Oslo Climate Budget

This good practice is relevant to European Green Capital Award indicators:
2: Climate Change: Adaptation, 4: Sustainable Land Use, 5: Nature and Biodiversity, 9: Water

Introduction and Objective

Oslo’s Climate Budget is a key governance tool for reaching the targets adopted in Oslo’s Climate and Energy Strategy. It budgets the city’s CO₂ emissions in a similar manner to the city’s finances. It was first adopted by the City Council in June 2016 and was introduced as an integral component of the overall city budget. It is now in its second generation.

The Climate Budget is the blueprint Oslo uses to achieve its ambitious emission targets. It outlines the measures Oslo will implement to reduce CO₂ emissions, when these will be implemented, the expected emission reductions and the lines of responsibility. It aims to reduce CO₂ emissions by 36% compared to 1990 levels by 2020, 50% by 2022 and by 95% in 2030. Carbon neutrality (net GHG emissions to zero) is targeted for 2050.

Climate Budget: 1st Generation

The first generation of Oslo’s Climate Budget initiative included 42 measures which were planned across the energy and built environment, resources and transport sectors. The CO₂ reductions for each sector to achieve the total cumulative reduction by 2020 were broken down into individual targets for Energy/Buildings (7 measures), Resources (4 measures), and Transport (31 measures).

Climate Budget: 2nd Generation

The Oslo City Government launched the second generation of its Climate Budget in September 2017 as part of the City’s financial budget. Revision of the original budget followed the postponement of the development of a carbon capture and storage facility at Klemetsrud, which was an integral component to achieve carbon budget targets.

The second generation of the Climate Budget includes 36 measures which aim to reach the targets set out in Oslo’s Climate and Energy Strategy. This governance document emphasises that the city needs to strengthen the strategic climate work by integrating climate budgets in the regular budgetary process.

Strategy Overview

The 36 measures within the Climate Budget have been developed to tackle GHG emissions from waste, buildings, and transport sectors. As set out in the second generation budget, these measures will achieve an overall reduction in CO₂ emissions of 460,000 tonnes by 2020 against 2015 levels. Individual quantified measures will contribute approximately 360,000 tonnes of GHG savings. Measures requiring more investigation have the potential to reduce CO₂ by 25,000 tonnes to 140,000 tonnes.

Oslo at a Glance

Statistics sourced from EGCA 2019 Application.

- Gross Domestic Product: €83,746/capita
- Population: 658,390
- CO₂ Emissions per Capita: 2.3 t/capita
- CO₂ Emissions from Transport: 1.4 t/capita
- Total City CO₂ Emissions: 1,436,000 t/annum
- Proportion of Low Emission Buses: 90%
- % Electric Vehicles in the Municipal Fleet: 48%
- Energy Use: 23,872 kWh/capita

Want to know more?

For further information about Oslo’s Climate Budget please see:
- Oslo’s Climate Budget Information (Norwegian)
- Oslo City’s official webpage on the budget (English)

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Unquantified Measures: Estimated between 25,000 and 140,000 tCO₂

The measure with the largest mitigation potential in the transport sector is the charging plan for the Oslo toll ring that will apply lower toll charges to zero and low emission vehicles than to standard vehicles. It has been estimated that this measure will reduce CO₂ emissions by 93,000 tonnes in 2020. The toll ring revenue is also the most important financing source in public transport and bicycle infrastructure.

A ban on fossil heating fuels will come into effect in 2020 for the building sector. Along with accompanying support schemes, this measure is expected to reduce emissions of CO₂ by 121,000 tonnes in 2020. Some initiatives laid out in the Climate Budget to achieve the targets are:

- Fossil Fuels Phasing out fossil fuel heating in buildings and the district heating system
- Energy Planning Energy restructuring through an energy system plan, efficiency and climate measures
- Transport Prioritising green freight and construction machinery, and zero emission taxis
- Waste Improved waste management including increased sorting of wastes
Oslo’s Climate and Energy Strategy acts as the foundation for the Climate Budget and mandates that Oslo will strengthen its strategic climate work by integrating climate budgets within the municipal budget process. The successful development of the Climate Budget relies on:

### Governance and Commitment
- The Department of Finance and the City Council for Environment and Transport are responsible for the Climate Budget. The City Council has overall responsibility for monitoring and implementing the climate measures and associated initiatives.

