

## Mind the Gap?

# Sketching the relevance of the 2030 Agenda for the Green Deal and other key EU policies in the context of the COVID-19 crisis

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The views expressed in this paper are those of the authors.

### KEY MESSAGES

- The COVID-19 pandemic will shape European policies and politics for years to come. Even before the pandemic, the EU was off track with regard to the SDGs on inequality, climate change, sustainable agriculture, and sustainable production and consumption. The pandemic could make the SDGs even more difficult to achieve. Moreover, recovery measures to address the short- and medium-term socio-economic consequences will determine whether the EU moves towards a sustainable development model by 2030 or instead entrenches unsustainable development pathways.
- When taking office, European Commission President Von der Leyen tasked all of her Commissioners to deliver on the SDGs. She also initiated a reform process to bring the SDGs into the European Semester process. The 2030 Agenda for Sustainable Development has not yet come to the fore as a key framework for policymaking. However, the Commission has presented the European Green Deal as its main political project and an integral part of its efforts to implement the 2030 Agenda.



## KEY MESSAGES (CONTINUED)

- With the Green Deal, the EU announced its aim to achieve carbon neutrality by 2050 and outlined a comprehensive set of policy reforms to reach this goal. The Green Deal also pursues transformations towards sustainable economies, energy and food systems, as well as biodiversity preservation and a toxic-free environment. The Green Deal refers to the 'leave no one behind' principle from the 2030 Agenda and addresses key levers of transformations like finance, research and innovation. Yet, the social dimension of the Green Deal remains underdeveloped. An augmented social dimension is not only a desirable end in itself; it would also enhance the societal acceptance of the Green Deal.
- With COVID-19, the political focus has swung to recovery programmes. Whereas the Commission's 2020 Annual Sustainable Growth Strategy (ASGS) made many references to the SDGs ("at the heart of EU's policymaking") and the European Semester underwent reforms to bring in the SDGs, the 2021 ASGS has just one explicit sentence on the SDGs. The SDGs were absent in von der Leyen's inaugural State of the Union Address in September 2020.
- After prolonged negotiations on the Multiannual Financial Framework (MFF) and the NextGenerationEU (NGEU) package, an agreement on the next EU budget could finally be reached in December 2020. They will provide the EU's financial means for the next seven years and will determine whether the EU will deliver on the decade of action launched by the UN SDG Summit 2019. Both the MFF and NGEU, do not make meaningful reference to the SDGs. Nevertheless, the financial resources foreseen under the next MFF and NGEU have the potential to support sustainability transformations, both within the EU and in partner countries.
- Much will now depend on the actual programming of the financial instruments and the extent that individual programmes and projects support the EU's green and digital agenda and are geared to achieve the SDGs. At the same time, the potential contribution of the EU's financial resources will also depend on member states' willingness to reform key policies, such as the CAP and the EU's cohesion policy in a way that fosters collective priorities rather than individual member states' interests.
- External relations strategies published by the EU in 2020 lack clarity as to how the 2030 Agenda will be translated in the EU's relations with specific countries and regions, for example, North America, Russia and China, and in specific EU external policy fields, such as trade, investment and security policy. Clarity is also lacking on how the 2030 Agenda relates to other frameworks, such as the European Green Deal, in EU external relations. This clarity is urgently needed to facilitate further development of the EU's international partnerships during the COVID-19 recovery phase and to support the growing global call to 'build back better'.

## POLICY RECOMMENDATIONS

- Prepare a high-level political declaration signed by the European Council, the European Commission and the European Parliament expressing strong commitment to the 2030 Agenda and SDGs in the response to COVID-19 and its socio-economic consequences.
- Develop additional key targets and transformational strategies in areas where the EU is off track in terms of SDG achievement, and where the Green Deal and other EU policies currently do not give clear or insufficient guidance.
- Foster a political debate on where the EU stands in terms of SDG implementation and what additional reforms are needed, building on the Commission staff working document 'Delivering on the UN's Sustainable Development Goals: A Comprehensive Approach'.
- Integrate the SDGs into member states' recovery and resilience plans to live up to the promise of a sustainable and resilient recovery.
- Foster strategic alliances across policy communities working on the 2030 Agenda, the European Green Deal and NGEU to give leverage and political weight to sustainability transformations within the EU and in its external relations.
- Give strategic priority to the 2030 Agenda in the EU's external relations towards richer and poorer countries alike, and clarify its relationship with the Green Deal for the EU's international partnerships.
- Allocate sufficient administrative capacities and resources to work strategically on implementation of the 2030 Agenda and the Green Deal in the EU's international partnerships.

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## 1. INTRODUCTION

The consequences of COVID-19 will shape European policies and politics for years to come. Already before the pandemic, the European Union (EU) was facing difficulties in implementing the 2030 Agenda for Sustainable Development and making progress on the 17 Sustainable Development Goals (SDGs). Europe is lacking behind particularly on the SDGs related to agriculture, climate change and biodiversity and in strengthening convergence of living standards across EU member states. The pandemic has made these SDGs even more difficult to achieve by 2030, and could derail progress on other SDGs as well. Moreover, recovery measures to address the pandemic's short- and medium-term socio-economic consequences will determine whether the EU moves towards a sustainable development model by 2030 or locks in unsustainable pathways instead.



Even in the immediate crisis management phase, the guiding principles and goals of the 2030 Agenda can contribute valuable orientations for a more sustainable Europe.



Even in the immediate crisis management phase, the guiding principles and goals of the 2030 Agenda can contribute valuable orientations for a more sustainable Europe. The 2030 Agenda's specific objectives and indicators make the abstract concept of sustainable development more operational. By presenting the many challenges the world faces in an integrated manner and by introducing transformative goals, such as sustainable production and consumption patterns, the 2030 Agenda provides a vision of how structural change might be achieved. As such, the 2030 Agenda and SDGs can guide us on how to make post-pandemic stimulus packages and recovery measures not only economically sustainable, but also sustainable from a social, ecological and global perspective.

However, the Commission has demonstrated little ambition to make the SDGs a key guiding framework for its policymaking. The Commission and EU member states did integrate the 2030 Agenda into the 2017 New European Consensus on Development,<sup>1</sup> and in 2016 Eurostat began publishing regular reports on the state of play of SDG implementation in Europe. In 2019, Commission President Von der Leyen tasked all of her Commissioners to take responsibility for the SDGs, though there is no mechanism for political debate and coordination across the Commission's directorates-general (DGs) on how they will contribute to the SDGs. The Commission has taken steps to integrate the SDGs into the 'European Semester' process, a central framework for coordinating economic and fiscal policies across the EU (Box 1). Despite calls from the European Council, the Council of the EU and the European Parliament to develop a gap analysis and comprehensive implementation strategy for the 2030 Agenda, the EU has made little progress on these tasks.

Acknowledging the need for a holistic approach to achieve the SDGs, the Commission recently published the staff working document 'Delivering on the UN's Sustainable Development Goals: A Comprehensive Approach'.<sup>2</sup> The 'Comprehensive Approach' proposes a focus on concrete results through the current Commission's six 'headline ambitions', a strengthened 'whole of government approach' and a strengthened monitoring of progress with the SDGs.

This paper analyses how the Commission's activities, and specifically its 'headline ambitions',<sup>3</sup> can be geared towards implementation of the 2030 Agenda, and how the 2030 Agenda can contribute to the achievement of the Commission's ambitions as well. We focus particularly on three of the headline ambitions which are especially relevant to achievement of the SDGs:

- A European Green Deal
- An economy that works for people (with a focus on the MFF and NGEU)
- A stronger Europe in the world

The first part of our analysis looks at the EU's approach to implementation of the 2030 Agenda and briefly maps the most relevant gaps within the EU institutions and member states. Building on a proposal developed in the

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1. [https://ec.europa.eu/international-partnerships/system/files/european-consensus-on-development-final-20170626\\_en.pdf](https://ec.europa.eu/international-partnerships/system/files/european-consensus-on-development-final-20170626_en.pdf)

2. [https://ec.europa.eu/info/sites/info/files/delivering\\_on\\_uns\\_sustainable\\_development\\_goals\\_staff\\_working\\_document\\_en.pdf](https://ec.europa.eu/info/sites/info/files/delivering_on_uns_sustainable_development_goals_staff_working_document_en.pdf)

3. The headline ambitions are six: a European Green Deal, an economy that works for people, a Europe fit for the digital age, protecting our European way of life, a stronger Europe in the world and a new push for European democracy.

Global Sustainable Development Report 2019,<sup>4</sup> it then introduces key transformations to put the EU on track towards SDG achievement. The second part of the paper explores whether the main priorities of the Von der Leyen Commission can contribute to promoting these sustainability transformations. A final section summarises our main findings and presents policy recommendations.

## 2. IMPLEMENTATION OF THE 2030 AGENDA: GAPS AND KEY TRANSFORMATIONS

### 2.1 From Juncker to Von der Leyen

During the SDG negotiations, the EU pushed for an ambitious 2030 Agenda, emphasising that the Agenda should “overcome traditional divides and recognise that all countries have common challenges and opportunities”.<sup>5</sup> Yet, from 2015 to the end of its mandate in 2019, the Juncker Commission invested more in matching existing EU policies to the SDGs than in initiating transformative reforms to ensure implementation of the 2030 Agenda across Europe.<sup>6</sup> Soon after the 2030 Agenda was adopted, the EU published a communication and staff working document showcasing how the EU in its domestic and external action was already working towards the goals.<sup>7</sup>

With regard to EU domestic action, the Juncker Commission launched reforms towards a circular economy<sup>8</sup> and the ‘better regulation’ agenda. In external action, the Juncker Commission emphasised development policy. In 2016, it initiated discussions towards a new European Consensus on Development,<sup>9</sup> which in 2017 was signed by the Commission, the Council of the EU and the European Parliament. The Consensus underscored the relevance of the 2030 Agenda for EU partnerships with developing countries, and also

established a high-level multi-stakeholder platform on the SDGs, composed of civil society organisations and other non-state actors.<sup>10</sup> Overall the Juncker Commission remained rather inactive on the SDGs, instead continuing to pursue the ten ‘Juncker priorities’ and Europe 2020 strategy as its major strategic framework.<sup>11</sup>

The Council of the EU created a new working party on the 2030 Agenda in 2017, mandated to foster debate among member state officials and promote follow-up on the Commission’s SDG-related proposals.<sup>12</sup> In the first half of 2017, the Council and Parliament reconfirmed the EU’s commitment to the 2030 Agenda and called on the Commission to play a coordinating role. Particularly, the Commission was asked to develop a gap analysis and an SDG implementation strategy by mid-2018 with clear timelines, objectives and concrete measures.<sup>13</sup> In response, Eurostat started to publish regular monitoring reports on European progress towards the SDGs.<sup>14</sup> In 2020, it expanded these to include an overview of EU member states’ performance on the SDGs (Figure 1).<sup>15</sup> In October 2018, the European Council underscored the importance of the 2030 Agenda and welcomed the Commission’s intention to publish a reflection paper, suggesting that paper should “pave the way for a comprehensive implementation strategy in 2019”.<sup>16</sup> In February 2019, the reflection paper was finally published, ‘Towards a Sustainable Europe by 2030’. It sketched three scenarios representing different levels of ambition.<sup>17</sup> Yet, as the paper was published at the very end of the Juncker Commission’s mandate, the decision of which scenario to pursue was left to the new Commission. In April 2019, the Council welcomed the reflection paper, reiterating its call for a comprehensive SDG implementation strategy and asking the next European Commission to make this a priority.<sup>18</sup>

