of elderly among the Swedish population will rise substantially over the next few decades.

The support ratio to people of working age will increase accordingly. The resulting pressure on the tax-financed welfare systems will have both economic and social repercussions. Demographic trends confront society with a major challenge that requires timely, mutually interdependent initiatives in a number of areas. A long-term effort that promotes intergenerational allocation and solidarity is of the essence.

According to Statistics Sweden's population forecast in the spring of 2005, the number of Swedes will continue growing from the present 9 million to more than 10.5 million by 2050. For the next 30 years, the over-65 population will increase the fastest. Immigration will account for most of the population growth and have a particularly heavy impact on the size of the working age population. Absent migration, the 20–64 age group would decrease in numbers.

Demographic trends vary greatly from region to region. Forecasts suggest that the gaps will widen further. Demographic change can have a decisive impact on public services and the labour market in certain regions. The dependency ratio is likely to be especially large in the inland of Norrland and parts of Bergslagen, as well as some small regions of southern and central Sweden.

The demographic dependency ratio headline indicator (see indicator 9 in Annex 1) summarises demographic trends. The indicator specifies the number of people of non-working age per 100 people of working age. The indicator for the elderly is expected to rise from the current 29 to 42.7 by 2050. The indicator for children and young people is expected to hold relatively steady and be at 41.6 in 2050. According to the prediction, the overall indicator will rise from 70 today to 84 in 2050. The size of the elderly population will increase rapidly for the next 30 years and then level off.

Demographic changes will have a major impact on public sector expenditures. An ageing population translates higher pension, healthcare and geriatric care expenditures. The Government's budget bill for 2006 includes estimates of the possible impact of demographic change on public finances until 2050. Increases for pensions, health care and geriatric care are expected to total 6 percentage points of the GDP. Until 2015, expenditures are likely to rise only modestly as the result of demographic change. For the subsequent 15 years, demand for tax-financed welfare services is expected to average more than 1 per cent annual increases. Although Sweden faces rather favourable demographic trends compared to other EU Member States, they are serious enough to warrant immediate action.

Social cohesion and participation are fundamental to sustainable development. Sweden's welfare systems – pensions, health care, geriatric care and other types of social security – form the basis of social cohesion. Ultimately an ageing population will considerably boost demand for welfare services. Ensuring the social sustainability of the public welfare systems is contingent on striking a long-term balance between supply and demand for their services.

If that effort is unsuccessful, queues and long waiting times are likely to emerge. The healthcare sector is already experiencing those kinds of problems. The vast majority of citizen must continue to feel that waiting times are not unreasonably long. That minimises the risk that people who are well-off financially will turn increasingly to private insurance for supplementary protection. Publicly financed health care will remain one precondition of social cohesion.

The demographic challenge calls for a long-term, coordinated effort across multiple sectors and policy areas, the most important of which are as follows:

- A higher employment rate becomes even more vital as the dependency ratio increases. More hours worked, a larger labour force, longer working lives and a higher rate of employment among groups that are currently underrepresented in the labour market are all needed. People with foreign backgrounds must have the opportunity to participate in the labour market on a non-discriminatory basis.
- Public finances must be sound in order to ensure sustainable, long-term welfare systems.
- The social insurance system must be financially sustainable and promote employment.
- By facilitating family formation and entry into the labour market, youth policy can make a major contribution to meeting the demographic challenge. Creating favourable conditions for children and young people is also a means of justly allocating resources among generations.
- The Government's family and gender equality policies strive to furnish both women and men with tools to successfully combine career and family.
- The demographic challenge requires measures for ensuring the welfare and quality of life of the elderly. Geriatric care, health care, housing, services and physical access for the elderly must be adequate throughout the country.

In addition, a successful public health policy is decisive for ensuring healthy old age and a high rate of participation in the labour force, particularly among the elderly (see Section 4.2). Moreover, designing communities that are accessible and open to everyone is of vital importance. One reason is that the elderly, more of whom have disabilities than other groups, will represent a growing percentage of the general population. Special solutions to meet their particular needs will be too costly. In other words, accessibility and sustainability go hand in hand. Finally, a democracy policy that encourages more widespread, egalitarian participation and implementation of fundamental human rights – including children's rights and the right to work – is essential.

Employment

A high rate of employment is essential to coping with the demographic challenge. The Government has targeted 80 per cent regular employment among Swedes aged 20–64. In addition, open employment is to decline to 4 per cent. The effort to meet those targets must be stepped up. Sweden has met the Lisbon strategy's targets of 70 per cent employment among 15–64 year olds, 60 per cent among 55–64 year-old men and 50 percent among 15–64 year-old women.

Maintaining stable macroeconomic conditions – i.e., stable prices and sound public finances – is fundamental to high, long-term employment. In addition to pursuing an economic policy that benefits growth and jobs across the board, the Government has carried out special initiatives in connection with its two-year employment package.

One hands-on approach to boosting employment is to strengthen the financial incentives to work. Such incentives are insufficient when the differences between the income available from employment and various

forms of allowances and compensation are too small. If the financial advantage of working is inadequate, people with low incomes may be caught in poverty traps. At that point, they may be unable to improve their financial circumstances on their own.

On the other hand, insufficient compensation can lead to unacceptably low living standards and undermine the legitimacy of the social insurance system. According to some research, the way that public welfare and insurance systems are designed may have a greater impact on the labour supply than tax regulations. The incentives to work built into the current national pension system will eventually boost the labour supply.

That trend should help alleviate the heavier dependency ratio that Sweden will be facing. Many groups among the Swedish population possess underutilised resources. The elderly have the potential to participate in the labour force more than they currently do. The employment rate for people over 60, especially women, has risen since the late 1990s. Sweden and five other countries recently launched a European equal opportunity package aimed at carrying out the Lisbon strategy with respect to employment for women, equal pay and the structure of welfare systems.

Today's young people often have difficulty entering the labour force. People with foreign backgrounds or disabilities also have a substantially lower employment rate than the rest of the population. More room must be created in the labour market for all of those groups. The part-time unemployed must also be given the opportunity to work more.

People who are out of the labour market due to sickness must be given more incentives for returning. The Government has adopted a series of measures aimed at achieving that objective (see Section 4.2.1). The Government has also set a national target of halving sickness absenteeism from 2002 to 2008 while reducing the number of new sickness and activity compensation cases.

Due to the demographic challenge, more people in the rich countries must be gainfully employed. Meanwhile, most of the labour force worldwide is in the poor countries. The large number of unemployed young people around the world contributes to social unrest, migration and low incomes. Sweden and other industrialised countries can promote balanced development by offering better educational and employment opportunities to people who have left their native countries to improve their living conditions.

The integration of women and men with foreign backgrounds is a top priority in striving for Sweden's overall employment objective. People born abroad are heavily overrepresented among the unemployed. Statistics Sweden forecasts that migration will account for most population growth until 2050. Without additional migration, the Swedish working age population would shrink. That makes it even more important that people with foreign backgrounds be allowed to enter the labour force. A broad arsenal of measures is needed to meet that objective. Expanded labour migration should be regulated and based on the principle of equal employment conditions with the existing labour force.

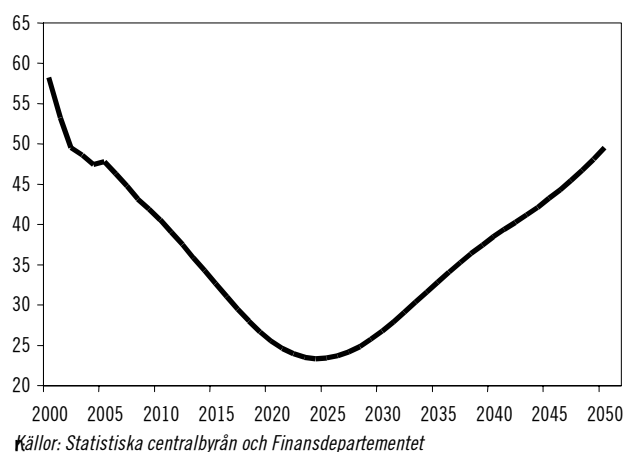
The issue of part-time unemployment is particularly relevant to the objective of increasing the labour supply and the number of hours worked, given how many women (especially in care professions) are affected.

More policy areas, including education and the labour market, must cooperate in order to ensure that the employment rate rises among people with disabilities. In the view of the Government, affording people with disabilities the opportunity to obtain education and jobs on equal terms with the rest of the population is an urgent priority for the next few years. Pursuant to the Government's budget bill for 2006, the Riksdag adopted a new system aimed at more efficiently implementing labour market policy initiatives for people with disabilities. The expected net impact for the first year is about 1 200 new jobs.

Public finances

The Riksdag has targeted an average surplus of 2 per cent of the GDP in public sector savings over a business cycle. That will provide a stable foundation for dealing with the challenges posed by an ageing population. To support achievement of the overall objective, annual business cycle related targets are set, as well as multi-year nominal expenditure ceilings for the state as established by the Riksdag.

Figure 4.1: Public debt, percentage of GDP



Source: Statistics Sweden and Ministry of Finance

Figure 4.1 illustrates the expected public debt until 2050. The calculation assumes an average surplus of 2 percent of GDP in public finances until 2015. According to the calculation, the debt ratio will shrink from almost 50 per cent of GDP today to approximately 25 percent in 2025. As demographic changes grow more pronounced, the ratio will subsequently rise again until 2050 but remain clearly below the 2000 level. In other words, Sweden's public finances can be considered to be sustainable until 2050. But the increase in the debt ratio at the end of the period may pose problems after that. The scenario demonstrates the importance of the targeted surplus for preserving well-functioning, tax-financed welfare systems.

Social insurance system

The social insurance system is an integral part of Sweden's welfare. The system includes the national pension system, compensation paid for sickness, parental leave and care of children, sickness and activity compensation (the former early retirement pension), housing allowance, child allowance, occupational injuries insurance and unemployment insurance. The pension system serves as a major incentive to work, as well as a source of security and welfare in old age. Sweden's comprehensive overhaul of its pension system following a 1998 Riksdag decision puts it in a stronger position than many other countries. The new system is both financially stable and responsive to demographic change. But demographic trends affect other components of the social insurance system as well.

Child and youth policy

Ensuring decent living conditions for children and young people is essential to sustainable development and meeting the demographic challenge. One objective of the Government's general welfare policy is to guarantee all children and young people a good start in life, both in their capacity as the adults of tomorrow and by virtue of the qualities unique to their particular stage of development. They must have the opportunity to exert influence and serve as a resource in the general community. The Government's policy strives to strengthen the rights of children, defend their interests and improve the conditions under which they live.

Family and gender equality policies

Striking a better balance between career and family can raise both the birth rate and the labour supply. Generous parents' insurance and ample child welfare are integral to a well functioning society. The ability to combine career and family in Sweden has permitted a high birth rate during the past several decades in which more and more women have joined the labour force. A policy that affords women and men the chance to support themselves, as well as to combine career and family on equal terms, is even more important in light of current and expected demographic trends. Such a policy must make it possible for both parents to participate in, and assume responsibility for, bringing up their children. The reasons are both economic and social in nature.

Elderly policy

According to the 2005 Government declaration, Sweden will strive to be the best country in which to grow old. Everyone is entitled to high-quality geriatric care on equal terms. A well-functioning healthcare system is vital to the growing elderly population, particularly people with multiple diseases. The needs of elderly with foreign backgrounds must be attended to as well.

The international challenge

Demographics do not pose a challenge at the national level only. Many countries find themselves in the same situation. Sweden has much to gain by working with them. Ever since the 2001 European Council Summit in Stockholm, the EU has performed analyses, encouraged the sharing of

experience and coordinated economic policy on issues related to the demographic challenge. In implementing the EU Stability and Growth Pact, the European Commission and Council assess the sustainability of public finances in view of the ageing population. The ability of each Member State to deal with its own demographic trends is key to maintaining macroeconomic stability in the EU. The European Commission presented a green book on demographic change in 2005. Demographics was one of the six main priorities identified by the European Council in October 2005 for coming to terms with globalisation. The European Commission's proposed revision of the EU's sustainable development strategy includes cooperation on demographic issues.

The European Commission's proposed revision of the EU's sustainable development strategy also looks at migration issues. The impact of demographic trends could be alleviated if third country nationals had greater legal options for working in the EU for various periods of time. Such an approach would benefit the EU's economy and the labour markets of the Member States by providing greater access to labour and expertise, not to mention the promotion of social integration. Inflows of capital and technical skills would help the migrants and their native countries as well. The EU needs to pay attention to the fact that unregulated migration can sap certain countries and sectors of skilled labour (the brain drain). One possible measure under discussion within the EU is to adopt a system of circular migration, allowing people to work or study for a certain period of time before taking their additional training and professional experience back to their native countries, where it would contribute to economic and social development. The EU is also considering ways of magnifying the contribution that migrants make to development in their native countries by means of business contacts and experiences of other social sectors. The European Commission proposed an action plan on migration in December 2005.

4.3.2 Objectives and measures

Objectives

The Government's objective in meeting the demographic challenge is:

- Sweden shall manage to meet the demographic challenge in its economic and social dimensions.

National measures

Employment

31. The Government's two-year employment package, launched in January 2006, aims to give an additional 55 000 people (1.2 per cent of the labour force) the chance to obtain a job or improve their skills. Most of the initiatives are part of the Government's labour market policy.

32. The purpose of the comprehensive ongoing income tax reform, including compensation for national pension contributions, is to encourage people to work. The marginal tax for low and middle income earners has decreased by 5 percentage points as a result of the reform.

33. The Government has assigned the Labour Market Administration the task of cooperating with employers and trade unions on additional initiatives to reduce part-time unemployment throughout the labour force. A one-man inquiry has also sought ways of strengthening the right to full-time employment. The report, entitled *The full-time employment inquiry* (Swedish Government Official Reports 2005:105), is currently being circulated for formal consultation.

34. As part of its effort to fight discrimination in the labour market, the Government has appointed an inquiry to explore the possibility of a system whereby people can apply anonymously for public sector positions. The report, entitled *Anonymous Job Applications – A Method for Diversity* (Swedish Government Official Reports 2005:115), was submitted in January 2006.

35. The Government has ordered a parliamentary committee to review the regulations on labour migration (ToR 2004:21). The purpose of the review is to find ways of encouraging labour migration from countries outside the EU and EEA. The proposal is to be based on the demand for labour and the principle that wages and other conditions of employment should be equivalent to those of the country's existing labour force. The committee will release its final report in the autumn of 2006.

