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ESDN Quarterly Report December 2008

The Interfaces between the EU SDS and the Lisbon Strategy: Objectives, governance provisions, coordination and future developments

by Gerald Berger & Wilhelm Zwirner

This ESDN Quarterly Report (QR) focuses on the interfaces between the EU Sustainable Development Strategy (EU SDS) and the Lisbon Strategy processes. These two main EU strategies outline important development trajectories, include sustainable development (SD) objectives and define governance structures which have impacts not only on the European, but also on the Member States' and sub-national levels. Due to the similar timetables of review processes of both strategies and the fact that the Lisbon Strategy will terminate in 2010 make a reflection on their interfaces and the future strategic development of the EU necessary and timely. After a brief outline of two major governance issues in relation to both strategies (policy integration and multi-level governance), the QR provides an overview of the Lisbon Strategy and the EU SDS as well as of the similarities, differences and interfaces of the strategies. This is followed by two scenarios of future strategic development in the EU post-2010. On interfaces and future scenarios, the QR includes topics presented in the keynote speeches and the main issues raised and discussed during the 3rd ESDN Workshop in Brussels in November 2008. Finally, the QR presents the results of a survey among SD coordinators, conducted by the ESDN Office, on the links between the EU SDS and Lisbon Strategy processes on the Member States level.

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Policy integration and multi-level governance

The Lisbon Strategy and the EU SDS are the two main EU strategies that outline important development trajectories, include sustainable development (SD) objectives and define governance structures which have impacts not only on the
European, but also on the Member States’ and sub-national levels. Both strategies comprise two governance issues which are crucial for their success: policy integration and multi-level governance. In the following sub-sections, we will briefly outline these two concepts and their importance for the Lisbon Strategy and the EU SDS.

**Policy integration**

There is, generally, a long tradition in the EU of integrating and coordinating different sectoral policies: this has been an important issue since the establishment of the Common Internal Market and since then, various challenges (e.g. climate change, demographic change, sustainable production and consumption, public health, etc) increasingly cross the boundaries of sectoral policies. Policy integration (or ‘policy coherence’ as it is also referred to) has thus been defined as one of the ‘good governance’ principles in the White Paper on European Governance (European Commission, 2001a, 10).

For a long time, ‘policy integration’ in the EU has been defined according to the Cardiff process: at the European Council meeting in Cardiff in June 1998, a decision was taken that environmental concerns have to be integrated in the definition and implementation of EU policies (European Council, 1998, para 32) in order to contribute to implementing Article 6 of the EU Treaty (Official Journal of the European Union, 2006). There is a vast amount of research on ‘environmental policy integration’ (EPI) (e.g. von Homeyer & Knoblauch, 2008; EEA, 2005; Lafferty & Hovden, 2003; Lenschow, 2002) and the European Commission took stock of the Cardiff process in 2004. Although EPI can certainly contribute to achieve sustainable development (SD) objectives, it is not sufficient for comprehensively implementing SD.

One of the biggest challenges of SD is, therefore, not only to integrate environmental aspects into other sectoral policies, but to develop a genuine governance and policy concept which fosters the integration and coordination of all sectoral policies. In this context, policy integration can be defined as the “coming-together of different policies (...) without explicitly prioritising one policy over another” (EEA, 2005, 13). This means that in the decision-making process, all sectoral policies and the impacts on them by the potential decision(s) must be taken into account. Not surprisingly, policy integration is among the policy guiding principles of the renewed EU SDS (European Council, 2006a, 5). Policy integration is also decisive for the Lisbon Strategy which is equally concerned with economic, social and environmental issues, however, with a different focus than the EU SDS. More on the objectives of both strategies and their efforts for policy integration can be found in the sections below.

In a policy brief, based on findings from case studies in five countries (OECD, 2002a), the OCED presented a checklist of criteria for improving policy integration for SD. The OECD argues that these criteria “constitute some of the fundamental elements that need to be borne in mind when assessing institutional and decision-making practices for SD” (OECD, 2002b, 5-7). The five criteria are:

- **A common understanding of SD**: Although the SD concept has been agreed at the international level, this does not automatically mean that the implications of economic, social and environmental issues are adequately brought into the political debate and into the various sectoral policy agendas and that the relationship between policies is properly clarified.
- **Clear commitment and leadership**: Political commitment to SD objectives, leadership and communication of this commitment are essential to support the development of strategies and their subsequent implementation.
- **Specific institutional mechanisms to steer integration**: This comprises, e.g. clear institutional responsibilities for policy integration and strategy implementation, sectoral strategies that are in line with the overall SD objectives, monitoring mechanism, multi-level governance, etc.
- **Effective stakeholder involvement**: Stakeholder groups (e.g. businesses, trade unions, NGOs, citizens’ associations, etc) should be encouraged to participate actively; governments should ensure that the consultation and participation processes feed effectively into the decision-making processes.
- **Effective knowledge management**: Improved scientific input to policy development and delivery as well as better links between the scientific community and policy-makers are essential for SD policy-making.