4. [https://sustainabledevelopment.un.org/content/documents/24797GSDR\\_report\\_2019.pdf](https://sustainabledevelopment.un.org/content/documents/24797GSDR_report_2019.pdf)

5. <https://www.consilium.europa.eu/media/24880/146311.pdf>

6. [https://www.die-gdi.de/uploads/media/Why\\_is\\_the\\_EU\\_failing\\_to\\_champion\\_the\\_SDGs.pdf](https://www.die-gdi.de/uploads/media/Why_is_the_EU_failing_to_champion_the_SDGs.pdf)

7. The communication mapped out how the Juncker Commission’s ten priorities at that time already covered the SDGs (see <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52016DC0739&from=de>). The accompanying staff working document provided a detailed list of the contributions of different EU policies and initiatives to each of the 17 SDGs (see <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52016SC0390&from=SL>)

8. [https://ec.europa.eu/commission/publications/european-commission-proposals-circular-economy\\_e](https://ec.europa.eu/commission/publications/european-commission-proposals-circular-economy_e)

9. [https://ec.europa.eu/international-partnerships/system/files/european-consensus-on-development-final-20170626\\_en.pdf](https://ec.europa.eu/international-partnerships/system/files/european-consensus-on-development-final-20170626_en.pdf)

10. The mandate of the multi-stakeholder platform ended in 2019 and the Von der Leyen Commission did not renew it.

11. The Europe 2020 strategy was adopted under the Barroso II Commission (see <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:2020:FIN:EN:PDF/>). For the Juncker priorities see [https://ec.europa.eu/commission/sites/beta-political/files/juncker-political-guidelines-speech\\_en.pdf](https://ec.europa.eu/commission/sites/beta-political/files/juncker-political-guidelines-speech_en.pdf).

12. <http://data.consilium.europa.eu/doc/document/ST-14809-2017-INIT/en/pdf>

13. See the EU Council conclusions (<http://www.consilium.europa.eu/en/press/press-releases/2017/06/20/agenda-sustainable-development/>) and the European Parliament resolution (<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P8-TA-2017-0315+0+DOC+XML+V0//EN&language=EN>).

14. <http://ec.europa.eu/eurostat/web/products-statistical-books/-/KS-04-17-780>

15. <https://ec.europa.eu/eurostat/documents/3217494/11011074/KS-02-20-202-EN-N.pdf/334a8cfe-636a-bb8a-294a-73a0528827f>

16. <https://www.consilium.europa.eu/en/press/press-releases/2018/10/18/20181018-european-council-conclusions/>.

17. <https://op.europa.eu/en/publication-detail/-/publication/3b096b37-300a-11e9-8d04-01aa75ed71a1/language-en/format-PDF/>; For an assessment, see <https://www.iddri.org/en/publications-and-events/blog-post/towards-sustainable-europe-2030-analysis-european-commissions>.

18. <https://www.consilium.europa.eu/media/39019/st08286-en19.pdf>.



In November 2020, the Commission published its 'Comprehensive Approach' staff working document, describing in detail how it would contribute to the SDGs across the six 'headline ambitions', and also specifying actions to strengthen EU monitoring and reporting on the SDGs.



Several factors influenced the Juncker Commission's reluctance to prepare an overarching SDG strategy and engage more deeply with SDG implementation.<sup>19</sup> The SDGs seem not to have been a high priority for Commission President Juncker himself, and EU heads of state and government did not ask him to make the SDGs a priority.<sup>20</sup> With the ten Juncker priorities and the Europe 2020 strategy already in place, the Commission had a set of political priorities to work on. This made it politically unattractive to integrate the SDGs as a comprehensive agenda. Multiple DGs resisted policy changes in line with the 2030 Agenda, for example, in regard to industry, energy and agriculture. Finally, as a very comprehensive set of goals, the SDGs have not generally been easy to implement meaningfully into policymaking processes.

When the Von der Leyen Commission took office, it stood at a crossroads in deciding what approach to take to SDG implementation. Von der Leyen herself prominently referenced the SDGs in her mission letters to the new Commissioners, and assigned responsibility for the SDGs across all DGs. For example, the Commission's 2020 work programme calls for the SDGs to be made central in EU policymaking.<sup>21</sup> In November 2020, the Commission published its 'Comprehensive Approach' staff working

document, mentioned above, describing in detail how it would contribute to the SDGs across the six 'headline ambitions', and also specifying actions to strengthen EU monitoring and reporting on the SDGs.

Arguably, the 'Comprehensive Approach' presented in the staff working document, alongside the allocation of responsibility for the SDGs across all DGs, was a step towards implementing the 'mainstreaming approach', which is scenario 2 in the 2019 reflection paper. Whether the 'Comprehensive Approach' can be further developed to contribute to a political debate around 2030 Agenda implementation is an open question.

## 2.2 Where are the EU's most substantive gaps?

According to the Europe Sustainable Development Report – both 2019 and 2020 – EU member states are not yet on track to achieve the SDGs by 2030. The 2020 report identifies the greatest challenges as in the area of "sustainable diets and agriculture, climate and biodiversity – and in strengthening the convergence of living standards across its countries and regions".<sup>22</sup> The EU is farthest off track on the goals of sustainable agriculture and food systems (SDG 2), reduction of inequalities (SDG 10), climate change (SDG 13), sustainable consumption and production (SDG 12), and protection and conservation of biodiversity (SDGs 14 and 15). The 2020 Eurostat SDG monitoring report concludes that the EU has made the least progress on SDGs 13 and 15, and notes mixed progress on SDG 12. Gender inequality (SDG 5) has increased.<sup>23</sup>

Social convergence, that is, reducing the persistent differences in living standards across the EU member states, is a core principle of the EU. While there was progress on this objective between 1990 and 2008, the global financial crisis of 2008 led to a stagnation in closing the gap between poorer and richer European countries.<sup>24</sup> COVID-19, likewise, has unleashed a deep recession, linked to lockdowns and the weeks-long standstill of economic activities in many countries. This crisis has revealed deficiencies like never before. Even though many European countries ranked

19. <https://www.cirsd.org/en/horizons/horizons-summer-2018-issue-no-12/why-is-the-eu-failing-to-champion-the-sdgs> and <https://ettg.eu/wp-content/uploads/2018/04/ETTg-brief-on-SDGs.pdf>.

20. The only exception is the European Council conclusions adopted in October 2018.

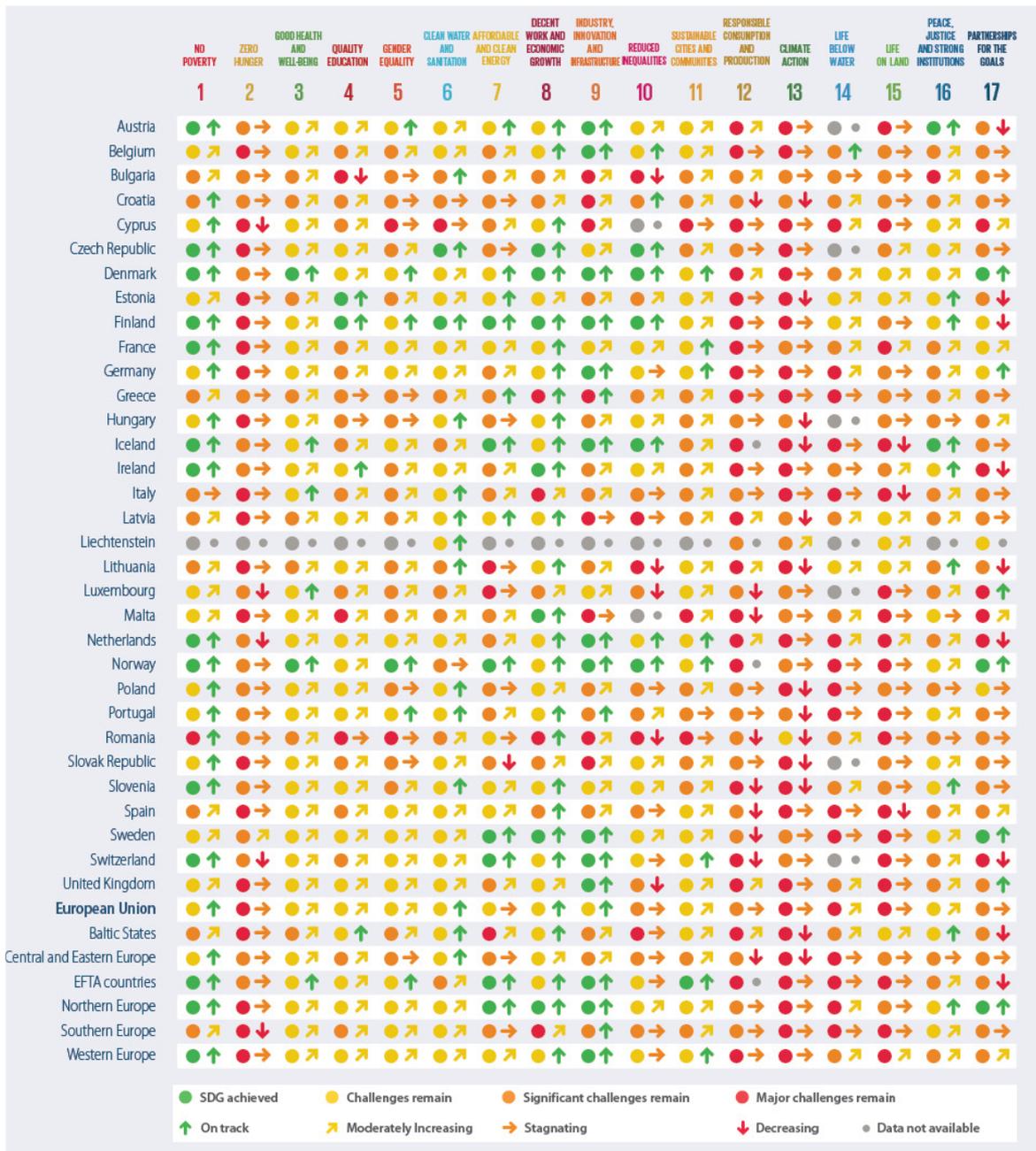
21. [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_124](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_124).

22. Europe Sustainable Development Report 2020, p. 3 (<https://eu-dashboards.sdgindex.org/>).

23. [https://ec.europa.eu/eurostat/statistics-explained/index.php/Sustainable\\_development\\_in\\_the\\_European\\_Union](https://ec.europa.eu/eurostat/statistics-explained/index.php/Sustainable_development_in_the_European_Union).

24. Inchauste, G. and J. Karver. 2018. Understanding Changes in Inequality in the EU: Background to 'Growing United: Upgrading Europe's Convergence Machine'. Washington, DC: World Bank Group.