36. A pilot project that has been under way since 2003 provides refugees and other migrants with extra support during their initial period of employment.

37. A joint 2004 declaration by employers and trade unions proposed a series of integration measures aimed at boosting the employment rate, encouraging equal treatment and opposing ethnic discrimination.

38. Proposals that focus on raising the quality of, and promoting participation in, Swedish language education for migrants will be submitted in 2006. The basic principle is that such education be more attentive to the needs and abilities of each individual.

Social insurance system

39. An inquiry chair has been appointed to perform a broad-based, thoroughgoing analysis of Sweden's social insurance system (ToR 2004:129). The fundamental assumption is that the system is to remain universal, obligatory and financially stable over the long term. Special emphasis is to be placed on encouraging people to work and on issues stemming from ill health. The report, to be presented in November 2006, will provide the basis for a parliamentary inquiry to propose a reform of the social insurance system.

40. An inquiry chair will review tax regulations for the pension systems (occupational pensions and private pension savings) that supplement the national pension (ToR 2004:99). The goal of the inquiry is to adjust tax

regulations in a way that increases the labour supply and favours economic growth. The report will be issued on 1 December 2006.

Youth policy

41. The Government has initiated a change to the monitoring responsibilities of municipalities pursuant to the Education Act. The change involves the way in which municipalities stay informed about adolescents who have completed compulsory school but not found gainful employment.

42. The Government has appointed an inquiry concerning a national coordinator to help young people enter the labour market more quickly. The report is due out in November 2006 (ToR 2005:21).

43. The Government has appropriated funds for a pilot project in which local non-profit initiatives referred to as navigator centres supplement the ongoing efforts by a number of municipalities to assist unemployed young people.

Family and gender equality policies

44. The Government appointed an inquiry to review parents' insurance regulations based on the principle of promoting gender equality and the interests of children. The inquiry has submitted a report entitled Reformed Parental Benefits – Love, Care, Security (Swedish Government Official Reports 2005:73). The Government Offices are currently preparing the report.

Elderly policy

45. The Government submitted a ten-year development plan for geriatric care in March 2006.

46. The ageing population makes housing an even greater priority. Those who want to live at home should be able to do so as long as possible. Additional types of housing must be found so that people can make wise choices and achieve security throughout their lives. The housing allowance for pensioners was increased in 2006.

47. The Government has appropriated an additional SEK 100 million annually to help municipalities work with volunteer and non-profit organisations to more effectively support members of an elderly person's family.

4.4 Encouraging sustainable growth

4.4.1 Opportunities and threats

A policy for sustainable growth promotes economic expansion, while protecting human resources without endangering the ecosystems on

which society is dependent. The resources that are created must be allocated fairly if social cohesion is to be maintained over time. A clean environment and satisfactory welfare are both objectives in themselves, and also contributing to economic growth. Growth is powered by dynamic markets, a forward-looking welfare policy and a progressive environmental policy. Sweden and other industrialised countries have a special responsibility to take the lead and demonstrate that a policy of reduced environmental degradation is compatible with economic growth and social development.

Economic growth has led to improved health, increased consumption, higher housing standards and better access to transport. It has also enabled technological progress and new ways of working that can resolve many of the environmental problems faced by modern society. But growth has also given rise to new social and environmental challenges that require attention.

If growth is to be sustainable in a globalised world where consumers are increasingly aware and active, knowledge and skills must continually advance and production must remain flexible. Knowledge acquisition, innovation and access to venture capital are basic ingredients of such trends. A business is more likely to retain and strengthen its competitiveness if it can incorporate social and environmental considerations into its operations.

Growth, increased trade and exports are vital to bringing down the percentage of poor people around the world. But stepped-up production in developing countries poses new challenges when it comes to ensuring that businesses assume their share of the responsibility for meeting the social and environmental demands of the community and the market.

Economic growth and welfare

Sustainable growth brings with it a number of challenges. As in most other countries, economic growth in Sweden reflects growing trade, globalisation and stiffer international competition. Competitive pressures exerted by globalisation have necessitated cost effectiveness and restructuring measures, the initial impact of which may be unemployment and social vulnerability. Simultaneously restructuring often generates resources that can be used for new investments, businesses and sectors. That can lead to production that makes more efficient use of resources, while laying the foundation for more stable long-term employment conditions and favourable social development. Demographic trends also impact economic growth and welfare. While the fact that more and more people are living longer and healthier lives is a major accomplishment, it places long-term strains on social welfare systems (see Section 4.3).

National growth is the sum of local and regional growth. The conditions for growth vary throughout the country. Thus, specific local and regional circumstances must form the basis for efforts aimed at ensuring the kind of accessibility, skills development and supply of capital that the private sector needs in order to promote sustainable growth. The Regional Growth Programmes (RUP) are potent tools for enabling that to happen. In that connection, the link to the local development agreements is vital to creating local and regional conditions

that can help neutralize intra-regional discrepancies, which are greatest in the metropolitan areas.

Because economic growth as measured by the GDP primarily reflects the volume of goods and services produced, it cannot be directly translated into welfare terms. A number of attempts have been made to devise measures that provide indications of both economic growth and social welfare trends – including by measuring literacy, the sale of newspapers and books, and the amount of health care available. – Particularly when the goal has been a universal, aggregate measure, identifying accurate parameters has turned out to be difficult. Thus, measuring sustainable growth calls for combining the GDP with indicators that track human and natural capital trends.

Waste and the use of chemicals

Economic growth remains a source of environmental degradation, both in Sweden and around the world. However, the correlation varies from industry to industry and sector to sector. Sweden's national report to the UN on climate change indicates that the correlation between economic growth and greenhouse gas emissions was delinked in 1990–2003. However environmental problems that stem from unsustainable consumption and production patterns, such as the spread of chemicals and waste, grew more severe.

Sustainable waste management is a matter not only of low emissions and effective resource utilisation, but also simplicity for the consumer and efficiency for society.

The use of chemicals is part of the preconditions to economic growth. Simultaneously the growing use of chemicals also poses a threat to health and the environment. Thus, sustainable growth is dependent on safe chemical management. The Government's chemical policy proceeds from the conviction that the use of chemicals hazardous to health and the environment must decrease and that the most hazardous substances must be replaced by safer alternatives.

Energy

A sustainable energy supply is vital to both a competitive industry and sustainable growth. Fossil fuels are a finite resource, and their combustion is one of the main causes of the greenhouse effect. Thus, energy systems must be overhauled so as to rely less on fossil fuels.

Sweden's dependence on oil is less than half of what it was in the early 1970s. Meanwhile, industrial use of energy has declined by almost 60 per cent in relation to its production value, and the use of biofuels has increased by more than 150 per cent. The use of oil and other fossil fuels is down to a low level in the residential and manufacturing sectors, whereas the transport sector is almost totally dependent on oil products. Total energy use per GDP unit has also decreased since the early 1990s. Nevertheless, more can and must be done to cushion the negative impact of energy production and use.

A key step in Sweden's effort to equip itself for the sustainable society of tomorrow is the appointment of a Commission on Oil Independence. The commission will serve as the Prime Minister's forum for in-depth discussion and analysis of strategic questions to ensure that Sweden is

free of dependence on fossil fuels for transport and heating by 2020. A national wind power council was established in October as an undersecretariat to facilitate overall coordination of ongoing wind power construction in Sweden. Wind is a renewable energy source that has great unutilised potential for power production. A fundamental prerequisite for making the changeover to a society that will prove sustainable over the long term is access to energy that has as little negative impact as possible on climate and the environment. Properly located wind power facilities fulfil that criterion.

Within the EU, Sweden promotes increased use of bioenergy, as well as better standards when it comes to biofuels for transport that permit the admixture of ethanol and petrol. The European Commission presented an action plan for biomass in 2005 and a communication in early 2006 on promoting biofuels for transport within the framework of the EU's Common Agricultural Policy. The Commission is also planning proposed fuel quality regulations that will make it easier to reach the target of 5.75 per cent renewable motor fuels by 2010. Sweden is working to ensure that the Commission develops the action plan for energy efficiency announced for the first half of 2006. The issues that Sweden prioritises are energy efficiency in the transport sector, the improvement of existing EU measures such as labelling of energy efficient products, energy efficiency in construction and new measures to encourage energy efficiency within the EU's framework programme for energy.

The current development of global energy use is unsustainable. The International Energy Agency (IEA) expects worldwide use of energy to rise by 60 percent from 2004 to 2030 (World Energy Outlook 2004). Fossil fuels will account for most of the increase.

To reverse that trend and leave room for greater global prosperity, all countries must redouble their efforts to achieve a sustainable energy supply by means of conservation, greater efficiency and the transition to renewable sources. The switchover to more sustainable energy systems could serve as a major catalyst for technological and commercial progress, which would spill over to the private sector, employment and the general welfare. The IEA estimates that USD 16 billion in investments are needed in 2004–2030 to satisfy the expected demand for energy.

Innovation and renewal

Innovative Sweden: A Strategy for Growth through Renewal (Ministry Publications Series 2004:36) is designed to turn Sweden into Europe's most competitive, dynamic and knowledge-based economy and thereby into one of the world's most attractive investment targets to knowledge-based companies, whether big or small. The strategy, which calls for a broad-based, long-term approach, has bearing on several components of Sweden's sustainable development effort. Implementation of the innovation strategy, including plans for six crucial sectors, has begun. Among Sweden's competitive advantages are the high knowledge content of its goods and services and its capacity for renewal, as well as its efficient production processes and systems solutions. Moreover, greater diversity among contractors and employees is invigorating the country's private sector.

Lifelong learning, along with the expertise generated by both education and research, is vital to maintaining these competitive advantages and exploiting the opportunities that they create. The Government's last two research policy bills, Research and Renewal (Govt. Bill 2000/01:3, Rpt. 2000/01:UbU6) and Research for a Better Life (Govt. Bill 2004/05:80, Rpt. 2004/05:UbU15, Riksdag Comm. 2004/05:289) prioritise sustainable development. A total of SEK 210 million has been appropriated for 2005–08.

Initiatives are vital at the compulsory, upper secondary, college and university levels to encourage an entrepreneurial spirit among children and young people so as to prepare them to start new businesses. Of particular importance is that courses on entrepreneurship at various levels stress the business opportunities offered by sustainable development. See Section 5.4.5 for a more general discussion of education.

Despite the fact that Sweden stacks up well against other countries in terms of R&D appropriations, it has not been successful enough with respect to launching new products in the market. The use of intellectual rights (patents, etc.) is a core issue in that context. Moreover, access to venture capital is essential if new businesses and products are to emerge and grow. While Sweden has a highly developed venture capital market, the access to private venture capital at an early stage in product development is limited. Innovations that contribute to sustainable development may be in particular need of support during the commercialisation phase. The Government has launched those kinds of initiatives, including holding companies at colleges and universities and the formation of Innovationsbron AB (Innovation Bridge Ltd.).

Growth regions are characterised by tolerance and openness to new impulses, including the exploitation of the benefits offered by diversity. Given the high rate of unemployment among Swedes of foreign origin, society must make the changes necessary to ensure that everybody's skills are optimally utilised (see Section 4.3).

Many small businesses are in danger of closing down as their owners from the 1940-generation approach retirement age. Viable businesses must have a chance to live on. The private sector is regulated so as to ensure that it operates within the requisite of social and environmental norms. To guarantee that these regulations do not stand in the way of starting new businesses or growing small ones that already exist, impact analyses are being performed in preparation for new legislation.

The EU has long had rules concerning state support of the private sector for the purpose of averting competition distortions among businesses in different member states. The European Commission will overhaul its policy for state support to make sure that the rules more effectively contribute to stable long-term growth, boost competitiveness, encourage social and regional cohesion, and promote environmental protection.

Taking advantage of sustainability-related business opportunities

The transition to sustainable consumption and production patterns paves the way for business starts, higher unemployment and increased exports. All in all, solutions that help meet the challenges associated with the social and environmental dimensions of sustainable development appear

to have major market potential. Sustainable growth is dependent on cooperative initiatives and changes by both consumers and producers. The production of goods and services must be modified at each step along the way. Households, as well as the public and private sectors, must alter their consumption patterns so as to utilise natural resources in a sustainable manner. Finally, emissions that are hazardous to health and the environment must be minimised throughout the entire life cycle of a good or service (see Section 5.3).

Sweden and other countries must reduce their emissions of greenhouse gases in order to avoid a dangerous cumulative impact on the global climate system, while making adaptations in view of society's vulnerability to the climate changes that will nevertheless occur. The technological progress required by such an effort holds out the promise of growth for the private sector.

Businesses have paid increasing attention to the environmental impact of their products over the past ten years, particularly when it comes to preventing and minimising their risks, as well as lowering their costs. That also includes ensuring decent working conditions during the production process. Sweden is participating in an international standardisation effort aimed at countering competition based on unacceptable working environments. The way that Sweden structures its workplaces has attracted worldwide attention and has boosted skills development in the private sector, a key to global competitiveness.

Partly as a result of Sweden's early legislation to limit the environmental impact of manufacturing activities, Swedish companies have a competitive advantage when it comes to developing resource efficient technologies for production, air and water purification, and waste management. Systems solutions are also among Sweden's strong suits. Among them are solutions for recycling water, waste and materials, along with renewable energy sources and sustainable construction, housing and transport. IT is a vital ingredient of the systems solutions effort. Methods that prevent environmental problems, like clean technologies, are more and more used and have broadened the definition of environmental technology. The definition now includes all technology that reduces the environmental impact of a product or service throughout its life cycle, i.e., from extraction of the raw materials to scrapping and recycling.

According to an October 2005 report by the Swedish Trade Council (Swedish Environmental Export – Statistics, Companies and Markets), Swedish exports of environmental technology rose during 2004 by almost 15 per cent to SEK 25 billion. The Council estimated that exports would rise by 5 per cent in 2005. According to Statistics Sweden (Sweden's Environmental Technology Companies 2003, Report 2005:2), the environmental technology sector employed approximately 90 000 people and reported sales of SEK 240 billion in 2003.

Demand for products that are ecologically sustainable and manufactured from renewable raw materials is on the rise. The production of materials and services by agriculture, forestry and fisheries, along with associated processing industries, is central to the changeover to a sustainable society. That includes food manufacturing, competitive agriculture and forestry, sustainable long-term fisheries and

rural areas that are appealing for living, recreation and tourism. Among the key areas for development are bioenergy and the reprocessing of raw materials for greater technology and knowledge content.

Sweden's head start in the development of biofuels and green cars is likely to generate increased share of the markets in which Swedish companies operate – such as car and truck manufacture, as well as biofuel technology and associated services.

