



## **EUROPEAN COMMISSION WORKING DOCUMENT CONSULTATION ON THE FUTURE "EU 2020" STRATEGY**

### **Comhar Sustainable Development Council (Ireland) Comments**

#### **Context**

The EU 2020 Strategy aims to put in place a policy framework for “a new sustainable social market economy, a smarter, greener economy, where our prosperity will come from innovation and from using resources better, and where the key input will be knowledge”. While this overall objective is welcome, Comhar SDC believes that the “EU 2020” Strategy must be compatible with principles of sustainable development. This is essential if economic recovery is not to undermine the long term ecological resilience and social cohesion in Europe. It is essential that the interaction between economic, environmental and social performance is better balanced in the new strategy and appropriate procedures are in place to achieve this objective.

#### **Lessons form the Lisbon Strategy**

The earlier Lisbon Strategy, initially adopted in 2000, had a sustainable development aspiration in prioritising the knowledge triangle (education, research, innovation), making Europe a more attractive place to invest/work, creating more and better jobs, as well as encouraging regulation and entrepreneurship to reflect sustainability lines.

However, under the ‘Lisbon Strategy’, economic growth and competitiveness, with an emphasis on deregulation, became objectives in themselves, rather than means to an end. Although progress has been made in some areas, social and environmental policies proved too weak to fully achieve their goals and failed to

prevent deepening ecological degradation and increasing inequality in our societies. On top of this, the EU is in the midst of an unprecedented economic downturn which has been compounded by the lack of adequate regulation, particularly in the financial sector. The current financial and economic crisis is the result of working with virtual financial capital and there are similarities to be found with the way we currently operate with natural capital.

Comhar SDC agrees with the view put forward by the *European Sustainable Development & Environment Advisory Councils (EEAC)*<sup>1</sup> that the Lisbon has not delivered its key objectives. Inequalities in economic performance remain, unemployment has not been reduced amongst the more vulnerable, and innovation has not taken off across the Union. Meanwhile, all the indicators of health, carbon emissions, stewardship of the natural environment, and citizen awareness of sustainability in shaping outlooks and consumption behaviour remain out of kilter with the sustainable development principles of living within nature's bounds, and creating a fairer and more resilient society and economy.

A review of the EU Sustainable Development Strategy (EU SDS)<sup>2</sup>, published by the European Commission in July 2009, concluded that the current economic and financial crisis has shown that sustainability is also a key factor for the financial systems and the economy as a whole. Measures to support the real economy and to reduce the social impact of the current crisis must be compatible with long-term sustainability goals and a strategy of green, smart growth.

There has long been a debate over the inherently conflicting objectives in the Lisbon Strategy, and the EU SDS. In theory, the Lisbon Strategy and the EU SDS are complementary approaches that prioritise different instruments and use different time frames. In practice, the Lisbon process and EU SDS too often operated in isolation from one another.

Too little attention has been given to developing synergies between the two approaches. There is only a limited institutional mechanism for linking these very important missions for the future of the EU. There is little policy coherence, there is an inappropriate budget arrangement, and there is limited meeting of the

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<sup>1</sup> Reconstructing the Lisbon Strategy for a Sustainable New Europe – A Chair's Paper from the EEAC's Working Group on Sustainable Development - O'Riordain, T. & de Smedt, J - 2009

<sup>2</sup> "Mainstreaming sustainable development into EU policies: 2009 Review of the European Union Strategy for Sustainable Development" – European Commission 28th July 2009

political minds over any significant effort to converge these two pathways to a better and more liveable Europe for all of its citizens.

The EU SDS seeks to guide all policy with reference to living within the boundaries of nature, guaranteeing public health and wellbeing, and ensuring that an ageing and shrinking society is taken into account in both social care and in economic protection. The seven key challenges, namely, *climate change, transport, consumption and production, natural resources, social inclusion and cohesion, global poverty alleviation, appropriate financing, and education and research*, are noble arenas for attention. But they do not translate easily into firm policy, especially when competitive and short term market pressures are involved, and global positioning is the order of the day.