Figure 1. SDG Dashboard for the European Union



Source: Europe Sustainable Development Report 2020, p. 6

highest for health preparedness, according to the 2019 Global Health Security Index,<sup>25</sup> EU countries experienced huge numbers of infected people and pandemic-related

deaths.<sup>26</sup> This points to the need for better measures to determine a country's ability to deal with challenges like the global health crisis.<sup>27</sup>

25. NTI, JHU and EIU. 2019. Global Health Security Index. Nuclear Threat Initiative. Washington, DC/Baltimore/London: NTI/Johns Hopkins Center for Health Security/Economist Intelligence Unit. <https://www.ghsindex.org/about/>  
 26. Sachs, J., Schmidt-Traub, G., Kroll, C., Lafortune, G., Fuller, G., Woelm, F. 2020. The Sustainable Development Goals and COVID-19. Sustainable Development Report 2020. Cambridge: Cambridge University Press.  
 27. Europe Sustainable Development Report 2020, p. 3 (<https://eu-dashboards.sdgindex.org/>).



Overall, the pandemic and its socio-economic consequences have put a spotlight on the critical role of health coverage and social systems. It has also laid bare and aggravated socio-economic inequalities between member states. In the months and years to come, Europe will be challenged to overcome COVID-19 and strengthen its economy and social cohesion, while tackling climate change and preventing environmental degradation at the same time.

### 2.3 What is needed? Key transformations and international cooperation

#### Six key transformations

While the SDGs present a comprehensive set of ambitious goals and targets, they do not in themselves outline an implementation strategy to achieve these goals. One key challenge to implement the SDGs lies in designing policies that promote synergies across different goals and minimize potential trade-offs between goals. For example, in the European context, one key question is how to make progress in goals related to climate change, sustainable consumption and production while at the same time improving social well-being and reducing socio-economic inequalities across and within EU member states. Taking the SDGs 'one by one' is helpful for monitoring progress and assessing how specific projects and policies contribute towards individual SDGs. Yet, the SDGs by themselves provide little guidance for policy formulation.

To address this challenge, researchers and policymakers have argued that a select number of key transformations are necessary to achieve the SDGs. The Global Sustainable Development Report 2019, presented at the UN SDG Summit of that year, proposes six entry points to achieve these key transformations. This approach has since gained wide support globally.<sup>28</sup> The Europe Sustainable Development Report 2019 specifies the needed transformations further for the European context. Together these contributions provide an approach for addressing the main trade-offs and synergies raised by implementation of the 2030 Agenda.



Taking the SDGs 'one by one' is helpful for monitoring progress and assessing how specific projects and policies contribute towards individual SDGs. Yet, the SDGs by themselves provide little guidance for policy formulation.



We briefly introduce the six entry points presented in the Global Sustainable Development Report, also bringing in specifications for the European context and current challenges stemming from COVID-19.

1. **Human well-being and capabilities.** COVID-19 has put Europe's health systems under unprecedented strain. Education systems have been seriously stressed as well. But even before the pandemic, EU citizens were seeing a rise in metabolic diseases and challenges related to obesity, mental health and use of addictive substances. This points to the need to more centrally integrate healthier lifestyles and disease prevention into health systems. Quality education, including support for girls in science, also needs to be promoted.
2. **Sustainable and just economies.** Economic growth is not an end in itself as the EU's annual growth strategy for 2020 highlighted.<sup>29</sup> Economic growth must lead to less poverty and more equal and just societies, and be combined with environmentally sustainable consumption and production patterns. Yet, some European regions are still lagging in innovation. This chokes the long-term potential for good jobs, investment and social equality within the EU.

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28. The Global Sustainable Development Report is prepared by a team of 15 scientists appointed by the UN Secretary-General and supported by a large international scientific network. An alternative approach is that presented in the 2018 'TWI2050 Report: Transformations to Achieve the Sustainable Development Goals'.

29. [https://ec.europa.eu/info/sites/info/files/2020-european-semester-annual-sustainable-growth-strategy\\_en.pdf](https://ec.europa.eu/info/sites/info/files/2020-european-semester-annual-sustainable-growth-strategy_en.pdf)



3. **Food systems and nutrition patterns.** More sustainable food production is needed to ensure access to healthy food for all within planetary boundaries. European agricultural production has become increasingly unhealthy and problematic for biodiversity, with negative effects that reach beyond the EU's borders. Overfishing is a major concern in European fisheries. A transformation to sustainable land use, agricultural policy and oceans is urgent.
4. **Energy decarbonisation with universal access.** Even though the EU's greenhouse gas emissions are falling, progress has been too slow. Though access to energy is not currently a major concern in the EU, decarbonisation of energy production and consumption is imperative, particularly in the transport sector and heating systems. Energy-related CO2 emissions have dropped too slowly in recent years.<sup>30</sup>
5. **Urban and peri-urban development.** Urban areas need to enable residents to lead a healthy and prosperous life while at the same time reducing their environmental footprint. Many European cities are under threat from air pollution, heat waves, sea level rise and unfettered waste flows. The ambitious sustainability strategies many cities have outlined should be supported and struggling cities and communities need financial support.
6. **Global environmental commons.** More efforts need to be made to use environmental commons such as the oceans, land, water, forests or biodiversity more efficiently and sustainably. The EU is clearly off-track with regard to SDGs related to life below water (SDG 14) and life on land (SDG 15).

## International cooperation to implement the 2030 Agenda

In addition to these transformations that are needed in European domestic policy-making, the EU also needs to engage with international partners and at the global level to contribute towards the implementation of the 2030 Agenda.<sup>31</sup>

1. **Reducing the EU's negative international spillovers:** Spillover effects refer to countries' domestic actions that have positive and negative effects on other countries' ability to achieve the SDGs.<sup>32</sup> The EU's spillover effects relate to social and environmental policies, economic or security policies. The EU's net spillover effects are negative. Parts of EU member states' imports rely on production under poor labour standards and create high CO2 emissions in third countries.<sup>33</sup> Tax havens and financial secrecy in EU member states undermine other countries' ability to generate public resources. These international spillovers of domestic actions should be reduced and monitored.
2. **Enhancing bilateral partnerships and global leadership for SDGs:** The EU's bilateral partnerships with countries and regions would need to take the 2030 Agenda as a starting point and formulate cooperation strategies that contribute to cooperating with countries and regions on the key transformations outlined in the GSDR. This requires that the EU make the 2030 Agenda a fulcrum of its trade, investment and security policy, as well as of its relations with its industrialised partners in North America and East Asia, as well as Russia. The EU can take a leading role in promoting the SDGs at the global level. For this, it needs to proactively engage in the UN High-Level Political Forum and promote SDG-consistent strategies in multilateral fora like the G7 and G20,<sup>34</sup> the International Monetary Fund (IMF), and the World Bank.<sup>35</sup>

30. 2019 Europe Sustainable Development Report, p. 19.

31. See also 2019 Europe Sustainable Development Report (<https://www.sdindex.org/reports/2019-europe-sustainable-development-report/>).

32. Schmidt-Traub et al. 2019. International Spillovers and the Sustainable Development Goals (SDGs) (<https://www.sei.org/publications/international-spillovers-sustainable-development-goals/>); see also [https://ieep.eu/uploads/articles/attachments/8399886b-8e29-43f7-b98c-4a714a0f0cc8/t2030-ieep\\_sdg\\_globaldimension\\_final-1.pdf?v=63711750136](https://ieep.eu/uploads/articles/attachments/8399886b-8e29-43f7-b98c-4a714a0f0cc8/t2030-ieep_sdg_globaldimension_final-1.pdf?v=63711750136) and [https://www.die-gdi.de/uploads/media/DP\\_9\\_2016.pdf](https://www.die-gdi.de/uploads/media/DP_9_2016.pdf).

33. See 2019 Europe Sustainable Development Report, p. 12 (<https://www.sdindex.org/reports/2019-europe-sustainable-development-report/>) and Europe Sustainable Development Report 2020, p. x (<https://eu-dashboards.sdindex.org/>).

34. Italy holds the G20 Presidency in 2021.

35. See also 'Dealing with interlinkages – A focused approach for implementing the SDGs and overcoming the COVID-19 crisis' ([https://t20saudiarabia.org.sa/en/briefs/Pages/Policy-Brief.aspx?pb=TF7\\_PB7](https://t20saudiarabia.org.sa/en/briefs/Pages/Policy-Brief.aspx?pb=TF7_PB7)).

### 3. EUROPEAN POLICY PRIORITIES AND THE 2030 AGENDA

In this section we will present three key EU policy initiatives that are particularly relevant for implementing the 2030 Agenda and discuss how these are linked to the SDGs and the transformations discussed above. We focus on the European Green Deal, financing under the MFF and the NGEU and initiatives that are part of the “A stronger Europe in the World” Commission work programme.

#### 3.1 The European Green Deal

The Commission presented the European Green Deal in December 2019, with the stated aim of transforming “the EU into a fair and prosperous society, with a modern, resource-

efficient and competitive economy where there are no net emissions of greenhouse gases in 2050 and where economic growth is decoupled from resource use”.<sup>36</sup> The Commission has declared the Green Deal as Europe’s new growth strategy and regards its building blocks as an integral part of its strategy to implement the 2030 Agenda. As part of the Green Deal, the Commission has announced that it will integrate the SDGs into the European Semester (Box 1). Moreover, the Commission refers to the 2030 Agenda’s leave no one behind principle as a guideline for the Green Deal.

The proposals of Green Deal in many ways follow the transformative, systemic and holistic approach of the 2030 Agenda and are organized around several key transitions (Figure 2).

Figure 2. Key transitions in the European Green Deal



Source: Von der Leyen Commission: One Year On ([https://ec.europa.eu/info/strategy/strategic-planning/state-union-addresses/state-union-2020\\_en](https://ec.europa.eu/info/strategy/strategic-planning/state-union-addresses/state-union-2020_en)).

36. European Commission. 2019. The European Green Deal ([https://eur-lex.europa.eu/resource.html?uri=cellar:b828d165-1c22-11ea-8c1f-01aa75ed71a1.0002.02/DOC\\_1&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:b828d165-1c22-11ea-8c1f-01aa75ed71a1.0002.02/DOC_1&format=PDF)).