Both public and private organisations in the social sector have cultivated the kind of systems thinking that can translate into new commercial opportunities in the global market. The Government is seeking to encourage greater cooperation in order to take advantage of this potential. The healthcare sector is actively engaged in meeting the demographic challenge. Like medical research and development, such efforts represent a firm foundation for innovations, as well as the growth of Swedish companies. Medical technology, IT, health care and drugs are leading targets of such research. Swedish companies are leaders in the area of traffic safety, along with the development of machinery and equipment that ensures a safe and supportive working environment. Recreation, lifestyle, tourism, ecotourism, adventure and experience industries linked to nature, landscape and the environment are all promising areas for development.

Much of the production that is oriented toward consumers in the richer parts of the world fails to satisfy the needs and requirements of the large percentage of the earth's population that is still living in poverty. But realising that the poor countries make up a considerable market, many international companies have begun to produce with their interests in mind. Swedish companies and public agencies tend to be relatively knowledgeable about the needs and requirements of poor people and aware of sustainability issues. Thus, they are well positioned to develop solutions that target those particular markets.

Trade and international activities

Based on their choices of raw materials, production methods, product design, suppliers and investments in Sweden and abroad, businesses are central to achieving sustainable growth everywhere. Consumption and production patterns in Sweden have economic, social and environmental consequences both domestically and abroad. For instance, environmental degradation has major social repercussions given that the housing and jobs to which poor people are consigned put them at particular risk and make it difficult for them to find ways of protecting themselves. In other words, damage to the environment can both create and aggravate poverty. Sweden must strive to convince the industrialised countries that they need to assume greater social and environmental responsibility. Thus, it is important that the effort to establish sustainable consumption and production patterns be carried out in an open and transparent manner that considers the interests of developing countries.

Increased production in developing countries is challenging businesses to more fully assume the social and environmental responsibility that the market and community expect of them. The Government's effort to encourage that kind of responsibility is based on the international norms and principles embraced by the OECD Guidelines for Multinational

Enterprises and the UN Global Compact. The principles establish the lowest acceptable standards that are to be respected by all countries regardless of level of development. The Government promotes compliance with the ILO's eight conventions on Fundamental Rights and Principles at Work (core labour standards). Sweden and its businesses are generally viewed as highly credible in terms of their commitment to and knowledge of human rights, equal opportunity, working conditions, environmental concerns and fighting corruption.

Customs duties and other trade barriers often interfere with the free flow of environmental goods and services. Many countries impose high customs duties on a number of items. While representing an easy way for the governments of developing countries with inadequate tax collection systems to obtain needed income, customs duties prevent them from exploiting technological advances that could help improve their environment.

Customs duties and other trade barriers also stand in the way of competition, unnecessarily raising the prices that poor people have to pay. Economic growth is a vital necessity if the percentage of poor people in the world is to decrease. Trade with, and Swedish investments in, developing countries are integral to promoting economic growth and the emergence of private sectors. Sweden's economic growth and private sectors stand to benefit as well. More dynamic interaction between trade and investments on one hand and development cooperation on the other can generate synergies in both the developing countries and Sweden. Combating poverty is at the heart of Sweden's policy for equitable global development. Thus, one of the highest priorities of the Government's trade policy is to ensure that developing countries can take advantage of the potential offered by international commerce. In order to promote equitable and sustainable development, trade with and investments in developing countries must pay attention to a variety of issues that touch upon the environment, working conditions, human rights, equal opportunity and social cohesion.

4.4.2 Objectives and measures

Objectives

The Government's objectives in promoting sustainable growth are:

- to decouple economic growth and environmental degradation while promoting social welfare and cohesion

- for Sweden to be a leader in the development of new solutions that contribute to sustainable development, the commercialisation of knowledge and ideas, and business starts

- for Sweden to set conditions that significantly can reduce Sweden's dependence on oil and other fossil raw materials by 2020

- to look after the interests of developing countries and the poor people and groups among their populations, so that everyone can benefit from the opportunities offered by global trade.

National measures

Economic growth and welfare

48. The Government plans to approve a national strategy for regional development in the spring of 2006. The strategy will coordinate regional development policy and the EU's cohesion policy, identifying national intersectoral priorities. The strategy will form the basis of interagency participation in the regional development effort, the regional development programmes and the EU co-financed structural fund programmes for 2007–13. Similar preparations are under way to formulate the next rural development and fisheries programmes for 2007–13.

49. The administrative burden that businesses bear must be eased without neglecting social and environmental demands. The Government set a series of objectives in 2005 to ease the burden in certain legal areas, including taxation and the Annual Accounts Act. Environmental and labour market legislation will follow in 2006.

Energy

50. The Government has appointed a special investigator to analyse the prospects for Sweden's agricultural sector when it comes to producing bioenergy (ToR 2005:85).

51. A bill entitled Research and new technology for tomorrow's energy system (Govt. Bill 2005/06:127) is being submitted on the same date as the present communication.

52. The national wind power council is continuing to coordinate wind power construction in Sweden. A bill entitled Sustainable power with wind – measures for vivid windfarming (Govt. Bill 2005/06:143) is being submitted on the same date as this communication.

53. A bill entitled Renewable electricity with green certificates (Govt. Bill 2005/05:154) is being submitted on the same date as this communication.

54. The Commission on Oil Independence will present a report in the spring of 2006.

55. A bill entitled National Climate Policy in Global Cooperation (Govt. Bill 2005/06:172) is being submitted on the same date as this communication.

Innovation and renewal

56. The Riksdag decision on Research for a Better Life (Govt. Bill 2004/05:80, Rpt. 2004/05:UbU15, Riksdag Comm. 2004/05:289) allocated SEK 210 million to research that supports sustainable development. Such research has excellent prospects for encouraging solutions that contribute to sustainable development, including the capacity of agriculture, forestry and fisheries to reprocess sustainable

materials, goods and services. Sustainable development must be included in entrepreneurial training at the upper secondary and university level.

57. Entrepreneurship that focuses on sustainable development will be promoted by means of information, access to necessary seed financing and greater involvement among the providers of private venture capital when it comes to launching sustainable goods and services. The Swedish Agency for Economic and Regional Growth (Nutek), ALMI Företagspartner AB and Innovationsbron AB all have a role to play in that effort.

58. Nutek promotes the efforts of Sweden's small and medium-sized businesses to assume social responsibility. The purpose of such initiatives is to strengthen competitiveness by means of business concepts that are oriented toward sustainability. The EU is also beginning to work along those lines.

59. The National Institute for Working Life, the National Labour Market Board, the National Rural Agency, the Swedish Institute for Growth Policy Studies, Nutek and pilot counties will design methods and tools by April 2007 to raise the level of integration and diversity in regional development efforts.

60. The National Institute for Working Life is carrying out its assignment of expanding its R&D efforts concerning the way that the private sector organises the workplace.

61. In cooperation with employers and trade unions, the Government has put together strategy programmes for six different industries: Aviation and Space, Vehicles Metallurgy, Pharmaceutical, Biotech and Medical technology, IT and telecom, and Pulp and Paper.

62. A Government bill entitled From an IT Policy for Society to a Policy for the Information Society (Govt. Bill 2004/05:175, Rpt. 2005/06:TU4, Riksdag Comm. 2005/06:142) includes a series of measures aimed at promoting sustainable growth within the framework of Sweden's IT policy.

63. The Government's IT policy strategy group is working up a proposed national strategy for IT and sustainable development. The purpose of the strategy is to promote IT solutions that are cost-effective, energy efficient, designed to reduce carbon dioxide emissions, etc.

Taking advantage of sustainability-related business opportunities

64. The task of Swedish Environmental Technology Council (SWENTEC), which was set up in 2005 as an organisational affiliate of Nutek, is to facilitate Sweden's efforts on behalf of an international market for environmental technology, as well as environmental goods, services and clean production.

Measures at the EU and global levels

65. Sweden will work to promote an ambitious EU waste management policy during negotiations concerning the European Commission's proposed Thematic Strategy on the Prevention and Recycling of Waste.

66. The final work on EU's new chemical legislation Registration, Evaluation and Authorisation of Chemicals (REACH), is expected to be completed in July 2006/07. REACH will improve the knowledge about the properties of chemical substances, provide technical data about chemicals in goods and the phase-out of the most hazardous substances.

67. Sweden is an advocate within the EU for greater use of bioenergy and improved energy efficiency.

68. Sweden is putting together an action plan to implement the EU's Environmental Technologies Action Plan (ETAP).

69. The Government is continuing to support the private sector's voluntary assumption of social and environmental responsibility as part of the Global Responsibility effort.

70. Sweden is carrying on a project within the framework of development cooperation that will reach SEK 1 billion by 2008. The purpose of the project is to pursue strategic initiatives that further contribute to a sustainable, long-term reduction of poverty. The initiatives will be pursued in areas where Sweden has the strength to provide useful assistance, thereby integrating international solidarity, environmental considerations, social development and economic growth in both Sweden and the countries with which it cooperates.

71. In order to improve its initiatives for sustainable growth in developing countries, Sweden will seek opportunities in coordinating development cooperation, trade and investments.

72. At Sweden's initiative, the OECD development cooperation ministers will meet in the spring of 2006. Plans are for the meeting to approve a declaration on the role of climate concerns in development cooperation, as well as an action programme on protecting the environment and combating poverty.

73. By means of negotiations on the Doha Development Agenda, Sweden will work to ensure that trade policy and the WTO promote sustainable development that accords a central role to poverty reduction, environmental protection and the improvement of social conditions.

5 Prerequisites and tools for successful efforts

The purpose of this chapter is to highlight some of the key areas – including participation, leadership and coordination – that the

Government regards as prerequisites for successful sustainable development efforts. Participatory processes are fundamental prerequisites for the work with sustainable development. The choices and activities by individuals influence a series of factors such as consumption and production patterns, democracy and health status. Leadership and responsibility are vital to achieving lasting change in government and other public administration, as well as by the private sector, non-governmental organisations and among individual citizens. Sustainable development requires an intersectoral perspective that enables conflicts of objectives to be managed, synergies to be exploited and strategic efforts to be devised. If visions and goals are to be realised, coordination, effective working methods and proper tools – as well as continual monitoring and evaluation in a learning process are absolute necessities.

5.1 Participation in implementation of the strategy

A democratic process is essential if the vision for realising a sustainable society is to be grounded throughout the entire community. Ongoing initiatives will be required to promote dialogue on the relation between the values and lifestyles of individual citizens, as well as between local and global sustainability issues. Continuing efforts to include people who now feel alienated and cut off from the democratic process are vital as well. Popular movements and civil society at large are important to that end.

One task in education is to raise awareness about the necessity of promoting a transition to a sustainable society, developing active expertise and ability to take action among decision makers at all levels, as well as among individual women and men. Basic education and research in combination with skills training that reflects sustainability concerns is one key to a sustainable society in Sweden and around the world. The formal educational system, along with adult and community education, has a meaningful role to play in instilling children, young people and adults with the knowledge, proficiency, ability and desire to work for sustainable development (See Section 5.4.5).

Dialogue and experience sharing at the local and regional levels with non-governmental organisations and the private sector facilitate implementation of Sweden's strategy for sustainable development. Agenda 21 has been described as one of the most comprehensive participatory projects ever. The Government's budget bill for 2005 stressed the importance of further developing Agenda 21 and to make it more action oriented.

For that reason, the Government established a Council for Sustainable Development under the National Board of Building, Planning and Housing in early 2005. The task of the council is to actively support local and regional sustainable development efforts and to promote dialogue between different actors. The knowledge and experience of the various sectoral agencies should be utilised. The mission of the council is also to facilitate the implementation of Sweden's strategy for sustainable

development, particularly to carry out action to meet the four strategic challenges described in Chapter 4.

Closer links between local planning and national strategy can lead to a more action oriented approach. Experience from implementation of the local agreements associated with the Government's metropolitan policy is vitally important. Municipalities and government agencies have developed methods and structures based on a bottom-up perspective. In other words, initiatives proceed from the needs and wants of those living in the districts involved, giving them the opportunity to help steer local implementation of the metropolitan policy. One lesson of the effort is that a clear communication strategy is important in a long-term project for change and development.

5.1.1 Objectives and measures

Objectives

– The sustainable development effort must have the support of Sweden's population and organisations.

Measures

74. The Government plans to arrange a series of local conferences in 2006–09 with the Council for Sustainable Development and interested local, regional and other key actors to encourage activity aimed at meeting the four strategic challenges while also starting work on the next revision of the strategy.

75. The Government's sustainable development effort is described at www.sweden.gov.se

5.2 Leadership and responsibility

A major challenge in all areas of society is a leadership and responsibility that actively pursue sustainable development. Dealing with conflicting objectives, exploiting synergies and putting together a strategic sustainable development effort demands insight, commitment and leadership at the highest level in an organisation. When it comes to sustainable development, today's leaders must develop expertise of their own. They cannot pursue sustainable development side by side with their ordinary activities, as a separate project or business unit. The principles of sustainable development must guide the entire organisation and its activities, while sufficient time and resources must be allocated to permit intersectoral and inter-unit cooperation. The overall objectives must be linked to the organisation's investments and resource utilisation. One fundamental principle is that ordinary resources and structures, should be used from a sustainable development perspective, rather than new funds for individual projects,

Governmental authorities have an important role to play in translating national policy decisions into action plans, guidelines and regulation. The County Administrative Boards have a particular responsibility as

government authorities at the regional level. The central agencies must increasingly participate in local and regional development efforts. The central agencies also have a major responsibility to incorporate sustainable development into their own sphere of activities. Instructions and official appropriations documents are key tools with which the Government can guide agencies in the effort to attain policy objectives. The Public Authority Ordinance (Swedish Code of Statutes 1995:1322) calls on government authorities to comply with requirements concerning sustainable development, gender equality and integration policy etc.

The Government plans to identify the agencies whose activities are relevant to the sustainable development effort. Of particular importance are agencies that have broad spheres of responsibility, spearhead sustainable development expertise or are in charge of a specific sector that should be cooperating with other sectoral authorities. The Government will review ways of clarifying special sustainable development responsibilities in its steering documents for the various agencies. Such a process should be carried out continually and adapt to the particular activities of the agencies concerned.

The Regional Growth Programmes are vital tools for ensuring sustainable development. The upcoming national strategy for regional development and Sweden's strategy for sustainable development should serve as key cornerstones of the Regional Growth Programmes.

