EU Sustainable Development Networking Event
Windsor 14 & 15 July 2005

Workshop Theme 3 – Renewing the EU SDS[1]

The workshop provides an opportunity to discuss and feed into the European Commission's forthcoming proposal for a revised EU SDS. The Commission has set out its broad lines for the review, which will be reflected during the workshop.

Introducing the SDS review

The 2001 Commission proposal on the EU SDS stated that the Strategy 'will be comprehensively reviewed at the start of each Commission's term of office,' complementing annual review exercises. Since 2001 a number of significant changes have occurred, making such a review increasingly important.

The Commission is now some way down the road to completing the first SDS review, having organised a major consultation exercise and subsequently having set out its 'future orientations' in a Communication published in February 2005 (COM(2005)37). The Spring Summit 2005 broadly confirmed the Commission's approach, stating that a 'new, more comprehensive and more ambitious strategy, comprising targets, indicators and an effective monitoring procedure' is to be based on a positive long-term vision and fully integrating the internal and external dimensions.

The next step is for the Commission to prepare a Communication containing concrete proposals for renewing the EU SDS. This is expected in October 2005. The basis for the renewal is provided by a set of SD principles agreed by Heads of State and Government in June 2005.

This briefing sets out some of the parameters of the EU SDS review before exploring options and implications of some of the Commission's 'future orientations'. A number of concrete questions are raised in the text, to be addressed during the Windsor SDS networking event on 14 & 15 July 2005.

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[1] This background paper has been prepared by the Institute for European Environmental Policy and does not necessarily represent the views of DEFRA.

Reflections on the existing EU SDS

In 2001 the Commission came forward with a proposal for a EU SDS (COM(2001)264) and Heads of State endorsed elements of the document at the Göteborg Summit. Reflecting the weak global dimension of the EU SDS, and in the run-up to the Johannesburg World Summit on Sustainable Development (WSSD) in August 2002, a Communication on the external dimension of sustainable development (COM(2002)82) was produced and related Council Conclusions adopted at Barcelona Summit in 2002. These texts are together referred to as forming the basis of the comprehensive EU SDS.

Apart from confusion among stakeholders caused by the complex nature of the EU SDS, it suffers from a number of other now widely recognised weaknesses. Many of these were identified during the Commission's public consultation on the EU SDS. They include:

- the difficult balance within the three dimensions of sustainability and unclear links with the Lisbon Strategy;
- the fact that the Commission's new Impact Assessment procedure – presented as one of the main tools for delivering SD - has failed thus far to meet expectations;
- the limited attention given to social and global dimensions;
- the lack of suitably specific objectives, targets and deadlines;
- less than optimal monitoring and reporting;
- inadequate communication with and mobilisation of citizens; and
- issues of coordination vertically between the EU and national SDSs, as well as between the EU and global initiatives.

Discussions on the renewal of the EU SDS are seeking to address these weaknesses, as well as taking account of important developments since 2001 in policy and in the world more generally. These include:

- the worsening of unsustainable trends – notably pressure on natural resources, biodiversity, climate, inequality and poverty, and an ageing population in the EU;
- Europe's relatively poor economic performance coupled with new competitive pressures;
- new international commitments and negotiations that need to be matched by increased implementation efforts;
- security threats such as terrorism, natural threats and health scares, and the need to act against growing organised crime, corruption and racism; and
- enlargement of the European Union to 25 Member States.

The Commission's future orientations – exploring some issues and options

The Commission has suggested (COM(2005)37) that the revised SDS will need to adopt a broader approach that also reflects the necessary structural changes in the economy. The so-called 'new approach' to policy-making needs strengthening in favour of sustainability, the three dimensional

approach reaffirmed, and external aspects fully integrated and reinforced. The Commission has also outlined a number of more specific 'future orientations' for the EU SDS. These and some related options or implications are explored further as follows.

Basic principles of the EU SDS

Apart from seeking to clarify the concept of SD and complementarity between the EU SDS and the Lisbon Strategy, the Communication reaffirms the three-dimensional nature of the SDS and the fact the EU's contribution to global SD is to be taken into account.

The EC Treaty establishes sustainable development as one of the EU's overarching objectives, which the EU SDS is intended to help deliver. Indeed, according to the 2005 Spring Summit, 'the Lisbon Strategy itself is to be seen in the wider context of the sustainable development requirement that present needs be met without compromising the ability of future generations to meet their own needs.'

A key question is how to translate the SDS/Lisbon relationship into practice, such that Lisbon actively supports the delivery of the EU SDS by focusing on sustainable growth and sustainable jobs.

In relation to global SD, the need to further strengthen the external dimension of the EU SDS has repeatedly been acknowledged since the Gothenburg Summit in 2001. This includes giving full recognition to the regional or global implications of current and future EU development patterns, and lifestyle and technology changes at home that may be necessary to make room for the sustainable development of third countries, eg, in China, Brazil and India. In sum, the EU SDS can aim to maximise the EU's contribution to global sustainability. This will require new approaches to policy development, both in terms of domestic and foreign affairs.

> 1   What should the EU SDS contain to ensure greater coherence between it and the Lisbon Strategy? How should reporting on the two processes be arranged to support such coherence?
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> How can the EU SDS fully reflect the external dimension of EU development?

New approaches to policy making and coherence

The 'future orientations' Communication suggests reinforcing the 'new approach to policy making' that was promoted as a key feature of the proposed 2001 SD strategy. Efforts are to be boosted in relation to the EU's Better Regulation agenda, including Impact Assessment and the application of its principles and standards by the European Parliament and Council. The Open Method of Coordination, market-based instruments and investments in science and technology are also highlighted as areas to be reinforced.