Table 1: Quantified targets of the Green Deal initiatives

| Quantified targets of the Green Deal initiatives  | Baseline    |
|---|-------------|
| <p><u>Overarching Green Deal objectives</u></p> <ul style="list-style-type: none"> <li>to reduce the EU's GHG emissions by at least 55% by 2030<sup>37</sup></li> <li>no net emissions of greenhouse gases in 2050</li> </ul>   | 1990        |
| <p><u>Circular Economy Action Plan</u>, by 2030:</p> <ul style="list-style-type: none"> <li>significantly reduce total waste generation and halve the amount of residual (non-recycled) municipal waste</li> </ul>  | 2020        |
| <p><u>Farm-to-Fork Strategy</u>, by 2030:</p> <ul style="list-style-type: none"> <li>reduce by 50% the use and risk of chemical and more hazardous pesticides</li> <li>reduce nutrient losses by at least 50%</li> <li>reduce fertilizer use by at least 20%</li> <li>reduce by 50% the sales of antimicrobials for farmed animals and in aquaculture</li> <li>achieve 25% of total farmland under organic farming</li> </ul> | 2020        |
| <p><u>Biodiversity Strategy</u>, by 2030:</p> <ul style="list-style-type: none"> <li>establish protected areas for at least 30% of the land</li> <li>establish protected area for at least 30% of the sea</li> </ul>  | No baseline |
| <p><b>Other targets</b></p> <p><u>Transport</u></p> <ul style="list-style-type: none"> <li>Achieve 90% reduction in transport emissions by 2050</li> </ul>  | 2020        |
| <ul style="list-style-type: none"> <li>Establish a pathway from 2025 onwards towards zero-emission mobility</li> <li>have about 1 million public recharging and refueling stations by 2025</li> </ul>   | No baseline |
| <p><u>Industry</u></p> <ul style="list-style-type: none"> <li>Achieve a zero-carbon steel making process by 2030</li> </ul>   | No baseline |

37. This target was initially "at least 50% and towards 55%", but was revised to "at least 55%" (see [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_1599](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1599)). The European Parliament, meanwhile, aimed for at least 60%.



### The Green Deal in the domestic European context

Full implementation of the Green Deal would affect virtually all economic activity in Europe. Nonetheless, though it addresses many aspects that are relevant to achieving the SDGs, the Green Deal is not a comprehensive strategy for implementing the 2030 Agenda. We examined the Green Deal policy and legislative initiatives in relation to the key transformations from the Global Sustainable Development Report 2019 and found that the Green Deal has potential to make contributions to all, though to differing degrees (Table 2).

COVID-19 has brought a need for a completely new assessment of where the EU stands with regard to **human well-being and capabilities**. COVID-19 requires a scaling up of public health services and workforces while the psychological impact of lockdowns and the health effects of long-term economic recession pose further challenges.<sup>38</sup> The Green Deal will impact well-being and health mainly through the Farm to Fork Strategy, which targets reduced use of pesticides and antimicrobials and expansion of organic farming. But the social dimension of the strategy is generally weak. Overall, the Green Deal bypasses issues like obesity,

mental health and addiction, as well as education, and the EU's competences in these areas are limited as well.

The Green Deal is an important step towards more **sustainable and just economies**. With the Circular Economy Action Plan, the Commission aims to reduce waste generation through sustainable product design and the promotion of circularity in production processes in key value chains like electronics, packaging, plastics and textiles, thereby halving the amount of residual municipal waste by 2030. Also energy-intensive industries should be transformed until 2050. When it comes to just economies, however, concerns do remain. The Europe Sustainable Development Report 2020, for example, points to increasing socio-economic inequality in Europe, both within countries and between regions.<sup>39</sup> The Just Transition Fund (JTF) is a legislative proposal under the Green Deal to bring more balance to the social and economic costs of the transition to a climate-neutral economy. However, other policies will also be required for a just transition, as COVID-19 is likely to increase regional disparities. For the long term, support for education, research and innovation is needed, particularly in regions that are now lagging behind.

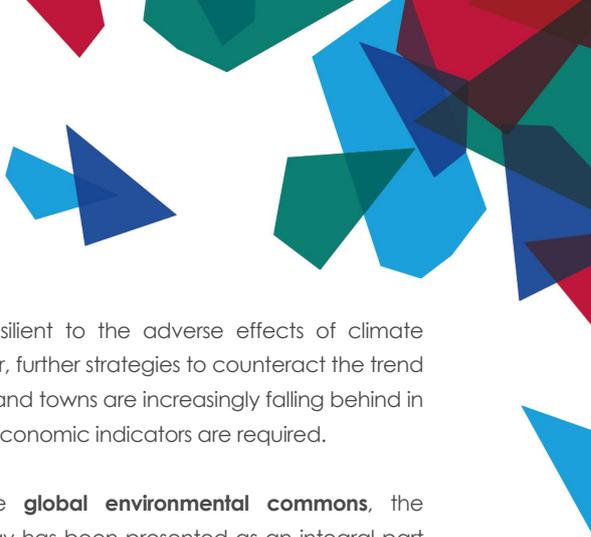
**Table 2: Links between Green Deal policies and initiatives and key transformations from the Global Sustainable Development Report 2019**

| Key Transformations (GSDR)                 | 1. Human well-being and capabilities | 2. Sustainable and just economies  | 3. Food systems and nutrition patterns | 4. Energy decarbonisation and universal access                           | 5. Urban and peri-urban development   | 6. Global environmental commons                  |
|--|--------------------------------------|--|--|--|---|--|
| <b>Green Deal policies and initiatives</b> | <i>(Farm to Fork Strategy)</i>       | <i>Striving for greener industry</i><br><br><i>Eliminating pollution (Circular Economy Action Plan)</i><br><br><i>Ensuring a just transition for all</i> | <i>Farm to Fork Strategy</i>           | <i>Climate pact and climate law</i><br><br><i>Promoting clean energy</i> | <i>Investing in smarter, more sustainable transport</i><br><br><i>Making homes energy efficient</i> | <i>Protecting nature (Biodiversity Strategy)</i> |

Source: Based on authors' assessment.

38. McKinsey. 2020. Understanding and managing the hidden health crisis of Covid-19 in Europe (<https://www.mckinsey.com/industries/healthcare-systems-and-services/our-insights/understanding-and-managing-the-hidden-health-crisis-of-covid-19-in-europe>). See also [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(20\)31927-9/fulltext](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(20)31927-9/fulltext).

39. Europe Sustainable Development Report 2020, p. 42 (<https://eu-dashboards.sdgindex.org/>).



The transformation towards **sustainable food systems** and nutrition patterns is an important aspect of the Green Deal. The Commission's Farm to Fork Strategy establishes a range of quantified targets for more sustainable agriculture by 2030 (Table 1). Not addressed, however, is the intensive production and excessive consumption of meat and dairy products. Nevertheless, the Farm to Fork Strategy has the potential to stimulate EU countries to make progress on the SDGs related to life on land and life below water. However, the Council's approach to the reform of the Common Agricultural Policy (CAP),<sup>40</sup> which makes up about a third of the next EU budget, is not ambitious enough to set EU agriculture on track towards these goals. While the CAP reform foresees a continuation of the hectare-based subsidy-system which benefits mostly large farms, incentives for greener farming practices are only provided through voluntary 'eco-schemes' which are ring-fenced at 20% of the CAP-budget.

Interestingly, **energy decarbonisation and universal access** remain rather weak points in the Green Deal. Raising the 2030 target to at least a 55% reduction of CO<sub>2</sub> emissions was a very commendable step, even though it still falls short of what the Paris Agreement requires. To keep global warming below 2°C, the EU needs to reduce its CO<sub>2</sub> emissions by 65% by 2030.<sup>41</sup> For carbon neutrality by 2050, a transition to 100% renewable energy by 2040 is required.<sup>42</sup> In its 2021 work programme, the Commission announced that it will develop a 'Fit for 55 Package' bringing together climate and energy legislation for better alignment with the 55% target.<sup>43</sup> Specifying a quantified target for renewable energy to replace and update the energy targets in the soon to expire Europe 2020 strategy will be an important step in that direction.

**Urban and peri-urban development** is part of the Green Deal, but plans in this area remain vague so far. The Green Deal targets a pathway to zero emissions in urban transport from 2025 onwards<sup>44</sup> and more energy efficient homes. Furthermore, the 'Biodiversity Strategy for 2030' calls on European cities to develop ambitious urban greening plans. However, no concrete measures have been proposed as yet. It also remains unclear how the EU will support cities to

become more resilient to the adverse effects of climate change. Moreover, further strategies to counteract the trend that smaller cities and towns are increasingly falling behind in a range of socio-economic indicators are required.

In regard to the **global environmental commons**, the Biodiversity Strategy has been presented as an integral part of the Green Deal. It targets transformation of at least 30% of Europe's lands and seas into effectively managed protected areas and bringing back high-diversity landscape features to at least 10% of agricultural lands. In addition, the Commission aims to strengthen the EU's legal framework for nature restoration. Yet, a recent assessment of biodiversity in the EU reached the alarming conclusion that just 23% of species and 16% of habitats protected by the EU nature directives are in good health, making clear the limitations of a voluntary approach.<sup>45</sup> The Biodiversity Strategy requires member states to demonstrate significant progress in legally designating new protected areas by 2023. The strategy is seen as an important step for EU countries to advance on the SDGs related to life on land and below water. Yet, with the watered-down environmental ambition of the CAP reform, the strategy is unlikely to be sufficient to address biodiversity losses due to unsustainable farming practices.

In sum, the European Green Deal is a major step forward. If implemented, it could contribute to all of the key transformations required for achieving the SDGs. Moreover, it has the potential to kick-start sustainability transformations in areas where the EU is farthest behind (SDGs 11, 12, 13, 14 and 15). However, much depends on whether the Commission's ambitions are followed up by substantive regulations and governance mechanisms that can enable its goals to be achieved. For this, support will be required across the EU institutions and member states. At the same time, our analysis points to gaps within the Green Deal itself. The climate goals for 2030 need to be more ambitious to keep global warming below 2°C. Plans for sustainable cities and the energy transition need further elaboration. The Green Deal's contributions to human well-being and capabilities remain particularly weak, as little is proposed to address rising inequalities within countries and between regions and those related to gender.

40. <https://www.consilium.europa.eu/en/press/press-releases/2020/10/21/council-agrees-its-position-on-the-next-eu-common-agricultural-policy/>

41. DIW. 2019. A New Climate for Europe: 2030 Climate Targets Must Be More Ambitious ( [https://www.diw.de/de/diw\\_01.c.683047.de/publikationen/weekly\\_reports/2019\\_40\\_1/a\\_new\\_climate\\_for\\_europe\\_\\_2030\\_climate\\_targets\\_must\\_be\\_more\\_ambitious.html](https://www.diw.de/de/diw_01.c.683047.de/publikationen/weekly_reports/2019_40_1/a_new_climate_for_europe__2030_climate_targets_must_be_more_ambitious.html)).

42. DIW. 2020 European Green Deal: Mit ambitionierten Klimaschutzzielen und erneuerbaren Energien aus der Wirtschaftskrise ([https://www.diw.de/de/diw\\_01.c.793327.de/publikationen/wochenberichte/2020\\_28\\_1/european\\_green\\_deal\\_\\_mit\\_ambitionierten\\_klimaschutzzielen\\_und\\_erneuerbaren\\_energien\\_aus\\_der\\_wirtschaftskrise.html](https://www.diw.de/de/diw_01.c.793327.de/publikationen/wochenberichte/2020_28_1/european_green_deal__mit_ambitionierten_klimaschutzzielen_und_erneuerbaren_energien_aus_der_wirtschaftskrise.html)).