The county councils and municipalities are also vital to the sustainable development effort. Of great urgency is that the effort extends to all parts of the country. Sweden's strategy for sustainable development is integral to the foundation on which local and regional strategic efforts are based. Municipal leadership is crucial to consensus-based implementation of legislation, supervision and local planning for schools, geriatric care, etc., and in cooperation with businesses, organisations and citizens. The Government urges municipalities and county councils to use its strategy as a basis for their own development of strategies that are relevant to sustainable development.

The private sector is a key participant in the effort to generate welfare and economic growth, both locally and globally. A company's board of directors and management must ensure that the business is run responsibly and ethically in compliance with national legislation, as well as international agreements and guidelines. Many companies take a strategic approach to sustainability issues. A sustainable organisation pursues financial policies that protect and strengthen the social and environmental foundation on which society is built. Their investments target areas are financially justifiable now while serving as long-term springboards of creativity and competitive advantage.

The state ownership policy, most recently revised in Government communication the 2005 Annual Report for State-owned Companies (Govt. Comm. 2004/05:120. Rpt. 2005/06:NU4, Riksdag Comm. 2005/06:52, 53), specifies that state-owned enterprises shall have well-considered strategies for dealing with environmental protection, social issues, equal opportunity and ethics. As part of the policy, the Government will continue to promote the state-owned enterprises sustainable development effort by means of educational initiatives, participation in experience sharing and discussion of related matters, as

well as the further development of follow-up and monitoring principles. The board of directors and management of companies in which the state has a proprietary interest are responsible for ensuring that the business is run in accordance with its long-term advantage.

Through popular movements and civil society at large people can find ways for influencing social development on the basis of their own values and priorities. Responsibility and leadership in civil society are crucial to upholding and promoting the central principles of sustainable development, democracy and the idea that all human beings are created equal.

The public and private sectors, along with various organisations, can play a major role in creating the conditions for citizens to act in a sustainable way. But the individual choices that people make – their consumption patterns, involvement with others and commitment to social development – are decisive as well.

5.2.1 Objectives and measures

Objectives

– Sustainable development is an overall objective of Government policy. This means that all political decisions must take into consideration long-term economic, social and environmental consequences.

– The state must serve as a model when it comes to promoting social and environmental consideration. State-owned enterprises – as well as the state in its capacity of fund manager, property owner or employer – must take the long-term economic, social and environmental consequences of their activities into consideration.

Measures

76. The Government plans to identify the governmental agencies whose activities are relevant to the sustainable development effort. The Government will then review ways of clarifying special sustainable development responsibilities in its steering documents for the various agencies.

77. As part of its state ownership policy, the Government will continue to promote the state-owned enterprise's sustainable development effort by means of educational initiatives, participation in experience sharing and discussion of related matters with management, as well as the further development/ elaboration of follow-up and monitoring principles.

78. The Swedish strategy for sustainable development must be shared and communicated with the private sector, municipalities, county councils and organisations so that they can use it as a basis for their own development of sustainable development strategies adapted to their own capacity, needs and requirements.

5.3 Coordination and intersectoral cooperation

Intersectoral cooperation and the coordination of the Government's sustainable development effort are of vital importance. Since submitting its previous strategy in 2004, the Government has presented some ten strategies and policy documents directly related to sustainable development in a number of different areas – including rural development, consumer policy, innovation and renewal, education, public procurement, integration and global development. The Government will present additional strategies directly related to sustainable development during 2006 and the upcoming term of office. That reflects the Government's objective of ensuring that all policy areas incorporate the principles of sustainable development. The Government's strategy for sustainable development is authoritative for public administration's efforts in the area.

The Government set up the Swedish Administrative Development Agency (Verva) on 1 January 2006. The primary mission of the new agency is to serve as a catalyst for cohesion, joint development efforts and renewal in public administration. For instance, Verva will play a key role in promoting the state's effort to acquire proper expertise. Verva can offer government agencies support in developing and furnishing methods and guidelines for control and organisation of its activities, including ways of integrating sustainable development as a horizontal requirement.

In order to identify the solutions most likely to ensure sustainable development, inter-authority initiatives and cooperation between different levels in society must be promoted, as for example between municipalities, county administrative boards and central agencies. For the same reason, coordination of initiatives across different sectors and policy areas are needed at the regional and other levels. Such coordination could increase the effectiveness of the sustainable development effort and take advantage of greater synergies.

The Regional Growth Programmes are essential tools that can provide a platform for coordinating different efforts. In 2004, the Government assigned 13 central agencies the task of proposing methods that will strengthen their involvement in the Regional Growth Programmes. Four pilot regions took part in the project. The 2005 report included a series of proposals for coordinating initiatives at the local level, as well as between the national and regional level.

In the view of the Government, all activities of the county administrative boards should include sustainable development concerns. The boards should take a holistic and more intersectoral approach to the sustainable regional development effort. A 2005 report of the county administrative boards entitled *Coordination for Sustainable Regional Development* proposed that they be given a more defined role in coordinating state initiatives at the regional level. The Government's appropriations document for 2006 charged the County Administrative Boards with the task of strengthening the intersectoral effort and coordination among various policy areas in order to ensure efficient solutions and promote regional trends based on the Government's strategy for sustainable development. The document also instructed the boards to promote inclusion of the national perspective in the physical

planning of the municipalities, as well as coordination of the planning so as to promote sustainable development. In cooperation with the Council for Sustainable Development, the boards can help expand and improve the local and regional sustainable development effort. The Government will monitor how the boards carry out their mission in accordance with the appropriations document and will assess the need to expand the boards coordinating role in the pursuit of sustainable development.

The local development agreements associated with the Government's metropolitan policy can serve as a platform at the local level.

A national programme for sustainable consumption and production patterns

Both consumers and producers need an effective framework and infrastructure that facilitates sustainable behaviour patterns, as well as the consumption and production of sustainable goods and services. For that to happen, societal planning must be coordinated at the central, regional and local levels. Promoting such patterns is integral to Sweden's sustainable development effort. The issues are intersectoral and call for the involvement of many different policy areas. For instance, several sections of this communication (particularly Section 4.4) discuss sustainable consumption and production patterns. Thus, there is a particular need for coordination in this respect.

As part of the EU Strategy for Sustainable Development, which is being revised in 2006, the European Commission has proposed that it draw up an action plan for sustainable consumption and production by 2007. The Commission, which has been working for a number of years on minimising the environmental impact of production, products and consumption, has published two communications on Integrated Product Policy (IPP). The purpose of IPP, as well as the promotion of sustainable consumption and production patterns, is to bring together decision makers in the EU countries and involve the private sector in confronting the major challenge that minimising environmental impact from products poses. The weak point in the effort is that it is still being carried out on an overall level and may give the impression of being unfocused. Its strong point is the existence of a broad consensus that measures must be taken and that a life cycle perspective is needed.

International commitments following the 2002 UN World Summit on Sustainable Development in Johannesburg to put together a 10-year framework of programmes for sustainable consumption and production patterns, along with the EU's previous efforts and proposed action plan, have spurred the Government to work up a national programme. Think twice! An action plan for sustainable household consumption (Govt. Comm. 2005/06:107), which the Government is submitting to the Riksdag on the same date as this communication, represents the first part of that programme. The action plan presents a summary account of the Government's attempts to promote sustainable consumption patterns and points out a direction for the ongoing effort. The second part will be the action plan for sustainable consumption and production by the public and private sectors that the Government plans to submit to the Riksdag later in 2006. The plan will be revised and amended once the European

Council has decided on the European Commission's proposed EU action plan.

5.3.1 Objectives and measures

Objectives

– The Government's national strategy for sustainable development is authoritative for the efforts of public administration in the area.

Measures

79. In accordance with the Government's instructions, the Swedish Administrative Development Agency (Verva) is to develop and furnish methods and guidelines for expedient control and organisation of its activities, including ways for agencies to better incorporate sustainable development as a horizontal requirement.

80. The Government's appropriations document for 2006 charged the county administration boards with the task of strengthening the intersectoral effort and coordination among various policy areas in order to ensure efficient solutions and promote regional trends based on the Government's strategy for sustainable development.

81. The Government will draw up a national programme for sustainable consumption and production patterns. Think twice! An action plan for sustainable household consumption (Govt. Comm. 2005/06:107), the first part of the programme, is being submitted to the Riksdag on the same date as this communication. The second part will be an action plan for sustainable consumption and production patterns in the public and private sectors.

5.4 Tools

5.4.1 Sustainability impact assessments

Among the objectives of sustainability impact assessments is quality assurance of the sustainable development perspective in public administration documents and decisions. If the Government's objective of ensuring that all policy decisions strike a long-term balance among their economic, social and environmental consequences is to be realised, the current working methods, tools and procedures of public administration must be revised and improved. The impact of proposed decisions and expenditures must be assessed on the basis of those three dimensions. The Government plans to design an impact assessment model that allows for well-founded assessments of proposed decisions, such as new rules, that help identify the considerations that need to be weighed against each other in relationship to competing objectives.

Although impact assessments are currently performed during inquiries, to measure the efforts of agencies and when preparing decisions by the Government Offices, their methodologies vary considerably. For instance, the submission of bills and communications to the Riksdag is always preceded by an assessment from the point of view of environmental objectives. In addition, both agencies and the Government Offices are required to perform a Simplex analysis, i.e., an assessment of the impact of their decisions on small businesses. All documents and decisions must also fully consider their impact on equal opportunity issues. Decisions that impact children must undergo an assessment from that particular point of view. The Committees Ordinance (Swedish Code of Statutes 1998:1474) requires assessments when proposals affect costs or revenues for the state, municipalities, county councils, businesses or organisations, or when they have other impacts. Proposals are also to be assessed in terms of whether they have any bearing on municipal self-governance, crime, crime prevention efforts, employment or public services in various parts of the country. The assessment is also to look at the impact on small businesses in terms of competitiveness, working conditions or other circumstances for small and medium sized enterprises (SME:s), gender equality and the prospects for meeting the objectives of the Government's integration policy.

The European Commission uses impact assessments to improve quality and coordination when putting together proposals for consideration by the EU. The purpose is to provide the decision maker with the best possible documentation by means of comprehensive information about the potential impact on the three dimensions of sustainable development. The assessments are to help enable more consistent implementation of the Lisbon Process and the EU Strategy for Sustainable Development. As of 2003, impact assessments have been gradually adopted in all key initiatives by the European Commission.

The guidelines for impact assessments were updated in 2005 and will be evaluated by the European Commission in 2006. The Commission's proposed revision of the Strategy for Sustainable Development calls on all EU institutions to ensure that the economic, social and environment impact of major policy decisions that are under consideration undergo a balanced assessment of all three dimensions. The Member States are also urged to employ impact assessments more extensively when making public expenditures or devising strategies, programmes and projects.

The first step in the Swedish sustainability assessment effort should be an analysis of whether the general requirements of the current impact assessment system can be adequately applied to the question of sustainability – and, if not, what is needed instead. Of great importance is to compare the impact assessment methods used by various countries, particularly in the EU, with the Swedish system.

In January 2006, the Environmental Objectives Council approved guidelines for the basis of an in-depth evaluation of efforts to meet environmental quality objectives. The guidelines aim to improve impact and cost effectiveness assessments in connection with proposed measures by means of minimum requirements for their performance. The Swedish Environmental Protection Agency and National Institute of Economic Research have drawn up directions for that purpose. If impact

assessments are to be an effective tool, models for the assessment of the environmental benefits, as well as the economic and social consequences, of various measures must be improved and expanded. Both the costs and the benefits must be calculated as accurately as possible. The impact on small and medium-sized businesses will remain an important parameter to look at when considering new or amended rules or other types of measures. As part of national reporting in connection with the Lisbon Process, Member States are urged to perform impact assessments that include the three dimensions of sustainable development.

Based on such considerations, an effort is under way to improve the impact analysis system and thereby ensure a more cohesive effort to ensure the quality of the rules that are approved.

Objectives

– All policy decisions must take into consideration long-term economic, social and environmental consequences.

Measures

82. The Government is planning to devise an impact analysis model for quality assurance of sustainability early in the process of preparing the key documents on which it bases its decisions. The effort is also intended to strengthen the rulemaking process.

5.4.2 Economic instruments and tax policy

Economic instruments that are among the most important tools for sustainable development, are a collective term for market-based instruments that affect the price of goods and services. Typical economic instruments are fiscal instruments fees, emissions trading, electricity certificates, deposit refund systems, grants and subsidies.

An overall purpose of taxes is to finance public commitments. Among those commitments are public pensions and the rest of the social insurance system, which redistribute income in various ways. Thus, taxes contribute indirectly to income redistribution.

Taxes should also directly promote the just distribution of wealth and income. Fiscally motivated taxes should otherwise be designed to exercise as little control as possible. That aspect of the tax system should help society use its collective resources in the most efficient way possible. However, normal price formation does not always reflect factors such as negative environmental impact. With that in mind, Sweden has a number of environmentally motivated taxes and fees, the task of which is to steer consumption and production towards more sustainable alternatives by including external costs in the price of a good or service. For instance, such costs may include the negative impact of transport systems on health and the environment. Thus, the incorporation of environmental considerations allows the tax system to promote more efficient use of society's collective resources.

Sweden presumably uses more economic instruments of control in relation to the environment than any other country. Annual revenue from environmentally related taxes is some SEK 73 billion, 98 per cent of

which is linked to energy and transport. Economic instruments such as carbon dioxide and energy taxation are cornerstones of Sweden's climate policy.

According to the Government's Spring Fiscal Policy Bill in 2000, the total scope for green tax shift in 2001–10 was SEK 30 billion. Green tax shift involves exchanging certain budgetary revenue from tax raises on activities that negatively impact the environment for tax cuts on other areas, particularly labour. A tax shift of more than SEK 17 billion has been approved so far. Most of it has involved the exchange of higher energy and carbon dioxide taxes in the household and service sectors for greater basic income tax deductions. Taxes on waste, natural sand and gravel, and vehicles have also been raised. In addition to taxes and fees that help incorporate external costs, various types of subsidies contribute to sustainable development. For instance, the Climate Investment Programmes (Klimp, a government investment grants program) render it more attractive for municipalities, businesses and other local organisations to make long-term expenditures that have that kind of impact. In other words, investment grants are an important supplement to other economic instruments of control.