The Commission's Impact Assessment (IA) procedure has the potential to generate information that is balanced and based on meaningful consultation. Several shortcomings in the current approach have been identified, however,

including the difficulty in securing quantified information on environmental costs and benefits, and a weak linkage to proposed amendments from the Council and European Parliament. Information from the national level on the costs of action and inaction could reinforce IAs. Recent changes to the IA guidelines should lead to significant improvements, however.

The Open-Method of Coordination (OMC) is already used in several areas of SD policy, most notably social policy and the Lisbon Strategy. OMC is not applied to the EU SDS itself, but some type of coordination could be valuable as a means of supporting the implementation and effectiveness of EU policy.

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2   What type of coordination between the Member States and the Commission should be established in order to support implementation of the EU SDS?

Focusing on the key trends and linkages between them

The focus on trends that pose a threat to SD is to be maintained, with a thorough assessment of trends in those areas already covered by the EU SDS so that objectives and necessary actions can be identified. The priority areas should also be brought in line with international commitments and updated to reflect enlargement. Some new trends could be added. Relationships between trends are to be identified.

As concerns the external dimension of the SD strategy, there is general agreement that more emphasis ought to be placed on trends relating to global poverty reduction and the delivery of the Millennium Development Goals. Apart from these, the main priority issues identified in the Gothenburg strategy are arguably still relevant.

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3   What are the trends and linkages between solutions that should be reflected in the revised SDS, bearing in mind the need for the EU SDS to add value?

Objectives, targets and milestones

Clearer headline objectives and intermediary milestones, ie targets and deadlines, are to give focus to priority actions and allow progress to be measured. These are to be translated into sectoral operational objectives and action plans, also to be the main vehicle for implementation and monitoring policy.

An SD strategy is more likely to succeed if it uses simple and accessible language, and includes objectives and targets that are quantified as far as possible and which allow progress to be measured. Scenarios can be used to establish milestones. The existing EU SDS (Gothenburg) does not contain clear objectives, milestones or deadlines, making monitoring and evaluation difficult. This and the language used also makes it more difficult to convey to stakeholders what sustainable development means and the direction of change to be expected.

Objectives and associated timeframes need to be feasible and realistic. A major issue is also ensuring sufficient linkage between the three dimensions of SD when defining objectives, ensuring that opportunities for mutual benefit are identified and exploited, trade offs fully reflected and critical thresholds observed.

The sectoral strategies developed under the so-called 'Cardiff Integration Process' were an attempt to get nine Council formations to identify and commit to actions to integrate environmental issues into their work. The development of new sector-specific SD action plans would be able to build on the Cardiff Process. Alternatively, a cross-sectoral, thematic approach could be taken, focusing on problems and issues such as sustainable production and consumption, rather than sectors, along the lines of the Sixth Environmental Action Programme Thematic Strategies.

> 4   What are the headline objectives that need to be included in the revisited EU SDS? How should milestones be expressed? Should operational objectives and targets be developed on a thematic basis, for example sustainable production and consumption, or on a sectoral basis?

Effective monitoring

A reinforced SD reporting system is, according to the Commission, to focus on short and medium-term delivery of the objectives, combining and simplifying current reports, and clarifying the institutional responsibilities of the Council and European Parliament. Monitoring will be based *inter alia* on SD indicators, drawing on sectoral and structural indicators.

Annual reporting on the development and implementation of the EU SDS was to be addressed by the Spring Summits. In practice, the spring summits have considered progress on the EU SDS in only a marginal way, in relation to a sub-set of the limited set of 'structural' indicators. There is also no formal requirement for Member States to monitor and report on the implementation at national level of the EU SDS, in contrast to reporting under the Lisbon Strategy. SD has frequently been equated with the environment, moreover. There is scope for a better, regular reporting mechanism, based on relevant, measurable and comparable indicators, reflecting the three dimensions of SD. At the same time, it is important to reflect on ways of limited the reporting burden.

Institutional responsibility within the Commission, as well as the Council and European Parliament, has in the past not always been allocated or made sufficiently clear. In practice, environmental actors have assumed key roles, despite the three dimensional nature of sustainable development. In addition, and in contrast with national arrangements, there is no EU level independent body to oversee progress in implementing the SDS or to introduce a long-term perspective to SD discussions.

> 5   What reporting arrangements would be acceptable, given the desire to minimise the reporting burden? Where should institutional responsibility for driving forward and monitoring the EU SDS lie? Could national experience with independent SD advisory bodies be translated to the EU level?

Ownership and cooperation with actors

The 'future orientations' Communication refers to the creation of effective partnerships with stakeholders in the EU and partners outside the EU. To ensure consistency between different levels of government, actions may include identifying common priorities under headline objectives, starting a process of mutual learning, and setting up mechanisms for permanent exchange of information on best practice.

Effective partnerships are supported by establishing close collaboration - already in the development of the SD strategy - with the EU institutions, Member States and civil society. A participatory approach has been taken in revising the SD strategy but further discussion and time will be required in order to reach a broad social consensus and ownership of the strategy at EU level and amongst EU citizens.

Broader ownership of the SDS will make cooperation in its implementation much easier, serving as the basis for developing common priorities for implementation. Partnerships with stakeholders could prove to be fruitful. Mutual learning with regions, Member States and third countries can be supported by SD networks and mechanisms to gather and make available lessons from past practice.

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6   How might stakeholder partnerships be developed, monitored and evaluated? What role could the EU SD network events play in supporting co-ordination and mutual learning?