43. [https://ec.europa.eu/info/publications/2021-commission-work-programme-key-documents\\_en](https://ec.europa.eu/info/publications/2021-commission-work-programme-key-documents_en)

44. On transportation, the Commission proposes to end subsidies and tax exemptions for fossil fuels in the aviation sector, to extend emission trading to road transportation and the maritime sector and to increase sustainable transportation infrastructure.

45. WWF 2020: EU Commission plans green reset for nature, food and farming. ([https://www.wwf.eu/what\\_we\\_do/biodiversity/?uNewsID=363733](https://www.wwf.eu/what_we_do/biodiversity/?uNewsID=363733)).



## The Green Deal's international dimension

The Green Deal's international dimension is primarily focused on making the EU a frontrunner in global climate diplomacy. While the EU's spillover effects for third countries are partially considered, Green Deal diplomacy will need to further specify how to work with partners on supporting sustainability transformations elsewhere and beyond climate change. So far, the EU Commission has not set targets for the international dimension of the Green Deal.

Regarding **international spillovers**, the Green Deal can contribute to reducing negative environmental and economic spillovers from the EU. Establishing more sustainable value chains and trade relations is an explicit Green Deal objective. A 'carbon border adjustment mechanism' is under discussion – broadly, a tax on goods imported into the EU based on their carbon footprint. Efforts have also been made to ensure that commitment to the Paris Agreement is a more central element in the EU's comprehensive trade agreements. Moreover, the Commission has announced strategies to reduce products derived from illegal fishing and deforestation in the European market.

What has been missing so far is a comprehensive strategy to monitor and trace negative international spillovers and integrate such analyses into policy coordination processes. Upcoming Eurostat reports will include an analysis of international spillovers.<sup>46</sup> To reduce these, companies operating in the EU need to be obliged to ensure full traceability of the environmental and social impacts of their value chains. Traceability and accurate data on negative spillovers are a precondition for systematic and effective strategies. Not covered by the Green Deal are non-environmental negative spillovers, such as unfair tax competition, financial secrecy and the arms trade.

With regard to **bilateral partnerships and global leadership for the SDGs**, the Green Deal promotes the EU as a global climate leader but not as a champion of the broader SDG agenda. The 2050 climate neutrality goal has given the EU increased credibility as a normative power in international climate negotiations. It is also expected to give Europe's Green Deal diplomacy through the UN, G7, G20 and the WTO more clout, while yielding greater coherence of the EU's internal and external actions. The EU aims to develop

### Box 1: The European Semester – A central framework for coordinating economic policies across the EU

When it comes to governance questions related to implementation of the 2030 Agenda, the European Semester is of particular importance. This instrument was established in 2010 to improve the coordination of economic and fiscal policies of the member states after the economic and financial crisis. To prevent similar economic crises in the future, stricter conditions were put in place. The Stability and Growth Pact was reformed with six regulations and directives (the 'Sixpack'), of which the European Semester was one.

The European Semester has been extended by a social dimension in 2013 with 14 indicators which were later described as being the "appropriate tool for monitoring progress in key areas covered by the

European Pillar of Social Rights." When taking office in autumn 2019, European Commission President Von der Leyen initiated a reform process of the European Semester linked to the SDGs. As previous experience with the Semester shows, member states have not always followed suit the Commission's country-specific recommendations on their national reform plans.<sup>47</sup>

Up to 2020, at the beginning of each Semester cycle, the Commission issued a country report for each member state, followed by national reform programmes developed by the member states. The Semester process closed with country-specific recommendations adopted by the member states in the Council.

As of this spring 2020, a new chapter on 'environmental sustainability' and an annex on progress in SDG implementation were added to

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46. See 'Commission Staff Working Document: Delivering on the UN's Sustainable Development Goals – A Comprehensive Approach' ([https://ec.europa.eu/info/sites/info/files/delivering\\_on\\_uns\\_sustainable\\_development\\_goals\\_staff\\_working\\_document\\_en.pdf](https://ec.europa.eu/info/sites/info/files/delivering_on_uns_sustainable_development_goals_staff_working_document_en.pdf)).

47. [https://www.bruegel.org/wp-content/uploads/2018/06/PC-09\\_2018\\_3.pdf](https://www.bruegel.org/wp-content/uploads/2018/06/PC-09_2018_3.pdf)

the country reports. Despite this integration of sustainability aspects within the Semester, the existing SDG indicators remain insufficient for constructive analysis of member states' progress and challenges. So-called 'distance to targets' indicators and 'backcasting' methods would be needed to monitor developments to date, as well as indicators' translation to the national level.<sup>48</sup> The indicators in the annex are based on the Eurostat 2019 SDG report, but lack a broader context analysis, for example, on the causes of insufficient progress and the interdependency of goals. Furthermore, the Commission's country reports do not reflect the individual sustainability architectures and strategies of each member state.

So far, economic growth and financial stability, competition and austerity remain the focus of the European Semester.<sup>49</sup> As the Commission's 2020 country reports were issued early in the COVID-19 crisis, the 2020 national reform programmes by the member states and country-specific recommendations do take into account the effects of the pandemic. They underline the "interconnectedness of economic, social and environmental spheres and the need for a holistic approach to recovery".<sup>50</sup> The country-specific recommendations adopted in June 2020 for the first time referred to the SDGs.

The 2021 European Semester will be an exceptional cycle<sup>51</sup> and look significantly different. Upon presenting its 2021 Annual Sustainable Growth Strategy, the Commission issued guidance on national recovery plans, which will replace the previous national reform programmes as of next year.<sup>52</sup> The national recovery plans will be closely linked to COVID-19 recovery in that member states

will receive funding from the EU's new €750 billion recovery instrument (Next Generation EU) only if their recovery plans fulfil specific criteria. In particular, member states' national recovery plans will need to address the challenges and priorities identified in the previous year's country-specific recommendations. The alignment of national recovery plans with these recommendations is an assessment criterion for Next Generation EU funding. That means member state recovery programmes will also need to address the sustainability and ecological aspects introduced in 2020 by the Semester. Moreover, the Conclusions of the European Council of 21 July state that "effective contribution to the green and digital transition shall... be a prerequisite for a positive assessment" of national recovery and resilience-building measures.<sup>53</sup> In December 2020, the European Parliament and the German Council presidency have agreed on a provisional agreement on the Recovery and Resilience Facility.<sup>54</sup> It now has to be finalized in order to be approved and to enter into force.<sup>55</sup> So far, the Commission staff working documents guiding member states lack explicit and/or operationalised references to the SDGs and the Green Deal.<sup>56</sup>

Prior to the COVID-19 crisis, the European Semester had been a coordination instrument rather than an enforcement mechanism. It thus depended on member states' willingness to follow its recommendations. The upcoming exceptional cycle in the context of the crisis could change this, as it is closely linked to NextGenerationEU funding. A key goal is that the member states, together with the Commission, utilise the economic and social recovery of their economies to move towards a green and digital transformation geared towards achieving the SDGs.

48. <https://ieep.eu/publications/role-of-a-reformed-european-semester-within-a-new-sustainable-economy-strategy>

49. [https://www.clingendael.org/sites/default/files/2020-07/Policy\\_Brief\\_Green\\_Deal\\_and\\_Coronacrisis\\_juli\\_2020.pdf](https://www.clingendael.org/sites/default/files/2020-07/Policy_Brief_Green_Deal_and_Coronacrisis_juli_2020.pdf)

50. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0500&from=EN>

51. [https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester/european-semester-timeline/european-semester-2021-exceptional-cycle\\_en](https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester/european-semester-timeline/european-semester-2021-exceptional-cycle_en)

52. See 'Commission Staff Working Document: Delivering on the UN's Sustainable Development Goals – A Comprehensive Approach' ([https://ec.europa.eu/info/sites/info/files/delivering\\_on\\_uns\\_sustainable\\_development\\_goals\\_staff\\_working\\_document\\_en.pdf](https://ec.europa.eu/info/sites/info/files/delivering_on_uns_sustainable_development_goals_staff_working_document_en.pdf))

53. <http://consilium.europa.eu/media/45109/210720-euco-final-conclusions-en.pdf>

54. <https://www.consilium.europa.eu/en/press/press-releases/2020/12/18/recovery-and-resilience-facility-council-presidency-and-parliament-reach-provisional-agreement/>

55. [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_2397](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_2397)

56. [https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility\\_en](https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility_en)



international carbon markets and work to phase out global fossil fuel subsidies and the financing of fossil fuel infrastructure by multilateral institutions. Moreover, the EU envisages taking a leading role in ambitious action on biodiversity, a global shift to a circular economy and sustainable agri-food systems. Taken together, even if only lightly framed in terms of the 2030 Agenda, there can be no doubt that the Green Deal offers entry points for international cooperation on parts of the SDG agenda.

The international dimension of the Green Deal is less developed than the domestic dimension. Therefore, here the EU will need to prove that it can 'walk the talk' of its ambitious plans and mobilise the financial means and governance mechanisms to set the transformations on track.

### 3.2 Financing a sustainable recovery

In her 2020 State of the Union Address, Commission President Von der Leyen emphasised that the EU, in response to COVID-19, chose "to not only repair and recover for the here and now, but to shape a better way of living for the world of tomorrow. This is NextGenerationEU."<sup>57</sup> As sufficient financial resources will be key to achieve the SDGs by 2030, it is surprising, then, that the EUR 750 billion NGEU economic stimulus package proposed by the Commission in May 2020 does not include strong references to the 2030 Agenda and the SDGs.<sup>58</sup>

In addition to the three year NGEU recovery package adopted by the European Council on 21 July, the next Multiannual Financial Framework 2021-2027 will play a major role in shaping the EU's progress towards the envisaged green and digital transition and the SDGs. As the past months of negotiations have shown, gearing the MFF for implementation of the 2030 Agenda has not been a priority. Apart from the diverging interests among member states and between the EU institutions, this points back to the lack of an overarching strategic framework for implementing the 2030 Agenda, which could guide the MFF. Moreover, the adoption of the Green Deal in December 2019 came too late for major readjustment of the MFF proposal.

Negotiations on both the regulation for establishing the Recovery and Resilience Facility under NGEU and the MFF were concluded in December 2020, when the long-standing blockage by Poland and Hungary on the introduction of a rule of law mechanism was resolved by a compromise implying that the European Court of Justice has to rule on the legality of the mechanism.<sup>59</sup> We analyse in the following whether the historic 1,8 trillion EU budget package is geared for the key transformations needed to achieve the SDGs in Europe and in the EU's relationships with its partners.

### Expenditures for internal policies under NGEU and MFF

There are ways that the MFF could contribute to transform **human well-being and capabilities**. On education and health policy, however, the EU's competences are quite limited, based on the EU treaties (with the exception of the Erasmus Plus programme), as member states have been wary to uphold their national competences. The MFF will introduce a new EU health programme focused on health security and crisis preparedness. Even for that programme, however, the contribution towards transforming human well-being and capabilities for all will depend on member states' willingness to deepen cooperation in a domain where the EU's competences have traditionally been limited.