Support for energy efficiency, conversion and renewable sources has also played an important role. The previous investment grants for renewable electricity have been replaced by a market-adapted electricity certificate system. The system targets an increase in the annual production of electricity from renewable sources by 10 TWh between 2002 and 2010. A Government Bill entitled Renewable electricity with green certificates (Govt. Bill 2005/06:154), which is being submitted on the same date as this communication, proposes an extension of the electricity certificate system until 2030 and the establishment of a new target of a 17 TWh increase between 2002 and 2016. The emissions trading scheme initiated by the EU in early 2005 applies to energy-intensive industry as well as electricity and heating production. The price formation of emission allowances creates a significant relative market advantage for renewable energy and biofuel. The purpose of the scheme is to help the EU in a cost-effectively manner to meet its commitment pursuant to the Kyoto Protocol. The scheme's international scope is expected to give rise to much more significant cost reductions than would isolated national initiatives.

During 2006, the European Commission will submit a report on the EU emissions trading scheme that is expected to discuss expansion both in geographic terms and with respect to the sectors and greenhouse gases to be included going forward.

The Government has instructed the Swedish Environmental Protection Agency and the Swedish Energy Agency to perform a full-scale analysis of current economic instruments related to the environment. A report is to be submitted by 1 October 2006. Based on the evaluation, an inquiry will be appointed to propose any new or revised economic instruments that can help Sweden reach the national environmental quality objectives and goals as cost-effectively as possible.

Sweden's need to change over to an ecologically sustainable society may require the tax system to include more extensive environmental provisions. With respect to both society in general and tax policy in

particular, a series of major changes have taken place since the 1990–91 tax reform that suggest a need to re-examine the entire tax system. The Government expects that a re-examination of that kind can begin in 2006.

Measures

83. The Climate Investment Programmes (Klimp) has been reinforced with additional SEK 200 million for 2006 and been extended to include SEK 320 million annually for 2007–08.

84. The Government has instructed the Swedish Environmental Protection Agency and the Swedish Energy Agency to perform a full-scale analysis of current economic instruments related to the environment. Based on the evaluation, an inquiry will be appointed to propose any new or revised economic instruments of control that may be needed.

85. The Government will begin a review of the tax system in 2006 based partly on the need for Sweden to make the transition to a socially and ecologically sustainable society.

5.4.3 Sustainable public procurement

Annual public procurement in Sweden – the purchases made by the state, county councils and municipalities – come to approximately SEK 400 billion. Annual EU public procurement amounts to close to SEK 8 trillion. Given that kind of magnitude, public procurement can serve as a powerful tool for the changeover to a sustainable society by spurring the development of more socially and ecologically sustainable goods, services and technologies.

Procurement as a catalyst

Innovative Sweden: A Strategy for Growth through Renewal (Ministry Publications Series Ds 2004:36) serves as an important platform for the Government's formulation of a growth and employment policy. The Government's objective is for public procurement to more effectively stimulate innovation, thereby powering research and technical development and encouraging renewal in the private sector. For that to happen, procurement processes and expenditures must be formulated so that they can better promote creative renewal and innovation while heeding cost-effectiveness requirements. A challenging public procurement can help make the sector more efficient, as well as spark the private sector to develop new goods and services in various areas, such as environmental technology. As part of that effort, the Government intends to draw up guidelines on the extent to which procurement processes should consider interests and objectives above and beyond cost and quality for the agency itself.

Environmental considerations

A Government Bill entitled Swedish environmental quality objectives – a shared responsibility (Govt. Bill 2004/05:150, Rpt. 2005/06:MJU3, Riksdag Comm. 2005/06:48, 49) argues that ecologically sustainable public procurement is a vital tool in charting society's course toward sustainable, long-term development.

The European Commission has urged Member States to put together three-year national action plans that will strengthen the effort to make public procurement more ecologically sustainable. The plans are to contain objectives and associated measures. On the instruction of the Government, the Swedish Environmental Protection Agency, along with other agencies and organisations concerned, proposed such a plan for green public procurement in a report entitled “Green Public Procurement – a proposal for an action plan” (Environmental Protection Agency Report 5520, December 2005). According to the report, there is scope for more stringent environmental demands to be placed on public procurement. While six of ten procurement processes currently include environmental demands, the impact of the demands is significant in only half the cases. One-third of public framework agreements lack environmental demands that have a significant impact on procurement processes. Inadequate knowledge about how to make environmental demands is one of the biggest obstacles to ecologically sustainable public procurement. The tool for ecologically sustainable procurement (EKU tool) is not being used to its full potential. The agencies could be subject to better control and monitoring.

In the opinion of the Government, the public sector should make greater environmental demands during procurement. Furthermore, the demands should be stringent enough to ensure the purchase of the most ecologically sound products while paying sufficient attention to cost efficient requirements. As a result, the Government views the development of an action plan that includes objectives and associated measures aimed at strengthening environmental demands during public procurement processes to be a matter of urgency. The Government intends to draw up such a plan in 2006.

An inquiry regarding a proposal for an action plan for sustainable household consumption (Swedish Government Official Reports 2005:51) has proposed that the Swedish Environmental Management Council be allocated additional resources for the purpose of promoting and facilitating more sustainable consumer trends. The Government appropriated an additional SEK 2 million for 2006, for a total of SEK 5 million. According to the inquiry, additional funds are needed to meet high expectations for the EKU tool.

Social considerations

Social considerations can also play a role in public procurement processes. Among the possible demands mentioned in the New EU Procurement Directives is the recruitment of those – such as young people and the long-term unemployed – who have particular difficulty entering the labour market, as well as an increase in the percentage of people with disabilities or reduced ability to work. One demand during procurement for public construction projects might be physical access for people with disabilities. Promoting occupational training at the

workplace and programmes for protected employment are other possible demands.

The Government is convinced of the importance of making greater social demands during public procurement processes. The Government plans to help make that happen by developing tools and supportive mechanisms for purchasers.

Greater demands for paying attention to social and environmental considerations

During the review of the EU Procurement Directives, Sweden championed an expansion of the options for paying attention to social and environmental considerations. The final directives highlight options for making social and environmental demands. The Government appointed an inquiry to incorporate the new EU directives. The Terms of Reference for the Inquiry on Public procurement (ToR 2004:47) shall pay special attention to the Swedish point of view with respect to social and environmental considerations. The changes proposed by the inquiry are to clearly reflect the integration of such considerations. The inquiry submitted an interim report entitled New Rules for Public Procurement (Swedish Government Official Reports 2005:22). The final report was to be submitted in March 2006. The additional terms of reference (ToR 2005:39) specify that the one-man inquiry is to analyse options for adopting provisions requiring the procurement unit to make social and environmental demands, as well as to determine whether ILO Convention 94 concerning Labour Clauses in Public Contracts is compatible with the new directives. The Convention strives to counter social dumping in public procurement by demanding salaries and other working conditions that are at least as favourable as those established by collective agreements or national legislation for labour of the same type within the specific area involved.

Objectives

The Government's objective in the encouragement of sustainable public procurement is:

- for the public sector to serve as a model when it comes to promoting sustainable development. As much as possible consistent with the Public Procurement Act (Swedish Code of Statutes 1992:1528) and EU rules, the public sector is to make social and environmental demands during public procurement processes. Public purchasers are to have access to the tools, training and other support that they need in order to make such demands.

Measures

86. The Government plans to put together guidelines for the use of procurement processes as catalysts for innovation.

87. The Government plans to work up an action plan in 2006 for making environmental demands during public procurement processes.

88. The Government has raised its 2006 appropriations for the Swedish Environmental Management Council's effort to encourage the inclusion

of environmental demands during public procurement processes by SEK 2 million, for a total of SEK 5 million. The Council is also exploring the prospects for including social demands.

5.4.4 Indicators for sustainable development

Indicators are a useful instrument on which to base discussion and for monitoring the evolution of a sustainable society. The UN, OECD, EU, Nordic Council and a number of other countries have put together sets of indicators for sustainable development. Sweden also stands to benefit from indicators linked to its strategy. As part of revising the Swedish strategy for sustainable development, a set of indicators has been worked out in cooperation with Statistics Sweden (see Section 3.3.2). Twelve of them have been selected as headline indicators. The full set of indicators – along with statistics, remarks and definitions of the headline indicators – see Annex 1.

The indicators are tools for both the Government and the general public, businesses, organisations and agencies concerned. The full set of indicators is to be made available on the Internet. Many of the indicators will be broken down by gender and age to permit separate reporting of different categories. Some indicators will be broken down by region as well.

Indicators can broadly reflect various aspects of sustainable development. They can provide objective, quantitative data and serve as the basis for discussion. But because they can never be exhaustive, they must be supplemented by more precise measurements for particular areas, along with additional analyses and qualitative data.

Important to keep in mind is that no generally accepted set of indicators for sustainable development has been worked up yet. National and international efforts within the OECD, Eurostat, etc., are under way to identify improved methods of measuring sustainable development. The European Commission presented a set of indicators in 2005. The Commitment to Development Index of the Centre for Global Development ranks each of the 21 richest countries (including Sweden) in terms of the extent to which its overall policies (trade rules, technological progress, environment, development cooperation, etc.) contribute to global equitable and sustainable development. Sweden is engaged in an ongoing effort to improve its environmental accounting, monitoring of environmental objectives, public health, green key ratios and index for development in the segregated districts of its metropolitan areas.

Thus, the chosen set of indicators will be subject to ongoing methods development efforts. As a result, they will be changed whenever warranted by improved statistics, methods of measurement or analytical insights.

The Council for Sustainable Development will work on the regional dimension of the indicators. Sweden's regional development policy is currently undergoing a series of changes in connection with the formulation of a new national strategy, as well as the upcoming 2007–13 period for the European Structural Funds. An effort to improve

monitoring and assessment is also under way ahead of the new period. Work on the regional dimension of the sustainability indicators will be coordinated with that effort whenever called for.

Measures

89. This communication presents a set of indicators for sustainable development. Twelve of them have been selected as headline indicators. The indicators are to serve as the basis for monitoring, information and discussion. They will be made available on the Internet. The set of indicators will be subject to ongoing methods development efforts.

90. Future monitoring of results will need to capture local and regional trends as well. For that reason, the Council for Sustainable Development will work on the local and regional dimensions of the indicators in 2006–09. The effort will be coordinated with the formulation of indicators for monitoring regional development policy and associated initiatives.

5.4.5 Education, culture, information and influencing attitudes

Education and research in combination with skills training that reflects sustainability concerns is one key to sustainable social development in Sweden and around the world. The formal educational system, as well as adult and community education, has a meaningful role to play in providing children, young people and adults with the knowledge, proficiency, ability and desire to work for sustainable development. Knowledge is also transmitted by means of cultural activities such as theatre, music, dance, film and museum visits.

A sustainable development perspective must permeate all education and learning. While such an approach should convey a message, its most important objective is to provoke active participation and critical thinking about building a sustainable society. Such education is vital if citizens are to obtain information about sustainable development and make conscious choices as consumers and members of society. The implementation plan of the 2002 UN World Summit on Sustainable Development in Johannesburg stressed the need for knowledge, training and research. In December 2002, the UN General Assembly officially declared 2005–14 to be the Decade of Education for Sustainable Development. UNESCO was charged with leading the effort. The declaration was an expression of the international community's expectations that the issue of education for sustainable development will be taken seriously. Among Sweden's contributions to the global effort and the 2005–14 project was to arrange a May 2004 international meeting in Gothenburg entitled Learning to Change Our World: International Consultation on Education for Sustainable Development at the initiative of the Prime Minister. Some 350 people from 75 countries and five continents attended the meeting.

Scientifically based knowledge is a decisive factor in the sustainable development effort. Research on issues and correlations at the junction of the economic, social and environmental dimensions of sustainable development are particularly important. In-depth, leading-edge

knowledge is needed as a basis on which to make the strategic choices confronting society and as a means of assessing possible consequences following from different courses of action.

The experience of culture affects how people relate to the world around them and thereby the question of sustainable development in general. Sustainable development in its culture aspect requires respect for differing approaches to life, among both individuals and groups of people.

Because the heritage and museum sector gathers together much of a society's knowledge about its past, it has a vital mission with respect to sustainable development. By cultivating a humanistic and historical outlook on social development, people are better able to understand the particular period in which they are living.

The vast array of contemporary media channels can provide the general public with a wealth of knowledge and information. Freedom of expression and independent, easily accessible public service media are integral to critically monitoring and spreading knowledge about sustainable development issues.

Objectives

– Sweden will be a leader in lifelong education and learning about sustainable development. A sustainable development perspective must permeate preschool, compulsory, upper secondary, university and adult education, as well as cultural institutions, while allowing for a free and independent media structure.

Measures

91. New curriculum objectives for upper secondary schools will take effect as of 1 July 2007. Sustainable development has been fully incorporated into the objectives.

92. A 1 February 2006 amendment to the College Act (Swedish Code of Statutes 1992:1434) mandates promotion of sustainable development in university education.

93. Many publicly financed museums have had free admission since 2004. By furnishing knowledge within the context of lifelong learning, museums promote sustainable development.

94. The Government has declared 2006 to be the Year of Multi culture in Sweden. The purpose of the initiative is for Sweden's cultural institutions to better reflect its ethnic and cultural diversity. Cultural offerings and practice must be non-discriminatory and a vital concern of everyone regardless of ethnicity.

95. A Government Bill entitled More important than ever! Public service radio and television 2007–2012 (Govt. Bill 2005/06:112) is being submitted on the same date as this communication. The Bill emphasises the importance of freedom of expression in combination with strong, independent and easily accessible public service media nationwide.

5.5 Monitoring and evaluating the strategy

The measures announced as part of the Government's strategy for sustainable development will be regularly monitored and reported on. For instance, the Government plans to conduct a follow-up halfway through the initiative. The set of indicators presented in this communication will serve as a tool for the follow-up.

The Council for Sustainable Development will publicise an annual report that includes proposed measures for the promotion of opportunities and the removal of obstacles to national and regional implementation of the strategy. The council will also consult with stakeholders and key people throughout the period with an eye toward spurring actively activities that addresses the four strategic challenges. Prior to the next revision of the strategy, a dialogue will be conducted with various parts of the community. The effort will include the formation of informal focus groups of young people, agencies, private organisations, colleges, universities, etc., for the purpose of consultation and discussion.

The Government's appropriations document for 2006 instructed the county administrative boards to report on the progress of their sustainable development efforts, including any obstacles that have been identified.

In preparation for the revision of the strategy, the Government intends to perform an overall assessment of the results of the effort.

The Government plans to revise the strategy in 2010. Work on the national strategy must pay close attention to the EU Strategy for Sustainable Development. The European Commission has proposed that the strategy be revised starting in 2009. But no agreement has been reached yet about when the revision is to be completed. Revision of the Swedish strategy will take the progress of the European effort into consideration.