**Multi-level governance**

The EU can be regarded as a truly multi-level system of governance where competencies, responsibilities and decisions are shared among authorities from different political levels (i.e. European, national, regional, and local). It is thus not surprising that the academic engagement with ‘multi-level governance’ originated in European integration research. The concept of ‘multi-level governance’ was developed by Gary Marks & Liesbet Hooghe in the early 1990s. According to both scholars, multi-level governance implies the “re-allocation of authority upwards, downwards and sideways from central states” (Hooghe & Marks, 2003, 1). Consequently, governance (i.e. the steering capacity in a political system) is distributed among multiple centres of authority. However, multi-level governance does not only refer to the distribution of authority among different layers of government, but also to the inter-dependence of the different layers (Kohler-Koch & Rittberger, 2006).

One can distinguish three main characteristics of multi-level governance (von Homayer & Knoblauch, 2008; Watson et al., 2004):

- Decision-making competencies are increasingly shared between actors and institutions which operate at different levels of government.
New forms of networks and partnerships arise which are concerned with governance within, between, and across the different levels of government. The increasing complexity of different levels and actors involved in governance issues leads to a blur in the division between different levels of government.

Multi-level governance is also addressed in the White Paper on European Governance (European Commission, 2001a, 34-35) which states that the EU should be “based on multi-level governance in which each actor contributes in line with his or her capabilities or knowledge to the success of the overall exercise. In a multi-level system the real challenge is establishing clear rules for how competence is shared - not separated”.

Both strategies, the Lisbon Strategies and the EU SDS, include objectives and governance provisions which have implications for all levels of government. Although based on different preconditions and circumstances, which are described in more detail in the following sections below, both strategy processes are based on multi-level governance and vertical integration. In this context, it is important to note that vertical integration is often used synonymous with multi-level governance; however, multi-level governance is the precondition to enable vertical integration, i.e. the coordination of decision-making and policy delivery on the different political levels.

In the following section, we provide an overview of the Lisbon Strategy and the EU SDS and identify similarities, differences and interfaces of both strategies.

### Overview of the Lisbon Strategy and the EU SDS

One of the major objectives of the EU is “to promote economic and social progress and a high level of employment and to achieve balanced and sustainable development” (Official Journal of the European Union, 2006, Art. 2). Both, the Lisbon Strategy and the EU SDS, aim to contribute to achieving this objective and thus outline the strategic development trajectory of the EU. Both strategies refer to their complementarity in achieving strategic EU objectives. However, they also indicate their different focus: While the EU SDS is primarily concerned with quality of life, intra- and inter-generational equity and coherence between the different policy areas (European Council, 2006a, para 7), the Lisbon Strategy mainly deals with measures to enhance economic growth and employment (European Council, 2005, para 5).

Nevertheless, the European Council in its adopted version of the renewed EU SDS claims that “the EU SDS forms the overall framework within which the Lisbon Strategy […] provides the motor of a more dynamic economy” (European Council, 2006a, para 8). The upcoming review processes and updates of both strategies - mainly the end of the ten year period of the Lisbon Strategy - make a reflection about the interface and future of the Lisbon process and the EU SDS necessary and timely.

### Lisbon Strategy

Faced with “a quantum shift resulting from globalisation and the challenges of a new knowledge-driven economy [which] require a radical transformation of the European economy” (European Council, 2000, para 1), the European Council at its meeting in Lisbon in March 2000 adopted the strategic goal of the EU “to become the most competitive and dynamic knowledge-based economy in the world” (ibid, para 5) by 2010. What has become widely known as ‘Lisbon Strategy’ initially aimed at

- preparing the transition to a knowledge-based economy and society (better policies for the information society and R&D),
- modernising the European social model, and
- sustaining a healthy economic outlook and favourable growths perspectives.

Environmental and/or SD issues were only mentioned three times and very generally in the Lisbon Council conclusions: Firstly, it is argued that a knowledge-based economy will be capable of improving citizens’ quality of life and the environment. Secondly, the Council argued that information technologies can promote environmentally sound technologies. And thirdly, corporate social responsibility (CSR) is mentioned as the companies’ contribution to social and environmental issues.