Expenditures for the EU initiative on research & development, 'Horizon Europe', could potentially feed into leveraging several transformations. At the same time, it is one of the areas that saw the largest cuts between the Commission's May proposals and the European Council agreement on 21 July.<sup>60</sup> In their negotiations with the German Council Presidency, European Parliament negotiators achieved a targeted reinforcement of EU programmes, including an additional €4 billion for Horizon Europe, through additional means and reallocations.<sup>61</sup> Nonetheless, the low priority given to the EU's research budget during the negotiations elicited substantial criticism, as it casts doubt on the EU's ability to make the leap to a green and digital transition. Given the continuing need to advance innovative technologies, member states will have to compensate for this shortcoming of the MFF in their national recovery programmes.<sup>62</sup>

57. [https://ec.europa.eu/info/sites/info/files/soteu\\_2020\\_en.pdf](https://ec.europa.eu/info/sites/info/files/soteu_2020_en.pdf), p. 3.

58. [https://eur-lex.europa.eu/resource.html?uri=cellar:4524c01c-a0e6-11ea-9d2d-01aa75ed71a1.0003.02/DOC\\_1&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:4524c01c-a0e6-11ea-9d2d-01aa75ed71a1.0003.02/DOC_1&format=PDF)

59. <https://www.euractiv.com/section/economy-jobs/news/eu-leaders-unlock-historic-e1-8-trillion-budget-deal/>

60. <https://www.climatechangenews.com/2020/07/24/green-eu-recovery-depends-member-states/>

61. <https://www.consilium.europa.eu/en/press/press-releases/2020/11/10/next-multiannual-financial-framework-and-recovery-package-council-presidency-reaches-political-agreement-with-the-european-parliament/>

62. Ibid.



Regarding **sustainable and just economies**, transition funds can support a fair transformation of sectors towards sustainable development. Under the European Green Deal, for example, the Just Transition Mechanism has been introduced to support regions particularly affected by the transition, for example, those with a large coal sector. The new Just Transition Mechanism has three pillars: the Just Transition Fund (JTF), the InvestEU 'Just Transition' scheme and a European Investment Bank (EIB) public sector loan facility backed in part by the EU budget. The funds these make available could be a source of support for implementation of the sustainability strategies being formulated by many European cities.<sup>63</sup>

Yet, the European Council's agreement to cut the JTF to €17.5 billion (of which €10 billion funded under NGEU and €7.5 under the MFF) – which is less than half the €40 billion proposed by the Commission in May – could severely curtail Europe's efforts to deliver on the green transition. As it aims to reduce the socio-economic costs for regions that must phase out carbon-intensive industries, the JTF could play an important role in promoting social inclusiveness, thus increasing the political and societal legitimacy of the green transition.<sup>64</sup> Whether the future cohesion policy will compensate for the cut in JTF funds, and enable stronger promotion of the transition of carbon-intensive regions, remains an open question. However, the reduction of the initial amounts proposed for the programmes that were expected to feed into climate goals, such as the JTF and InvestEU, means that the national recovery and resilience plans of the individual EU member states will have a greater impact on the extent that sustainability does, in the end, play a role.<sup>65</sup>

Regarding **food systems and nutrition patterns**, programmes under Heading 3 'Natural Resources and Environment' could contribute to healthier diets, decent work in the agricultural sector and sustainable production, and also reduce negative impacts on the climate and water. The European Council agreed to devote 40% of CAP expenditure to climate action. This is important as CAP represents the second largest expenditure item in the MFF after cohesion. At the same time, the spending target alone does not sufficiently address the need for substantive reform of CAP.

As mentioned above (see 3.1), CAP needs to be reformed to better support sustainable food, farming and land-use systems and to incentivise greener farming practices. Strong monitoring mechanisms need to be established to ensure that spending under the next MFF delivers on the promotion of biodiversity and a greener agriculture.

**Energy decarbonisation with universal access** is on the radar for EU expenditures. The European Council's July agreement included an overall target of 30% for climate-related action under for expenditure from the MFF and NGEU. This means that between 2021 and 2027 climate-relevant projects could receive up to €541 billion – more than the amount initially proposed in the InvestEU programme.<sup>66</sup> However, recent estimates suggest that this is just a quarter of the investment needed to reach the target for 2030 to decrease CO<sub>2</sub> emissions by 55 per cent.<sup>67</sup> As the range of investments that can be declared as climate-relevant is quite broad, the methodology for climate mainstreaming needs to be improved in order to gear the spending target towards significant contributions to the green transition, as the European Parliament has repeatedly called for.<sup>68</sup>

The Commission has also proposed the introduction of own resources to complement the national gross national income (GNI)-based contributions funding the MFF and supporting repayment of borrowing under the NGEU. Among these is a national contribution based on the quantity of non-recycled plastic packaging waste generated in each member state, to be introduced in January 2021. Additionally, a border carbon adjustment mechanism, a share of revenue generated by the EU Emissions Trading System (ETS) and a digital levy were proposed and could further contribute to the achievement of the green and digital transition. However, according to a roadmap agreed by the European Parliament and the Council Presidency on 11 November 2020, these additional own resources will not be implemented before 2023. Hence, it remains to be seen whether the introduction of own resources facilitates adequate revenue generation for the envisaged green and digital transition and also incentivises changes in consumption and production patterns, such as encouraging the reuse of plastic through the national contributions mechanism for non-recycled plastic waste.

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63. <https://www.bruegel.org/wp-content/uploads/2020/05/Bruegel-JTF-report-for-EP-BUDG2.pdf>

64. *ibid.*

65. <https://www.finance-watch.org/the-eu-recovery-plan-can-still-be-made-into-a-catalyst-for-sustainability/>

66. <https://www.bruegel.org/2020/07/is-the-eu-council-agreement-aligned-with-the-green-deal-ambitions/>

67. *ibid.*

68. <https://www.europarl.europa.eu/legislative-train/api/stages/report/10-2020/theme/a-european-green-deal/file/european-green-deal-investment-plan>



**Urban and peri-urban development** can gain support through a number of features of EU spending allocations in the coming years. An important component of the NGEU recovery package is the funding provided under the ReactEU initiative to increase cohesion support to member states in making their economies more resilient and sustainable during the recovery phase. The European Council of 21 July agreed on allotting €47.5 billion for this initiative. Cohesion policy is also one of the main pillars of the MFF, particularly to promote weaker regions and cities through public infrastructure investments. The MFF's Cohesion Fund can be a tool to deliver on the SDGs, through investments in housing, public infrastructure, small- and medium-sized enterprises (SMEs), and mobility and renewable energy. Although cohesion policy covers a broad range of measures, research shows that in recent years member states used less than 10% of the funding available to promote energy efficiency, renewable energy and related infrastructures or for research and innovation for climate action.<sup>69</sup> Concerning the Commission's proposal to readjust cohesion policy, however, it remains unclear whether and how this will contribute to moving beyond traditional patterns of economic growth, production and consumption and equalize opportunities among social groups and between different regions.

The EU's programme for the environment and climate action, LIFE, will continue under MFF 2021-2027. This feeds directly into the **global environmental commons**. The Council and Parliament reached provisional agreement on funding for LIFE programme in March 2019.<sup>70</sup> That agreement foresees that a nature and biodiversity sub-programme, worth €2.1 billion, will support projects for developing and promoting best practices in relation to nature and biodiversity conservation. Through new "strategic nature projects", the mainstreaming and implementation of EU nature rules and biodiversity policies shall be supported. The compromise package of 10 November agreed by the German Council Presidency and the European Parliament in fact includes higher ambitions on biodiversity compared to previous proposals, and strengthened monitoring of biodiversity, climate and gender-related spending.<sup>71</sup>

Moreover, the continuation of the European Maritime and Fisheries Fund (EMFF) in the MFF 2021-2027 is supposed

to contribute to the conservation of marine biological resources and sustainable fisheries and aquaculture. It also aims to strengthen international ocean governance, as a means to achieve clean and sustainably managed oceans. From a sustainable development perspective, the Commission's proposals to allocate preferential treatment to small coastal fishing, to support outermost regions (territories of EU member states in areas of the globe that are remote from Europe), and to reintroduce support for the permanent cessation of fishing in fleet segments where fishing capacity exceeds local resources are important steps in that direction.<sup>72</sup> However, while welcoming the simplification of the EMFF, compared to its current version, environmental organisations have expressed substantive criticism of the proposal, such as on the lack of mechanisms to ensure that financial aid is allocated to the sustainable management of the oceans and to improve marine biodiversity.<sup>73</sup>

### **Expenditures for external policies in the next MFF**

To ensure that the EU supports the implementation of the SDGs in third countries and that the European Green Deal delivers for them, a strong budget for external action is needed. This is particularly pressing in light of COVID-19. As mentioned above (see section 3.1), however, the Green Deal and the transformations required to achieve the SDGs have thus far been only tenuously linked to EU international cooperation. Nevertheless, the MFF does have potential to enable the EU to foster sustainability transformations on the international stage.

In principle, it is noteworthy that no funding for EU external action is included in NGEU means funding for the EU's international efforts to support countries in their fight against the socio-economic consequences of the pandemic will come from the next MFF. The European Council of 21 July agreed on a €98.4 billion appropriation for MFF Heading 6 'Neighbourhood and the World'. This is far below the €118 billion proposed by the Commission in May for the MFF and the NGEU in its May proposals, and only a small increase from the external budget under the current MFF. Based on the 10 November agreement between the German Council Presidency and the European Parliament, the Neighbourhood, Development and International Cooperation Instrument (NDICI) will include a total financial envelope of €71.8 billion, which is still 10% less than the

69. <http://www.caneurope.org/docman/climate-finance-development/3599-funding-climate-and-energy-transition-in-the-eu/file>

70. [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_19\\_1434](https://ec.europa.eu/commission/presscorner/detail/en/IP_19_1434)

71. [https://ec.europa.eu/commission/presscorner/detail/en/QANDA\\_20\\_2088](https://ec.europa.eu/commission/presscorner/detail/en/QANDA_20_2088)

72. [https://www.europarl.europa.eu/RegData/etudes/BRIE/2018/625190/EPRS\\_BRI\(2018\)625190\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2018/625190/EPRS_BRI(2018)625190_EN.pdf)

73. <https://www.wwf.eu/?uNewsID=329290>

Commission's proposal for this new EU external action instrument in May 2018. These cuts are not particularly surprising, as EU external action is usually not on the top list of member states' concerns when negotiating the EU's long-term budget. The ongoing trilogue negotiations on the NDICI regulation will show whether the budget decided on by the European Council finds agreement in the European Parliament and Commission.

The merger of several existing financing instruments such as the Development Cooperation Instrument, the European Neighbourhood Policy Instrument (ENPI) or the Partnership Instrument (PI) into the NDICI is an important step towards greater coherence as it could also provide an impetus to **reduce negative spillovers which the EU generates for third countries**. However, external action will not be enough to reverse the EU's negative spillover balance. In fact, many negative spillovers from the EU relate to instruments and policies placed outside the NDICI, such as agricultural, environmental and trade policies. Moreover, preventing negative spillovers is less a financial matter than a challenge of policymaking and programming. To comprehensively reduce negative spillover effects, policy coherence for sustainable development needs to be put into practice in the programming of EU external and internal action alike.