The effort to revise the EU Strategy for Sustainable Development is considering a peer review system to assess the national strategies of the various Member States. According to the European Commission, such an approach can offer useful examples and contribute to mutual learning. The Government is favourably disposed to the proposal. Peer reviews may be a good way to assess and improve Sweden's sustainable development strategy.

Measures

96. The Government will perform a follow-up of the measures associated with the strategy halfway through the initiative. The follow-up will make use of the indicators that have been devised, as well as reports by the Council on Sustainable Development and county administrative boards concerning opportunities and threats in the sustainable development effort.

97. The Government plans to revise this strategy in 2010. The revision will pay careful attention to the EU's revised Strategy for Sustainable Development.

98. The next revision will strive for open dialogue with various parts of the community. The effort will include the formation of informal focus groups of young people, agencies, private organisations, colleges, universities, etc., for the purpose of consultation and discussion.

99. The Government plans to submit the present strategy for external review. The revision of the EU Strategy for Sustainable Development currently under way is considering a peer review system to assess the national strategies of the various Member States.

Annex 1: Indicators for sustainable development in Sweden

A set of 87 indicators for sustainable development has been developed on the basis of work by Statistics Sweden. A broad range of agencies and experts has been consulted.

Twelve indicators have been selected as headline indicators. The intention is for them to present an overview.

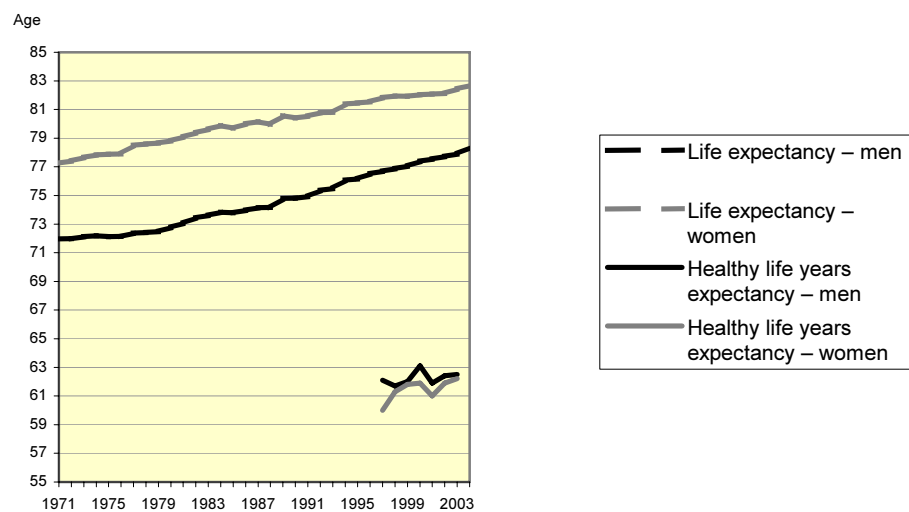
This annex first describes the twelve headline indicators. It then lists the entire set of indicators in use at the time of the submission of this communication.

A. Headline indicators

HEALTH

1. Life expectancy

Life expectancy and healthy-free life expectancy at birth



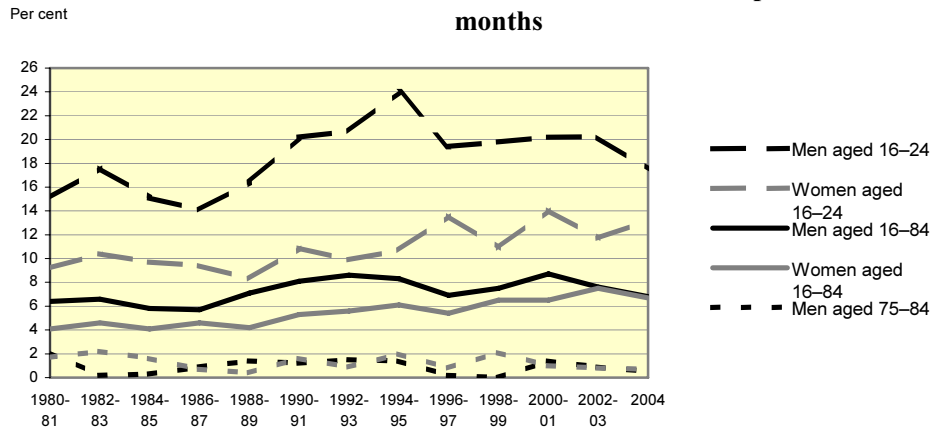
Source Statistics Sweden, Eurostat

Comments: Life expectancy in Sweden has risen by four years for men and three years for women over the past 20 years. Healthy life years expectancy has increased by two years for women and remained unchanged for men. Both men and women had healthy life years life expectancy of approximately 62 years in 2003. According to the UN, Japan had the highest life expectancy (82) in 2003. Sweden was in sixth place at 80. But due to varying definitions, comparisons of healthy life years expectancy among different countries are difficult to compare.

Definition: The healthy life years expectancy indicator measures the number of years that a person at birth can be expected to live under healthy circumstances. Healthy circumstances are defined as the absence of disabilities. The indicator combines data on mortality and morbidity.

2. Violence

Percentage of the population who say that they have been the victims of violence or the threat of violence in the past 12 months



Source Statistics Sweden, Living Conditions Survey

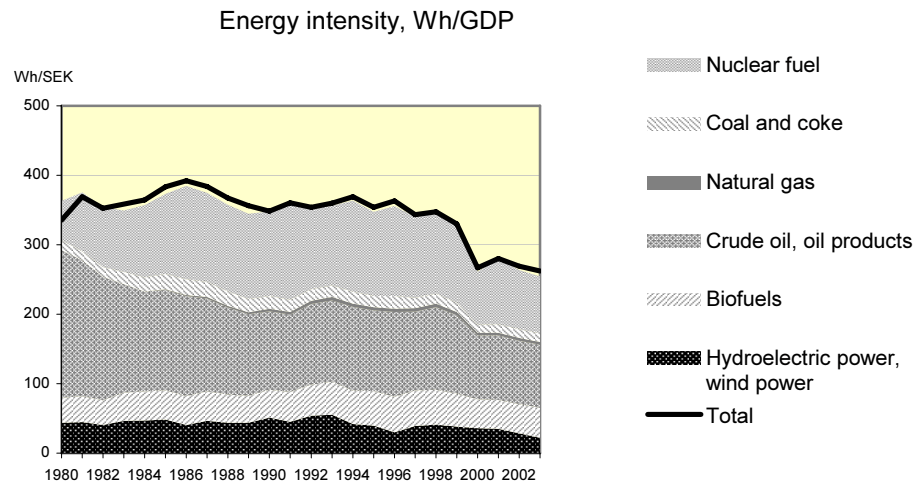
Comments: Young men are most at risk for violence or threat of violence. But their percentage has decreased over the past ten years, while young women are more at risk than they were. Approximately 7 percent of all women and men surveyed were the victims of violence or the threat of violence in 2004.

Definition: The indicator is based on Statistics Sweden's Living Conditions Survey (ULF). The percentage reflects those who have answered in the affirmative to at least one of the alternatives below: Have you been the victim of one or more of the following incidents during the past twelve months?

- a. Violence that caused so much injury that you had to see a doctor, dentist or nurse
- b. Violence that caused visible bruises or bodily injury without your having to see a doctor
- c. Violence that did not cause visible bruises or bodily injury
- d. Threats of violence that were dangerous or so serious that you became frightened.

SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

3. Energy efficiency



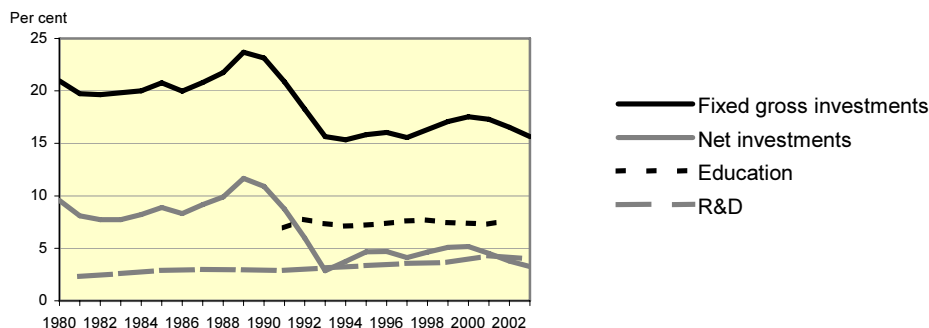
Source: Statistics Sweden

Comments: Energy intensity has decreased during the past five years, indicating stepped-up production with less energy per manufactured unit. Over a longer period of time, oil's percentage of the total energy supply has fallen, while the biofuels percentage has risen. The production of hydroelectric power varies from one year to the next and reflects precipitation differences.

Definition: Energy intensity is total energy supplied in relation to the GDP. Total energy supplied includes the export or import of electrical energy. Renewable energy includes hydroelectric power, wind power, biofuels and solar energy (the latter of which is very small in Sweden). Fossil fuels consist of coal and coke, natural gas and oil products.

4. Investments

Investments in fixed capital and education, as well as R&D expenditures, as a percentage of the GDP, current prices



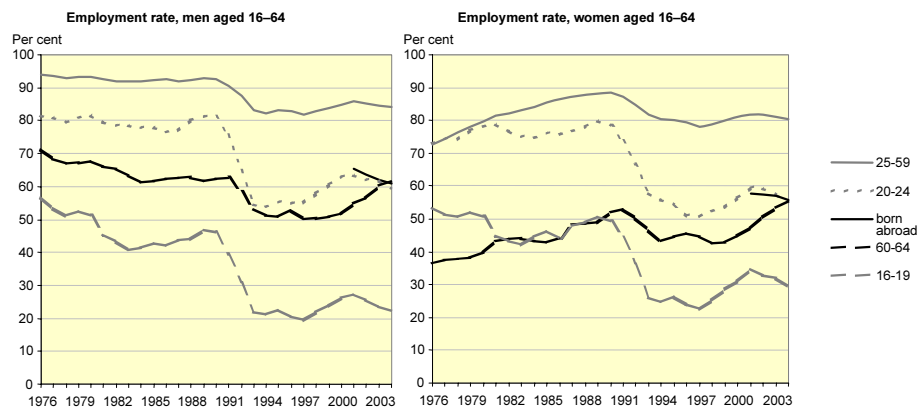
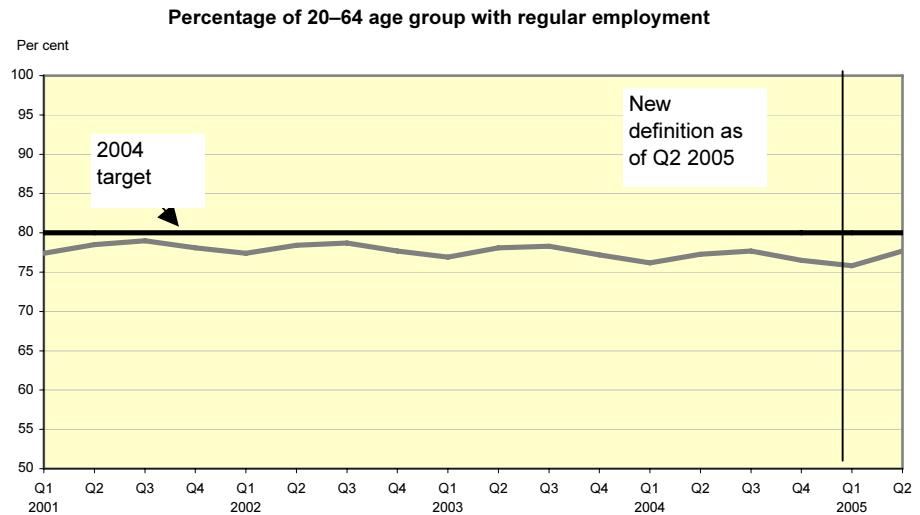
Source Statistics Sweden

Comments: Fixed capital investments declined during the economic crisis of the early 1990s to just over 15 percent of the GDP and have remained there since then. Before the crisis, they represented approximately 20 per cent of the GDP. Expenditures for education have remained fairly constant at approximately 7 per cent of the GDP. R&D expenditures as a percentage of the GDP are high in Sweden compared others countries. The percentage increased since the early 1990s and declined slightly late in the period. R&D expenditures total approximately 4 per cent of the GDP, of which colleges, universities and the public sector account for approximately 1 percent and the private sector for approximately 3 percent.

Definitions: Fixed gross investments include machinery and means of transport, housing and other buildings and plants, and other investments. Net investments consist of fixed gross investments less capital consumption. Expenditures for education consist of total public expenditures in the area, including student grants. R&D consists of systematic activities aimed at increasing the community's fund of knowledge (including that which is known about human beings, culture and society) and exploiting it for fresh uses, as well as generating new or better products, systems or methods.

ECONOMIC DEVELOPMENT

5. Employment rate



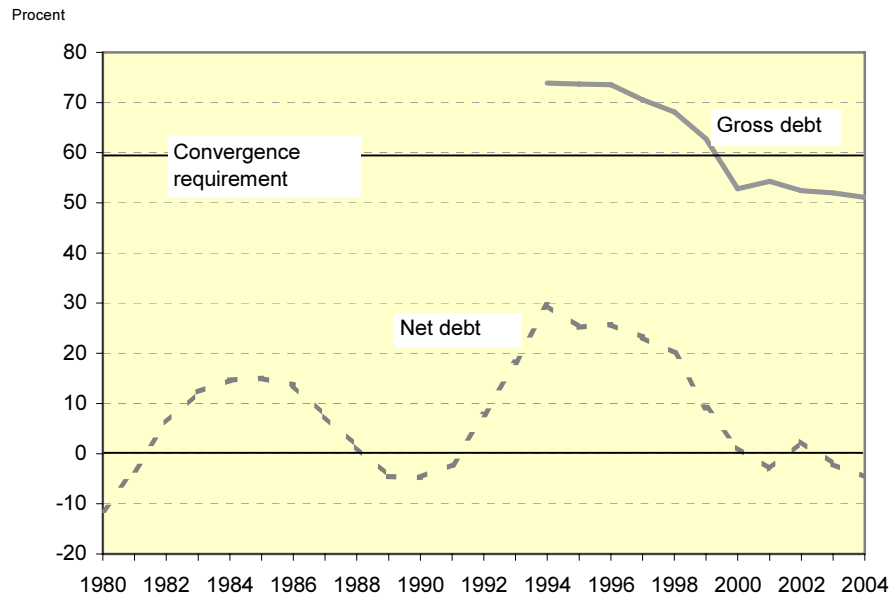
Source Statistics Sweden, Labour Force Survey

Comments: The number of people in the 20–64 age group with regular employment remains a couple of percentage points short of the Government's 80 per cent target. The employment rate is lower for each group than prior to the crisis of the 1990s. The employment rate for the 60–64 age group has shown a pronounced increase in recent years. Men between the ages of 16 and 19, a large percentage of whom are in school, have the lowest employment rate. The employment rate is lower for women than men in the other age groups. As women entered the labour market in the 1970s and 1980s, their employment rate in the 25–59 age group increased substantially. The employment rate for men in the 25–59 age group was stable at 92–94 per cent in the 1970s and 1980s. People born abroad are reported separately starting in 2001. Their employment rate is considerably lower than that of the rest of the population and is declining for both women and men.