The Commission Working Document uses the term “sustainable growth” but this is not defined. We feel it is timely to have a reflection on relationship between sustainable development and economic growth. The UK Sustainable Development Commission has already initiated this debate, with the proposition that reaching economic stability without growth is possible<sup>3</sup>, and it deserves to be addressed in the wider European context.

We support the EEAC view that it would be wise to give more attention to transforming the EU 2020 Strategy (as the successor of the Lisbon Strategy), and associated core EU agendas, as a means to present sustainable development as an effective and workable core for all future policymaking and delivery in Europe.

### **Strengthening coherence between the EU SDS and EU 2020**

There must be a strong coherence between the objectives of the EU 2020 Strategy and the EU SDS. This calls for an inclusion of more sustainable development issues in the EU 2020 Strategy, but also to address EU 2020 priorities in the EU SDS. The European Sustainable Development Network (ESDN)<sup>4</sup> has suggested some examples of how these priorities could be addressed:

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<sup>3</sup> “The Prosperity Without Growth” – UK Sustainable Development Commission - 2009

<sup>4</sup> European Sustainable Development Network Discussion Paper “Options and Opportunities for the Future EU Sustainable Development Strategy” - ESDN Conference 2009 - 17th to 19 June 2009 in Prague, Czech Republic

- *Economic Growth* (low carbon and low resource economy, relation between growth and quality-of-life, decoupling);
- *Knowledge and Innovation* (environmental technologies, eco-innovation, innovation and education for sustainable development);
- *Employment and Job Creation* (quality of employment, inter-generational solidarity, active aging);
- *Infrastructure and Energy Efficiency* (transformation of infrastructure towards energy efficiency, sustainable cities and transport, etc).

The EU SDS should be a general development strategy with a long-term perspective that defines the development trajectory for the EU and that takes into account the global context<sup>5</sup>. It should concentrate on cross-cutting issues and define an integrated policy framework within which the development objectives of the EU should be delivered. It should thus be the over-arching framework for all other EU policy strategies, including sectoral policy strategies, that outlines how to achieve a positive balance between economic development, social equity and environmental protection and that provides clear guidance on how to implement the strategy objectives in the various policy sectors and on the different political levels.

The EU SDS should also reflect upon the current financial and economic crisis and should outline how sustainable development can contribute to avoid or mitigate effects of similar future crises. Due to its long-term orientation and integrated policy approach, sustainable development is an important concept for addressing multiple crises and for providing an opportunity for transformation.

## **Governance and Mechanisms**

The current economic crisis reveals the shortcomings of global and European economic governance structures. Sound economic policy-making requires decision makers to better assess the potential economic, social and environmental consequences of their actions. Comhar SDC supports the view

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<sup>5</sup> See the EEAC's Statement - *Sustaining Europe for a long way ahead - Making long-term sustainable development policies work* - 2008

put forward by the *Spring Alliance*<sup>6</sup> that the governance and mechanisms of implementation need to be improved to ensure the delivery of the EU SDS and the EU 2020 Strategy, in particular the need to:

- Reorient the Better Regulation Agenda to the overarching goals of sustainable development.
- Strengthen compulsory sustainability assessments on environment, social, gender and equality objectives and assess costs of action and inaction.
- Improve qualitative methodologies, so social and environmental impacts are fully taken into account (even if they cannot always be monetised).
- Use indicators that go beyond GDP, including multiple indicators on well-being, the eradication of poverty, gender equality, equality for all (between the regions and rich and poor), and energy, natural resource use and ecosystem pressures.
- Ensure that assessments are made before decisions are taken but make sure that the final decision, in particular on trade-offs, remains in the political domain.
- Improve civil society consultations in such assessments and make methodologies and assumptions more transparent.
- Provide regular evaluation of the social and environmental impacts of existing policies (e.g. single market and liberalisation, state aid, public procurement). If the impact is negative, revise policies to strengthen their social and environmental objectives.

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<sup>6</sup> Spring Alliance for the European Union that puts people and planet first - 2009