With regard to **enhancing bilateral partnerships and global leadership for the SDGs**, it is noteworthy that the Commission's proposal for the NDICI regulation does not foresee any dedicated funding or specific actions to support implementation of the SDGs in EU external action, the instrument as a whole is intended to contribute to the achievement of the SDGs. In July the European Council agreed that the largest share of funds under the NDICI regulation will be spent through geographic programmes. This constitutes €53.8 billion in total, of which at least €17.2 billion should be spent for the Neighbourhood, and at least €26 billion for sub-Saharan Africa. Compared to the financial envelope of €5.6 billion for the proposed thematic programmes, this implies that support for SDG implementation in third countries will be primarily funded through NDICI geographic programmes. As the negotiations on the NDICI regulation are ongoing, it remains to be seen if the overall financial envelope and allocation patterns for geographic and thematic programmes allow the EU to make substantive contributions towards supporting developing countries in achieving the SDGs.

Despite the lack of a strong focus on the SDGs, the Commission's proposal for the NDICI regulation does include input targets that effectively prioritise specific SDGs:<sup>74</sup>

- 92% of expenditure under the NDICI regulation should fulfil the criteria of official development assistance (ODA)
- The instrument should contribute to the collective target of increasing ODA to the least-developed countries, as enshrined in the 2030 Agenda (0.2% of GNI)
- 20% of ODA should be spent for human development and social inclusion, including gender equality and women's empowerment
- 25% of NDICI spending should fund actions to address climate change
- 10% of NDICI expenditures should address the root causes of irregular migration

Although these input targets could substantively promote the NDICI's de facto contribution to achieving the SDGs, there is a risk of a bureaucratic reflex of making sure that pre-planned projects meet many of those targets without genuinely designing projects as a contribution to achieving those targets in the first place. Also, these expenditure targets are too vague to serve as a monitoring tool for SDG financing and implementation through EU international cooperation. Moreover, the experience with previously set input targets, such as for greening the Common Agricultural Policy (CAP) in the current MFF, illustrate that their achievement is not a foregone conclusion.<sup>75</sup> Regular monitoring of progress towards the input targets is important, for example, in the form of an annual report by the Commission, as proposed by the European Parliament in March 2019.<sup>76</sup>

### **Summary: Significant yet insufficient resources for the green and digital transition**

In sum, the financial resources foreseen under the next MFF and NGEU have the potential to further advance the sustainability transformations, both within the EU and in partner countries. For example, the proposals for increasing

74. [https://ec.europa.eu/commission/sites/beta-political/files/budget-may2018-neighbourhood-development-international-regulation\\_en.pdf](https://ec.europa.eu/commission/sites/beta-political/files/budget-may2018-neighbourhood-development-international-regulation_en.pdf)

75. <https://op.europa.eu/webpub/eca/special-reports/greening-21-2017/en/>

76. [https://www.europarl.europa.eu/doceo/document/TA-8-2019-0298\\_EN.html](https://www.europarl.europa.eu/doceo/document/TA-8-2019-0298_EN.html)

the EU's own resources by introducing national contributions based on the quantity of non-recycled plastic package waste, a carbon adjustment mechanism and a digital levy could contribute to the EU's capabilities to achieve the envisaged green and digital transition. At the same time, it is evident that the resource and input targets foreseen for the MFF and NGEU will not be sufficient to achieve foremost EU objectives, such as the 55% reduction of CO2 emissions by 2030.

Moreover, much will depend on the actual programming of the financial instruments and the extent that individual programmes and projects are geared to support the EU's green and digital transition. Finally, the potential contribution of EU financial resources will – to a large extent – depend on member states' willingness to reform key policies, such as CAP and cohesion policy, in a way that fosters collective priorities rather than member states' individual interests.

### 3.3 A stronger Europe in the world

A sustainability transformation within the EU will have significant impact on third countries' opportunities to achieve the SDGs. At the same time, the EU will need strong international partnerships to implement the 2030 Agenda and the Green Deal in Europe. The example of the energy transition illustrates this. As the EU is highly dependent on fossil fuels,<sup>77</sup> countries that export fossil fuels will lose opportunities if the EU moves towards green energy systems, while other countries will benefit from new trading opportunities. COVID-19 has not changed this dynamic. It has brought to the spotlight the need to create sustainable value chains and more sustainable forms of globalisation.

The 2030 Agenda could provide a compass for EU engagement with its international partners on short-term COVID-19 recovery measures and on the medium-term socio-economic consequences of sustainability transformations within the EU. The 2030 Agenda proposes a comprehensive understanding of sustainable development, and its 'leave no one behind' principle gains further relevance in light of the welfare losses caused by COVID-19. The 2030 Agenda's universal endorsement gives it legitimacy to serve as a framework for the EU's international partnerships.

## Box 2. Commission Work Programme 2020 – New initiatives of “A Stronger Europe in the World”

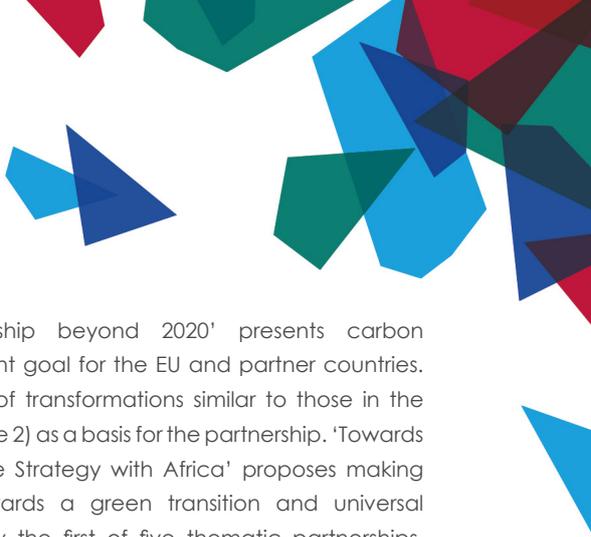
Recently published

- Towards a Comprehensive Strategy with Africa (Joint Communication to the European Parliament and the Council, 9 March 2020)
- Enhancing the Accession Process: A Credible EU Perspective for the Western Balkans (Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, 5 February 2020)
- Eastern Partnership Policy Beyond 2020: Reinforcing Resilience – An Eastern Partnership that Delivers for All (Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, 18 March 2020)
- EU Action Plan on Human Rights and Democracy, 2020-2024 (Joint Communication to the European Parliament and the Council, 25 March 2020)
- EU Action Plan on Gender Equality and Women's Empowerment in External Relations, 2021-2025

Under development

- Post-Cotonou agreement between the EU and the countries of Africa, the Caribbean and the Pacific
- Strategy for strengthening Europe's economic and financial sovereignty
- Trade policy review, including a World Trade Organization (WTO) reform initiative

77. A New World: The Geopolitics of the Energy Transformation. 2019, p. 27 (<http://geopoliticsofrenewables.org/Report>).



As announced in its 2020 work programme, the European Commission has presented regional strategies for cooperation with Africa, the Western Balkans and the Eastern Partnership, as well as a new Action Plan on Human Rights and Democracy. A number of other strategies are being prepared as well by the Commissioners' Group on a Stronger Europe in the World (Box 2). How and to what extent these external relations strategies reflect the 2030 Agenda is worth exploring. For example, do these strategies address key transformations, and do they consider international spillovers from EU policies on partners of the EU?

The EU's external relations strategies and documents provide starting points for the EU to **enhance bilateral partnerships and global leadership for the SDGs**. EU relations with the Western Balkan countries, for example, have been high on the agenda in recent years. The communication 'A Credible EU Perspective for the Western Balkans' highlights the geostrategic importance of EU relations with the region, describing the accession process as a "key driver of transformation in the region and thus enhances our collective security". Nonetheless, sustainable development, the 2030 Agenda and the Green Deal are almost entirely absent from this communication. The Commission's 'Economic and Investment Plan for the Western Balkans', presented 6 October 2020, rolled out a long-term economic recovery programme to support green and digital transitions in the Western Balkan region, based on the approach of the European Green Deal.<sup>78</sup> Hence, the EU has started to link its support to Western Balkan countries on their path towards EU accession to EU support for a green and digital transformation agenda.

The communications 'Towards a Comprehensive Strategy with Africa' and the 'Eastern Partnership beyond 2020' both make clear reference to the 2030 Agenda, the SDGs, the Paris Agreement and the European Green Deal. Both documents present the 2030 Agenda and Paris Agreement as important international frameworks to which the partnerships should contribute. The Eastern Partnership communication refers to the SDGs only briefly, in relation to natural assets and the potential of raw materials. In contrast, 'Towards a Comprehensive Strategy with Africa' elaborates on the SDGs in more detail, listing how individual SDGs contribute to each thematic priority of the Africa-EU partnership.

'Eastern Partnership beyond 2020' presents carbon neutrality as a joint goal for the EU and partner countries. It uses elements of transformations similar to those in the Green Deal (Figure 2) as a basis for the partnership. 'Towards a Comprehensive Strategy with Africa' proposes making cooperation towards a green transition and universal access to energy the first of five thematic partnerships, thereby giving cooperation on green transitions much more prominence than previous Africa strategies. Yet, it makes only one brief reference to the European Green Deal itself.

The introduction to the 'EU Action Plan on Human Rights and Democracy' highlights the need for the EU "to deliver a new geopolitical agenda on human rights and democracy". It endorses the 2030 Agenda in general terms and the principle of leaving no one behind, and also calls for human rights to be integrated "in the priority areas under the Green Deal, such as environment". Interestingly, neither the Action Plan nor its Annex make reference to SDG 16 on peace, justice and strong institutions.

Multilateral cooperation on the SDGs is mentioned only in the Africa communication. The 'Action Plan on Human Rights and Democracy' highlights the importance of the UN for human rights organisations. For the EU's relations with Eastern partners and its cooperation with the Balkan countries, multilateral cooperation in general or with regard to the SDGs are not mentioned as a priority.

The concept of **international spillovers** plays no role in the three regional strategies. The EU does not outline how changes in the European domestic socio-economic model might affect partner countries; nor does it reflect on how current EU policies might negatively impact on third countries. The Eastern Partnership communication alludes to potential spillovers only once: "The EU will continue to link the partner countries to the increasingly complex and high-end economic value-chains as it transforms its own economy."<sup>79</sup> The external strategies describe mainly how the EU seeks to support partners in their domestic development processes.

What do these observations imply for implementation of the 2030 Agenda in EU external relations? Key themes of the 2030 Agenda and the Green Deal are taken up more prominently

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78. [https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/communication\\_on\\_wb\\_economic\\_and\\_investment\\_plan\\_october\\_2020\\_en.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/communication_on_wb_economic_and_investment_plan_october_2020_en.pdf)

79. Eastern Partnership communication, p. 10 ([https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/joint\\_communication\\_on\\_the\\_eap\\_policy\\_beyond\\_2020.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/joint_communication_on_the_eap_policy_beyond_2020.pdf)).



in the partnership with Africa, in the Eastern Partnership and in the EU's strategy with the Balkan countries compared to the EU's previous strategies. Yet, neither the 2030 Agenda nor the Green Deal appear to be systematically guiding EU policymaking towards these regions. The EU's recent geographic strategies make an attempt to shift from a sectoral approach to a more transformative style of policymaking by clustering different sectoral topics into broader thematic partnerships. Yet, the identification of these thematic partnerships does not seem to have been guided by the strategies of the partners or by the key transformations needed to achieve the SDGs by 2030.