Definition: Number of people employed as a percentage of the population in the specified age group. People with regular employment are members of the employed population (in accordance with the Labour Force Survey), excluding those in the labour market policy programmes of hiring support, reinforced hiring support, special hiring support for people over 57, public temporary employment (OTA) and business start-up grants. The indicator is reported separately for women and men in four age groups, as well as for people born abroad.

6. Public debt

Public debt (net and gross) as percentage of the GDP, current prices



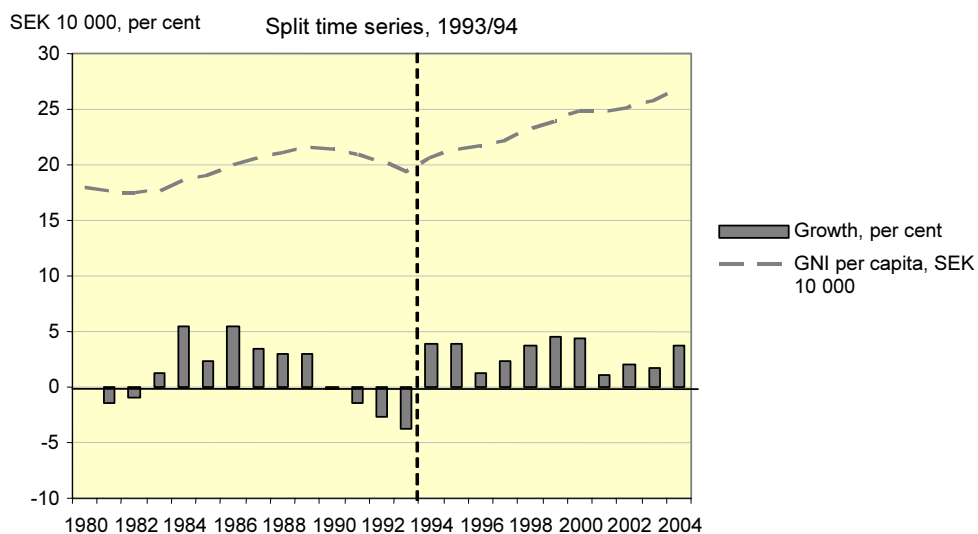
Source: Statistics Sweden

Comments: Sweden's public debt has decreased in recent years. For the past five years, the public debt has been below the reference value of 60 per cent of the GDP set by the Maastricht Treaty. After peaking in 1994, the general government (public) net debt has decreased. In the past two years, it has been negative, i.e., there has been a net surplus.

Definition: The public sector comprises the state, the municipal sector and the social insurance sector (National Pension Fund). However, the Riksbank (Swedish Central Bank), public service companies and state-owned enterprises are not included in the public sector. The Maastricht Treaty specifies that the public sector's gross debt be stated at nominal value and consolidated within the sector, i.e., reduced by the treasury securities, etc., held by the sector. The net debt consists of total debts less financial assets.

7. Growth

GNI per capita, fixed prices, 2000 base year



Source Statistics Sweden, National Accounts

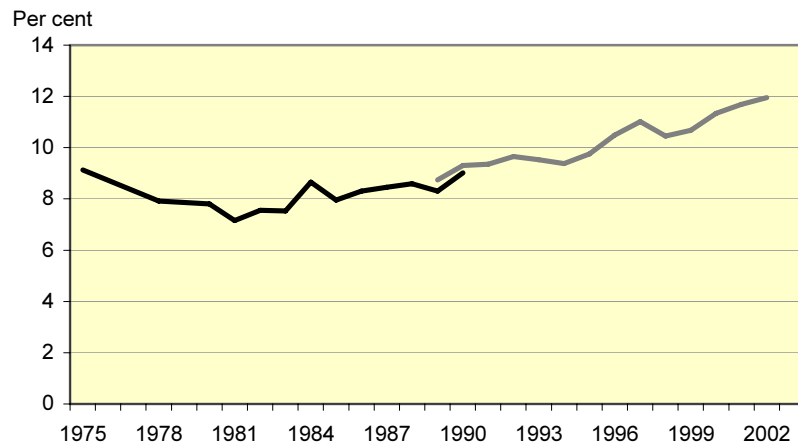
Comments: After the crisis of the early 1990s, Sweden's growth rate averaged approximately 2.9 per cent in 1994–2004. The average growth rate was lower for the entire 1990–2004 period. Growth has been positive every year after the crisis, i.e., Sweden has not had any periods of GNI decline. The GNI per capita rose by 50 percent from SEK 18 000 to SEK 27 000 in 1980–2004.

Definition: The gross national income (GNI) is the sum of all incomes in a country for a particular year. The GNI (at market price) is equal to the GDP, less primary incomes that domestic units pay to foreign units, plus primary incomes that domestic units receive from abroad. The GNI per capita is the total GNI divided by the number of inhabitants in a country.

SOCIAL COHESION

8. Risk of poverty

No. of people in households with income less than 60 per cent of the median

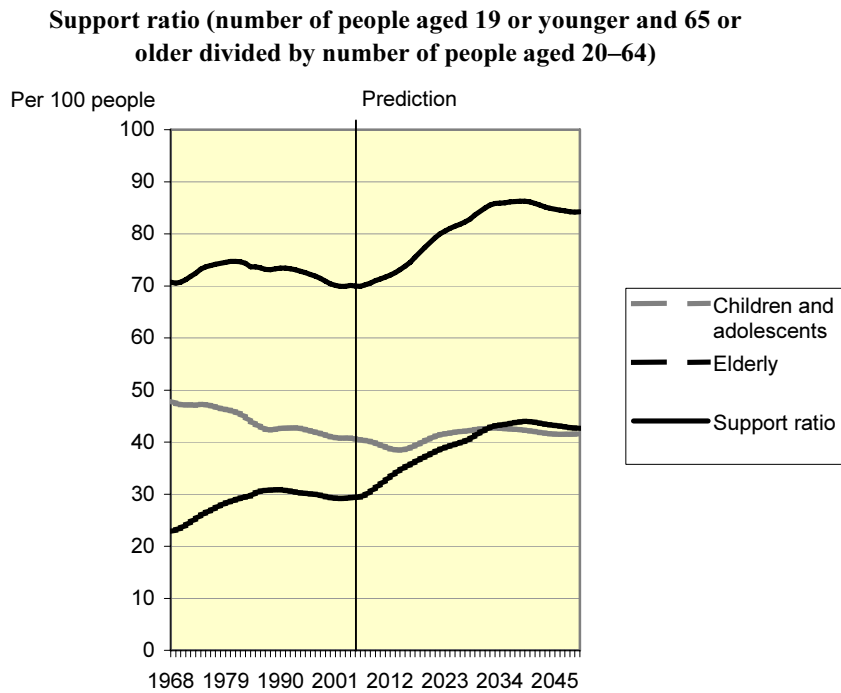


Source Statistics Sweden, Income statistics

Comments: The percentage of people with relatively low incomes rose throughout the 1990s and was at almost 12 per cent in 2002. That percentage is low compared with other EU Member States. The diagram does not show income trends in kronor terms. Nor is it a measure of "absolute poverty". The idea of the relative measure is to suggest that income below 60 per cent of the median may make it difficult to maintain a level of consumption that is regarded by society as normal or to be well integrated in the community. There is no target or generally accepted norm for the distribution of income that is tolerable or desirable in a society. The distribution of income can also be measured in other ways.

Definition: Percentage of the population with a disposable income below 60 per cent of the median. Disposable income is the sum of all taxable and non-taxable income (income from employment and capital, as well as transfers), less tax and other negative transfers. The median is the level at which half of all incomes are more and half of all incomes are less.

9. Demographic dependency ratio



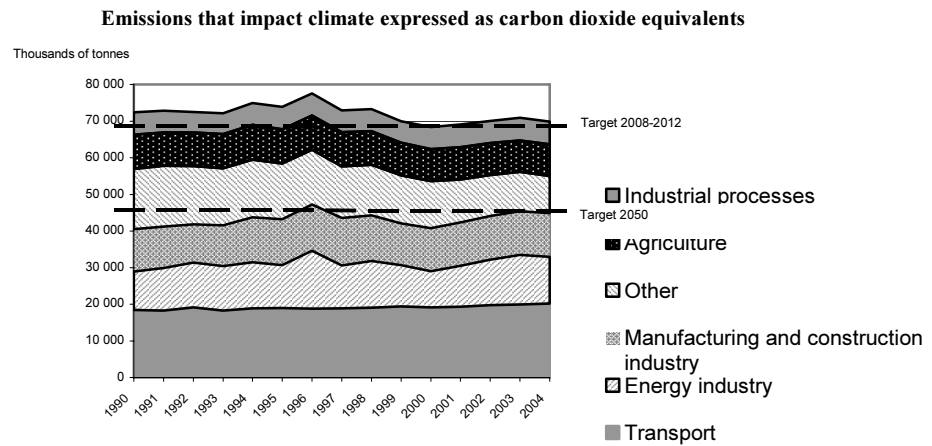
Source: *Population Statistics, Statistics Sweden*

Comments: After having been constant for the past 20 years, the percentage of elderly will rise quickly in a few years. The ratio of children and adolescents aged 19 or less to the working age population (20–64) has been declining for a long time. The percentage of children and adolescents in the total population is expected to remain essentially unchanged for the next 50 years. The working age population will also be fairly constant. All in all, that will lead to a considerable increase in the dependency ratio from 70 people per 100 members of the working age population today to approximately 84 in 2050.

Definition: The dependency ratio is the number of people aged 19 or less and 65 or older divided by the working age population (aged 20–64) and multiplied by 100.

ENVIRONMENT AND CLIMATE

10. Greenhouse gases

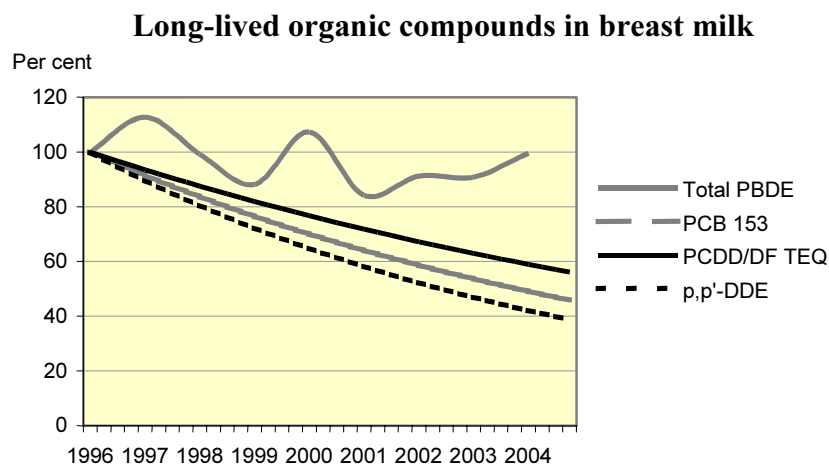


Source Statistics Sweden, Atmospheric statistics

Comments: Total greenhouse gas emissions have remained generally constant since 1990. Emissions from the transport, energy and manufacturing sectors, as well as industrial processes, have increased. Emissions by the agricultural and "other" sectors, including the service and household sectors, have decreased.

Definition: Emissions in Sweden that affect the climate in terms of carbon dioxide equivalents and broken down by social sector. The carbon dioxide equivalent is the quantity of carbon dioxide that has the same impact on the climate as a particular quantity of a greenhouse gas. For instance, 1 kg of methane is equivalent to approximately 21 kg of carbon dioxide.

11. Hazardous substances



Source National Food Administration

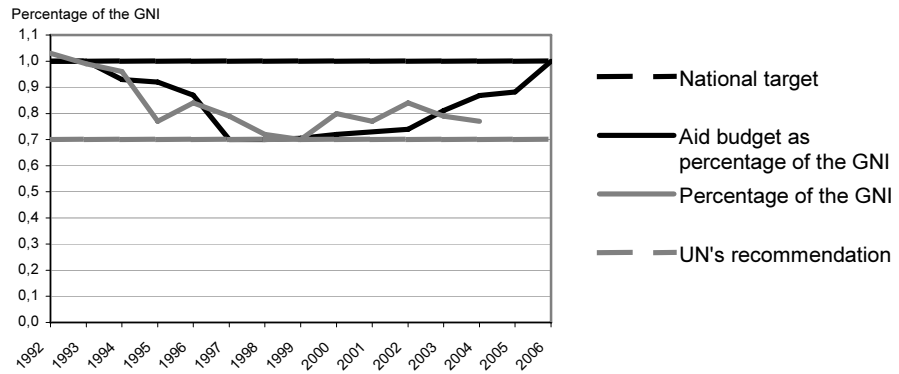
Comments: Certain long-lived organic compounds, which large concentrations of may be harmful to human health, have been widely spread in the environment. Foetuses and infants are particularly sensitive to these compounds. The indicator, which reflects concentrations of long-lived organic compounds in breast milk, can also serve to assess the risks to which foetuses and nursing infants are exposed. The graph shows the concentrations of environmental toxins in the breast milk of Uppsala women in 1996–2004. The substances under study are long-lived, are found both in the environment and in samples from human beings, and may be harmful to health in high doses. Concentrations of dioxins (PCDD/DF TEQ), polychlorinated biphenyls (PCB 153) and DDT (p,p'-DDE) have decreased since 1996, while no trend is discernible for the brominated flame retardant PBDE (total PBDE).