### Communication and Collaboration
- The Climate Budget emphasises that communication, involvement and active engagement of the population are essential for achieving the ambitious goals of reducing emissions by 36% by 2020, 50% by 2022 and 95% by 2030.
- The Business for Climate Network was established to encourage communication between business communities, NGOs and citizens to address the areas where businesses presented obstacles to the city trying to meet its emission reduction targets.
- The Budget requires cross-sectoral commitment from various private and public organisations across the city in order to achieve its objectives.
- City agencies were involved in the design of the second generation Climate Budget to a greater degree than the first. They were invited to suggest measures according to the standard budget process.

### Targeted Measures
- Reduction targets have been linked to specific measures to ensure goal attainment. Several measures still require further assessment and design to quantify their effects.
- The specific measures, responsible agency, associated funding body and CO2 reduction per area are detailed alongside each measure.
- All businesses responsible for implementing climate measures will have prioritised emissions reduction goals and must report their progress three times a year.

### Regulatory Enforcement
- Regulatory enforcement is a vital aspect to the success of the Climate Budget. Through the management of laws and regulations regarding environmental and climate requirements, Oslo will regulate taxi hovering and introduce low emission zones. There are also plans to introduce traffic regulation, conversion of car parks for emission free vehicles and environmental differentiation of toll rates.

### Transparency
- The second generation of the Climate Budget is more transparent than the first, and the uncertainties attributed to them are more visible. This enables the budget to be more easily understood by stakeholders or interested parties and fosters trust in the overall process.

### Reporting
- A “Climate Barometer” indicating the progress of the Budget measures is published every quarter.
- The measures in the Climate Budget are reported together with the budget report in the Oslo Municipality.
- Emissions statistics are recorded by Statistic Norway. Work carried out to achieve the aims of the Climate Budget is based on these statistics, with supplementary data from other sources.

### Key Benefits
Oslo is a city rich in resources, in a country with abundant access to renewable energy. The Climate Budget capitalises on this unique situation and offers significant benefits to the social, environmental and economic aspects of the City of Oslo. Furthermore, its annual review provides an opportunity to make continual improvements and allow the city to respond to emerging challenges.

The development of the Climate Budget places Oslo as a leader at the forefront of climate change mitigation and has significant potential to serve as a tool to be adopted and adapted by other cities because the core concepts, objectives and results are formulaic and transferable.

The Climate Budget makes the city better for its inhabitants and sets the groundwork for other cities who wish to adopt a similar strategy to tackle the challenges of climate change. Further benefits of the climate budget include:

- **Reduced fossil fuel use** and increased use of electric transportation will contribute to better air quality within the city.
- As a publically available document, stakeholders, locally, nationally and internationally can learn about climate change and take action, inspired and informed by Oslo’s approach.
- Improved resource management will facilitate better regulation of waste streams, increased ability to source recoverable materials and increased management of CO2 or other pollutant emissions from waste incineration.
- Increased public transport capacity, increased cyclist accessibility and decreased passenger car traffic will ease traffic congestion in the city.

### Looking Forward
#### Recommendations
The Climate Budget is one of the first city climate budgets in the world. It is a governance tool that clearly outlines the measures that the city of Oslo will implement, who is responsible for them, the timeline for their implementation and the expected emission reductions.

The variety of measures proposed in the Climate Budget range in complexity and cost. The city emphasises the need for transparency of the methodology behind the development and implementation of climate budgets. They also indicate the need for effective communication between various stakeholder groups. Oslo’s Climate Budget can act as a tool for other cities who want to introduce measures to tackle climate change. Therefore cities have the opportunity to adopt or adapt measures from the Climate Budget that are appropriate for their energy, buildings, resources and transport infrastructure.

#### Future Planning
The overall success of the Climate Budget is dependent upon reaching the ambitious emission targets. Oslo will continue to collaborate across departments and agencies, with citizens, businesses and other stakeholders to develop into a leading environmental city. The Oslo Agency for Climate will coordinate and facilitate the climate work in Oslo.

The Climate Budget as a governance tool will be strengthened in 2018. There will be closer links between measures in the Climate Budget and the instructions given to agencies for their annual work plan and reporting routines. This gives an improved level of control over the progress of the municipality’s climate work. Staff resources will be expanded to facilitate development and strengthen these links.