Instead, the EU's recent geographical strategies appear to have been influenced by a mix of path dependency from previous cooperation frameworks, selective considerations of partners' priorities and topics emerging on the EU's agenda under the Green Deal (i.e., circular economy and energy). While the step forward to thematic partnerships and transformations instead of sectoral approaches is an important one, the EU's current approach brings the risk of blind spots. One example of this is particularly striking: Whereas the Global Sustainable Development Report 2019 identifies urban and peri-urban development as a key entry point to achieve the SDGs, and though various studies, as well as the African Union's own Agenda 2063 argue that urbanisation will fundamentally transform African societies in the years to come, urbanisation is not a priority in the communication 'Towards a Comprehensive Strategy with Africa'.

Overall, the EU's recent external relations strategies suggest a lack of clarity as to how the 2030 Agenda should be translated into EU relations with specific countries and regions and how it relates to other relevant frameworks such as the Green Deal, as well as the Paris Agreement. The 2030 Agenda has the advantage of being a universal agenda agreed upon by all partners internationally. It



The EU would thus be well advised to follow an integrated Green Deal–SDG diplomacy and cooperation approach.



therefore has strong international legitimacy. Its emphasis is on promoting the three dimensions of sustainability: economic, social and environmental. It does not focus on green transitions only. Conceiving the 2030 Agenda as a framework that allows for policymaking to be structured around a limited number of key transformations, instead of focusing on individual SDGs, could give impetus to further development of the EU's partnerships with Africa, Eastern partners, China, North America and others.

Currently, because the 2030 Agenda does not yet have much traction in EU domestic policymaking, it is difficult to structure EU external policymaking around it. On the other hand, the Green Deal has the advantage of being a high political priority in the EU's domestic policymaking. Due to its de facto external impact, the EU will have to make the Green Deal a prominent element in its international cooperation. Yet, as the Green Deal is foremost a European project, its legitimacy as a framework for cooperation with international partners is limited. This is confirmed by the initial reactions from the EU's African partners in the preparations for the next AU-EU summit. The EU would thus be well advised to follow an integrated Green Deal–SDG diplomacy and cooperation approach.

## 4. CONCLUSIONS AND RECOMMENDATIONS

The COVID-19 pandemic will make implementation of the 2030 Agenda within the EU and globally even more difficult. Serious setbacks in SDG progress must be expected. Recovery measures will determine whether the EU moves towards a sustainable development model by 2030 or instead locks into unsustainable development pathways in its domestic and external policymaking. A focus on short-term recovery measures risks putting much needed long-term structural reforms on hold. At the same time, addressing the transboundary crisis could open doors of opportunity for more sustainable forms of globalisation and global value chains. The 2030 Agenda can give orientation for sustainable development within the EU, for EU internal policies and for global cooperation. The 2030 Agenda provides guidance on how stimulus packages and recovery measures can be designed not only to be economically sustainable, but also to be sustainable from a social, ecological and global perspective. Commission President Von der Leyen shares this assessment. She has stated that the SDGs are now more important than ever and called for a global recovery initiative that links the SDGs to investment and debt relief.<sup>80</sup>

Nonetheless, our analysis demonstrates that the Commission's intentions have not yet yielded comprehensive action. Even though Commission President Von der Leyen tasked all her Commissioners to take



In many ways, the Green Deal reflects the systemic and holistic approach of the Global Sustainable Development Report 2019, which recommends implementing the 2030 Agenda by focusing on key transformations.



responsibility for SDG implementation, the Commission has not made the 2030 Agenda a prominent guide for its own domestic and external policymaking. The European Council, the Council of the EU and the European Parliament have called for an overarching comprehensive SDG strategy, but the Commission has not yet developed such a strategy. The 'Comprehensive Approach' staff working document, published by the Commission in November 2020, proposes a holistic approach to SDG implementation, and announces the EU's aim to deliver concrete results through the Commission's six 'headline ambitions', including the European Green Deal. The 'Comprehensive Approach' also lists key elements of a 'whole of government' approach and strengthened monitoring of SDG implementation.

Based on the analysis presented in this paper, we would argue that if implemented in an ambitious fashion, the Green Deal can bring fundamental changes to agriculture, industry, transport and trade and therefore address key environmental and biodiversity concerns. In many ways, the Green Deal reflects the systemic and holistic approach of the Global Sustainable Development Report 2019, which recommends implementing the 2030 Agenda by focusing on key transformations. Yet, the Green Deal does not encompass the full set of SDG transformations and therefore cannot substitute for a comprehensive EU approach to the 2030 Agenda. We would also argue that progress towards the SDGs, as well as the Green Deal targets, depends partly on the financial resources made available under the NextGeneration EU recovery programme and the MFF 2021-2027. However, the Commission's far-reaching and comprehensive proposal for a recovery package that could significantly contribute towards the envisaged green and digital transition saw substantial cuts in the European Council agreement of 21 July. This raises doubts about the EU's capability to implement its ambitious reform agenda. If and how conditionalities set in the new European Semester process linked to the NextGeneration EU instrument will guide member states' recovery plans towards the necessary sustainability transformation, remains to be seen.

Without an overarching SDG strategy, the 2030 Agenda and SDGs currently play two main roles. First, key principles of the 2030 Agenda are referenced in the Green Deal and other policies.<sup>81</sup> Second, the individual SDGs are used for monitoring purposes: the Eurostat SDG monitoring reports analyse ex post whether the EU has made progress

80. See her speech at the UN High-Level Event for Financing for Development in the Era of COVID-19 ([https://ec.europa.eu/commission/presscorner/detail/en/SPEECH\\_20\\_963](https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_20_963)).

81. For instance, the Green Deal refers to 'leaving no one behind' and structures its initiative around key transformations.



on individual SDGs; in the European Semester process, member states report their progress on some of the SDGs; in the context of the NDICI, the Commission will report on which cooperation projects contribute to which SDGs. However, without a comprehensive SDG approach linked to key SDG transformations, it remains difficult to use the SDGs to inform policymaking. Given these observations, we propose the following measures to bring the EU closer to achieving the SDGs by 2030:

- *Prepare a high-level political declaration signed by the European Council, the European Commission and the European Parliament expressing strong commitment to the 2030 Agenda and the SDGs in the context of COVID-19.* The pandemic risks shifting priorities away from long-term reform to short-term recovery measures that entrench outdated development pathways. The EU needs to express strong commitment to making the 2030 Agenda and SDGs its compass in addressing the current crisis and its aftermath, in order to strengthen resilience in the EU and its partner countries. The political declaration should be a short and strategic document outlining how the Commission's six headline ambitions contribute to 2030 Agenda implementation. The political declaration can build on the 'Comprehensive Approach', incorporating key aspects from the staff working document. Council conclusions in response to the 'Comprehensive Approach' could be an important step in this direction.
- *Develop additional key targets.* The Council of the EU and Parliament should call on the Commission to develop additional key targets in areas where the EU is off track in terms of SDG implementation. Building on the targets related to the Green Deal (Table 1) and the conclusions of Eurostat SDG monitoring reports, the Commission should propose additional targets and indicators in areas where the EU and member states need to catch up to achieve the SDGs. It also needs to update targets that expire when the Europe 2020 strategy ends. Examples would be a poverty target, renewable energy targets and energy efficiency targets. Council conclusions in response to the 'Comprehensive Approach' offer an opportunity to call on the Commission to develop additional targets in key areas and to design a process that allows for a political debate on those targets.
- *Follow up on the political declaration and foster a political debate on where the EU stands in terms of SDG implementation and what additional reforms are*

*needed.* The information that the EU is generating on progress towards the SDGs through the Eurostat reports and through the European Semester need to be used as a basis for a political debate. Different options could be conceived to organise such a debate. The Council could ask Commission President Von der Leyen to report on progress on the SDGs during the annual State of the Union Address. An annual or biannual review conference could be organised by the European Parliament and the European Council where the Commission President and member states report on and discuss implementation of the political declaration proposed above (see also ESDR 2020). This annual review conference could also be an opportunity for Commissioners to report on how their DGs contribute to achieving the SDGs.

- *Integrate the SDGs into member states' recovery plans to live up to the promise of a sustainable and resilient recovery while monitoring progress towards the SDGs.* Despite the changing procedures in the European Semester process, the national recovery plans submitted by member states to the Commission as part of the NextGeneration EU process should make effective contributions towards the envisaged green and digital transition. Stakeholder dialogues organised in the member states to debate the draft plans need to include discussion of how the 2030 Agenda can help shape the national recovery programmes.
- *Foster strategic alliances across policy communities working on the 2030 Agenda and the European Green Deal to give leverage and political weight to the sustainability transformations.* Even though the Green Deal's objectives do not encompass the full set of SDGs, the Green Deal is currently the most promising EU initiative to move the EU closer to achieving the SDGs and the overarching goal of sustainable societies. Policy actors working on the SDGs should grasp this opportunity and work closely with the actors and institutions associated with Green Deal policies. This might include close cooperation between the various Council working groups responsible for the 2030 Agenda and Green Deal implementation. When implementing the Green Deal, the Commission would benefit from research and policy insights on SDG implementation, in particular regarding development of integrated policy approaches, trade-off management and creating co-benefits between different policy objectives.

- Give strategic priority to the 2030 Agenda in the EU's external relations with both richer and poorer countries and clarify the relationship between the 2030 Agenda and the Green Deal. In light of the international legitimacy of the 2030 Agenda, the EU should use it more strategically as a framework of reference in its relations with the Neighbourhood, Africa, North America and China. Instead of pointing to individual SDGs, the 2030 Agenda as a whole can help orient the EU's international partnerships in support of key transformations. While the Green Deal is of high priority within the EU and will de facto impact third countries, its legitimacy as a framework for international cooperation is limited, particularly in cooperation with countries and regions that have (not yet) developed Green Deal strategies for themselves. The EU therefore needs to clarify how and where the Green Deal overlaps with and contributes to work towards the 2030 Agenda and the related key transformations. Moreover, the EU should invest more in tracking and reducing its negative international spillovers, not only

with regard to security policy (arms trade) and tax havens, but also linked to CO2 emissions and the sustainability of value chains. Upcoming Eurostat SDG monitoring reports will include the EU's international spillovers. Based on key findings from these reports, the Commission should propose additional measures to reduce negative spillovers.

- Allocate sufficient administrative capacities and resources to work strategically towards the SDGs and Green Deal targets in the EU's international partnerships. If the EU seeks to work more strategically on the 2030 Agenda and on the international dimension of the Green Deal, it will need to leverage the Commissioners' Group on a Stronger Europe in the World (Box 2), chaired by Commission Vice-President and High Representative Josep Borrell. Moreover, to effectively implement its approach to the 2030 Agenda, the Commission will need to create a dedicated system of focal points at different levels of hierarchy across its DGs. ■

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