Definition: The measurements of samples from the breast milk of first-time mothers that the National Food Administration has carried out in the Uppsala region since 2006 reveal changes in concentrations of long-lived organic environmental toxins over time. Among the toxins that have been studied are CB 153 (the kind that is often found in high concentrations in polychlorinated biphenyls, an industrial chemical), p,p'-DDE (a stable degradation product of the pesticide DDT), PCDD/DF TEQ (the products of combustion dioxins and dibenzofurans, expressed as toxic equivalents, TEQ) and total PBDE (the sum of five different types of the flame retardant polybrominated diphenyl ethers). The figure shows the percentage changes in concentrations in relation to the 1996 base year (100 per cent). For dioxins, polychlorinated biphenyls and DDT, the slope of the regression curve is shown. For PBDE, the median concentrations for the various years are shown. Note that absolute concentrations (such as ng/g fat) can differ considerably among the various compounds.

GLOBAL DEVELOPMENT

12. Official Development Assistance

Official Development Assistance (ODA) as percentage of the GNI



*In accordance with the criterion in Development Assistance Committee, DAC, comparable with the UN's

Source Eurostat, Ministry for Foreign Affairs

Comments: While Sweden's official development assistance decreased for a period of time, it has remained above the UN recommendation of 0.7 per cent of the GNI, even during the crisis of the early 1990s. ODA has risen again in recent years. The national target of 1 per cent of the GNI will be reached in 2006. Financial assistance is one of many ways to promote progress in the developing world. Other ways include the encouragement of open trade and economic policy.

Definition: Official Development Assistance (ODA) consists of grants and loans that aim at economic growth and welfare in the recipient country. Assistance is calculated for the countries that the OECD Development Assistance Committee (DAC) defines as developing countries, as well as the territories on Part I of the OECD DAC List of Aid Recipients. The Swedish budget bills calculate the assistance to be provided as a percentage of estimated GNI. Sweden's target has been to earmark 1 per cent of its GNI to international development assistance when public finances so permit. As of 1996, the budget bills follow the calendar year.

B. The full set of indicators

Indicator (headline indicators in italics)	Definition
1. Health	
1.1 <i>Life expectancy</i>	<i>Life expectancy and healthy lifeyears at birth</i>
1.2 <i>Violence</i>	<i>Victim of violence or threat of violence</i>
1.3 Self-perceived health	Percentage of people who perceive their health to be good or bad.
1.4 Children's well-being	Percentage of schoolchildren who are generally faring very well right now
1.5 Asthma	Occurrence of asthma in schoolchildren
1.6 Psychosocial work environment	Percentage of employees with high strain and insufficient support
1.7 Physical work environment	Percentage of employees with complaints due to physical stress
1.8 Smoking	Percentage of the population that smokes daily
1.9 Alcohol consumption	Alcohol consumption per inhabitant aged 15 and older measured as litres of 100 per cent alcohol
1.10 Obesity	Percentage of people who are overweight or obese
1.11 Exercise habits	Exercise habits during leisure hours
1.12 Traffic accidents	Number of people killed or seriously injured in traffic accidents
2. Sustainable consumption and production patterns	
2.1 <i>Energy efficiency</i>	<i>Energy supply in relation to GNI, Wh/krona broken down by energy form</i>
2.2 <i>Investments</i>	<i>Investments in fixed and human capital, as well as R&D expenditures, in relation to GDP</i>
2.3 Transport of goods/GDP	Total transport of goods (rail, road waterway) in relation to GDP (decoupling)
2.4 Energy supply	Supply per energy form
2.5 Energy prices	Prices for households; motor fuel, electricity and heating fuel
2.6 Fuel consumption for cars	Petrol and diesel consumption (litres per 10 km) for cars
2.7 Green cars	Percentage of cars in environmental classes I, II and III

	Indicator (headline indicators in italics)	Definition
2.8	Public transport	Percentage of population with access to public transport
2.9	Radioactive waste	Quantity of spent nuclear fuel from Swedish power stations
2.10	Household waste	Quantity of waste from households
2.11	Industrial waste	Quantity of waste from the manufacturing sector
2.12	Environmental management systems	Number of businesses with environmental management systems (EMAS and ISO 14001) and schools that have the Green Flag Eco-Schools Programme
2.13	Ecological agriculture	Area of ecologically cultivated soil, pastures and hayfields
2.14	Environmentally certified forests	Area of FSC and PEFC certified forests
2.15	Green public procurement	Percentage public procurement adapted to the environment
2.16	Investments in environmental protection	Investments in environmental protection
2.17	Employees of environmental companies	Percentage of employees who work for environmental companies
2.18	Environmental exports	Exports of environmental companies broken down by area

3. Economic development

3.1	<i>Employment rate</i>	<i>Percentage of gainfully employed people in the 20–64 age group</i>
3.2	<i>Public debt</i>	<i>Public sector debt (net and gross) in relation to the GDP</i>
3.3	<i>Growth</i>	<i>GNI per inhabitant and annual growth rate</i>
3.4	Inflation	Consumer price index, average for the year
3.5	Real wages	Pre-tax real monthly wages
3.6	Unemployment	Percentage of unemployed in the labour force
3.7	Hours worked per person	Number of hours worked per person of working age (20–64)
3.8	R&D	R&D expenditures as a percentage of GDP
3.9	Research	Number of people with graduate degrees for every 1 000 employees

Indicator (headline indicators in italics)		Definition
3.10	Innovation	Percentage of small, medium-sized and big businesses with innovation systems
3.11	Human capital	Percentage of 20–74 age group with post-secondary education
3.12	Continuing education	Course participation on and off the job
3.13	Business climate	Employees of small and medium-sized businesses, number of business starts
4. Social cohesion		
4.1	<i>Risk of poverty</i>	<i>Percentage of the population with disposable income below 60 per cent of the median income</i>
4.2	<i>Demographic dependency ratio</i>	<i>Elderly, children and adolescents in relation to the 20–64 age group</i>
4.3	Distribution of income	Distribution of disposable income per consumption unit (s80/s20)
4.4	Children at risk of poverty	Percentage of children in households with disposable income below 60 percent of the median income of the total number of children
4.5	Financial crisis	Percentage of the population at financial risk, such as having to borrow money to pay the rent
4.6	People born abroad at financial risk	Percentage of people born abroad who are at financial risk
4.7	Regional demographic change	Demographic change in the counties
4.8	Long-term unemployment	Percentage of long-term unemployed in the labour force
4.9	Youth unemployment	Percentage of young people who are unemployed
4.10	People born abroad, employment	Employment rate and unemployment among people born abroad
4.11	People with disabilities, employment	Employment rate and unemployment among people with disabilities
4.12	Sickness absenteeism	Sickness absences, activity compensation

Indicator (headline indicators in italics)	Definition
4.13 Fertility	Number of children a woman would give birth to during her lifetime if the current fertility rate held steady for all ages
4.14 Parental leave	Use of parental leave or temporary parental leave
4.15 Equal opportunity, wages	Wage gap between men and women
4.16 Equal opportunity, managers	Percentage of women and men in managerial positions
4.17 Electoral participation	Percentage of qualified voters who vote in parliamentary elections
4.18 People born abroad, electoral participation	Electoral participation among people born abroad
4.19 Trust in the media	Trust in the content of various media among the general population
4.20 School security	Percentage of students who feel secure at school
4.21 Basic requirements of the educational system	Percentage of students in year nine with a leaving certificate that does not qualify them for upper secondary school, and percentage of students who have not received a leaving certificate from upper secondary school within four years
4.22 Housing overcrowding	Percentage of the population with housing overcrowding norm 3, by size of household
4.23 Loneliness	Percentage of the population who don't have a close friend
4.24 Consumption of culture	How often people read books, go to the cinema or attend the theatre
4.25 Computers and broadband	Percentage of the population with computers and broadband connections

5. Environment and climate

5.1 <i>Greenhouse gases</i>	<i>Greenhouse gas emissions per sector as compared to the targets</i>
5.2 <i>Hazardous substances</i>	<i>Concentrations of long-lived organic compounds in breast milk</i>
5.3 Hazardous chemicals, quantity	Quantity of annual use of chemical products that are hazardous to the health
5.4 Temperature change	Average annual temperature in Sweden and around the world.

	Indicator (headline indicators in italics)	Definition
5.5	Carbon dioxide emissions from households	Total carbon dioxide emissions from households, direct, indirect and emissions in other countries
5.6	Nitrogen and phosphorous emissions	Net emissions of nitrogen and phosphorous from ground to sea
5.7	Ozone-depleting substances	Emissions of ozone-depleting substances
5.8	Air quality	Concentrations of nitrogen dioxide, sulphur dioxide and particles in ground-level ozone
5.9	Traffic noise	Percentage of population bothered by traffic noise
5.10	Radon	Number of apartment buildings that have been tested for radon and show elevated levels
5.11	Biodiversity	Number of endangered and extinct species
5.12	Cod population	Cod population compared to the environmental target
5.13	Nature protection	Protected ground and water as a percentage of total area
5.14	Environmental taxes	Environmental taxes disaggregates by type
5.15	Proximity to nature	Percentage of the population with access to a green area within 250 metres of their residence
6. Global development		
6.1	<i>Development assistance</i>	<i>Development assistance as a percentage of GNI</i>
6.2	Carbon dioxide emissions in industrialised and developing countries	Carbon dioxide emissions per inhabitant in Sweden compared with developing countries and OECD member countries
6.3	Trade with poor countries	Sweden's exports and imports of goods to and from the 49 least developed countries (LDCs)
6.4	Poverty in developing countries	Percentage of the population who live on less than one dollar a day

Dissaggregations

All individual-related indicators are disaggregated by gender.

Certain individual-related indicators are reported separately by age.

For relevant headline indicators, there will be regional breakdowns:

1.1 Life expectancy

4.2. Risk of poverty

4.1. Demographic dependency ratio

3.1 Employment

3.2 Growth (gross regional product per capita and total wages per capita)

2.1 Energy efficiency

5.1 Carbon dioxide emissions

Remark: A separate effort is under way to devise indicators for sustainable regional development.

Abbreviations

CO2 = Carbon Dioxide Emissions

EMAS = Eco-Management and Audit Scheme

FSC = Forest Stewardship Council

GDP = Gross Domestic Product

GNI = Gross National Income

ISO = International Organization for Standardization

LDCs =Least Developed Countries

PEFC= Swedish Programme for the Endorsement of Forest Certification Scheme

SME = Small and Medium Enterprises

Annex 2: European Council's Declaration on Guiding Principles for Sustainable Development

European Council in Brussels, 16–17 June 2005

Sustainable development is a key objective set out in the Treaty, for all European Community policies. It aims at the continuous improvement of the quality of life on earth of both current and future generations. It is about safeguarding the earth's capacity to support life in all its diversity. It is based on the principles of democracy and the rule of law and respect for fundamental rights including freedom and equal opportunities for all. It brings about solidarity within and between generations. It seeks to promote a dynamic economy with full employment and a high level of education, health protection, social and territorial cohesion and environmental protection in a peaceful and secure world, respecting cultural diversity.

To achieve these aims in Europe and globally, the European Union and its Member States are committed to pursue and respect, on their own and with partners, the following objectives and principles:

Key objectives

ENVIRONMENTAL PROTECTION

Safeguard the earth's capacity to support life in all its diversity, respect the limits of the planet's natural resources and ensure a high level of protection and improvement of the quality of the environment. Prevent and reduce environmental pollution and promote sustainable production and consumption to break the link between economic growth and environmental degradation.

SOCIAL EQUITY AND COHESION

Promote a democratic, socially inclusive, cohesive, healthy, safe and just society with respect for fundamental rights and cultural diversity that creates equal opportunities and combats discrimination in all its forms.

ECONOMIC PROSPERITY

Promote a prosperous, innovative, knowledge-rich, competitive and eco-efficient economy which provides high living standards and full and high-quality employment throughout the European Union.

MEETING OUR INTERNATIONAL RESPONSIBILITIES

Encourage the establishment and defend the stability of democratic institutions across the world, based on peace, security and freedom. Actively promote sustainable development worldwide and ensure that the European Union's internal and external policies are consistent with global sustainable development and its international commitments.

Policy guiding principles

PROMOTION AND PROTECTION OF FUNDAMENTAL RIGHTS

Place human beings at the centre of the European Union's policies, by promoting fundamental rights, by combating all forms of discrimination and contributing to the reduction of poverty and the elimination of social exclusion worldwide.

SOLIDARITY WITHIN AND BETWEEN GENERATIONS

Address the needs of current generations without compromising the ability of future generations to meet their needs in the European Union and elsewhere.

OPEN AND DEMOCRATIC SOCIETY

Guarantee citizens' rights of access to information and ensure access to justice. Develop adequate consultation and participatory channels for all interested parties and associations.

INVOLVEMENT OF CITIZENS

Enhance the participation of citizens in decision-making. Promote education and public awareness of sustainable development. Inform citizens about their impact on the environment and their options for making more sustainable choices.

INVOLVEMENT OF BUSINESSES AND SOCIAL PARTNERS

Enhance the social dialogue, corporate social responsibility and private-public partnerships to foster cooperation and common responsibilities to achieve sustainable production and consumption.

POLICY COHERENCE AND GOVERNANCE

Promote coherence between all European Union policies and coherence between local, regional, national and global actions in order to enhance their contribution to sustainable development.

POLICY INTEGRATION

Promote integration of economic, social and environmental considerations so that they are coherent and mutually reinforce each other by making full use of instruments for better regulation, such as balanced impact assessment and stakeholder consultations.

USE BEST AVAILABLE KNOWLEDGE

Ensure that policies are developed, assessed and implemented on the basis of the best available knowledge and that they are economically sound and cost-effective.

PRECAUTIONARY PRINCIPLE

Where there is scientific uncertainty, implement evaluation procedures and take appropriate preventive action in order to avoid damage to human health or to the environment.

MAKE POLLUTERS PAY

Ensure that prices reflect the real costs to society of production and consumption activities and that polluters pay for the damage they cause to human health and the environment.

Ministry of Sustainable Development

Extract from the minutes of the 16 March 2006 Cabinet meeting

In attendance: Prime Minister Persson, Ministers Freivalds, Sahlin, Pagrotsky, Messing, Y. Johansson, Bodström, Sommestad, Karlsson, Nykvist, Andnor, Nuder, M. Johansson, Hallengren, Björklund, Holmberg, Jämtin, Österberg, Orback, Baylan

Submitter: Mona Sahlin

The Government approves Govt. Comm. Strategic Challenges – A Further Elaboration of the Swedish Strategy for Sustainable Development



REGERINGSKANSLIET

**Ministry of
Sustainable Development
Sweden**