As regards the governance of the Lisbon process, the European Council in its spring meetings would take on a guiding and coordinating role to ensure coherence and monitoring of progress of the strategic goals. Due to the fact that economic and social policy largely fall under the responsibility of the Member States, the implementation of the Lisbon goals were to be facilitated by applying the new open method of coordination (OMC) in order to spread best practice and achieve greater convergence. The OMC was aimed to help Member States to develop their own policies and comprises the following aspects:

- Fixing guidelines for the EU combined with specific timetables for achieving the goals;
- Establishing quantitative and qualitative indicators and benchmarks against the best of the world and tailored to the needs of different Member States as a means of comparing best practice;
Translating European guidelines into national and regional policies by setting targets and adopting measures; and
Periodic monitoring, evaluation and peer review organised as mutual learning process.

In March 2004, the European Council initiated an independent **mid-term review** of the Lisbon process. The review was undertaken by a High Level Group that was headed by the former Dutch Prime Minister, Wim Kok, and consisted of 13 members who represented different stakeholder views. The so-called 'Kok Report' observed a “disappointing delivery [which] is due to an overloaded agenda, poor coordination and conflicting priorities”, therefore, “better implementation is needed now to make up for lost time” (European Communities, 2004, 6). The report suggested to develop national policies in each Member State, supported by a European-wide framework and to act in a more concerted way.

Acknowledging the mixed results of the initial strategy, the European Council in its meeting in Brussels in March 2005 **re-launched the Lisbon Strategy (Partnership for Growth and Employment)** and re-focused the priorities on growth and employment. The three vital strands of the re-launch are:

- Knowledge and innovation for growth;
- Making Europe a more attractive place to invest and work; and
- Creating more and better jobs.

The main idea behind the re-launch was that “Europe must renew the basis of its competitiveness, increase its growth potential and its productivity and strengthen social cohesion, placing the main emphasis on knowledge, innovation and the optimisation of human capital” (European Council, 2005, para 5). Although the Council conclusions point to the strategy’s three dimensions (i.e. economic, social and environmental), they did not outline an integrated policy approach based on the SD concept. The predominance of growth and employment issues is underlined by the lower significance of and very general reference to environmental issues: The Council conclusions very broadly mentioned five SD issues in the context of growth and employment, namely (1) eco-innovation and eco-technology, (2) sustainable management of natural resources, (3) energy efficiency, (4) biodiversity, and (5) sustainable production and consumption (European Council, 2005, para 19-20).

With the aim to make “a bigger and more practical contribution to growth and employment” (European Council, 2005, para 38), a more streamlined and simplified **governance process** was introduced in 2005. Based on a three-year cycle, which started in 2005 and was renewed in 2008, the governance of the Lisbon Strategy includes the following steps:

- A set of ‘integrated guidelines for growth and jobs’ adopted by the Council which include broad economic policy guidelines (BEPGs) and employment guidelines (EGs);
- On the basis of the ‘integrated guidelines’:
  - A ‘Community Lisbon Programme’ which sets out actions to be undertaken at the EU level, and
  - ‘National Reform Programmes’ (NRPs) which set out actions in the Member States in order to reach the Lisbon objectives;
- Each Member States appoints a Lisbon national coordinator, often referred to as ‘Mr or Ms Lisbon’, who are often high-level politicians (e.g. ministers);
- Member States have to submit annually a national report on the implementation of their NRPs;
- The European Commission compiles a ‘strategic report’ (annual progress report on meeting the strategy’s objectives, including an assessment of achievements in the Member States) which is discussed at the annual spring Council meetings.

Figure 1 below shows a simplified version of the Lisbon governance process:
The ‘Integrated Guidelines for Growth and Jobs’ (European Communities, 2005) outline measures that the EU and the Member States should carry out in order to reach the Lisbon objectives in the period 2005-08. The ‘broad economic policy guidelines’ (BEPGs) are again sub-divided into macro- and micro-economic guidelines, the latter being particularly relevant for the Member States. The ‘employment guidelines’ (EGs) are also directed towards the Member States. In total, 24 integrated guidelines are presented in this document that was compiled by the European Commission and are presented in Table 1 below:
Table 1: Integrated guidelines for growth and jobs, 2005-08 (European Communities, 2005, 5)

As can be seen in Table 1, only guideline number 11 is concerned with SD and environmental issues. The exact description of guideline 11 can be found in Table 2 below:

<table>
<thead>
<tr>
<th>Guideline No 11</th>
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<tbody>
<tr>
<td>To encourage the sustainable use of resources and strengthen the synergies between environmental protection and growth, Member States should:</td>
</tr>
<tr>
<td>give priority to energy efficiency and co-generation, the development of sustainable, including renewable, energies and the rapid spread of environmentally friendly and eco-</td>
</tr>
</tbody>
</table>
Table 2: Guideline 11 of the 'Integrated Guidelines for Growth and Jobs' (European Communities, 2005, 19-20)

The SD/environmental issues included in this single guideline are consistent with the one in the 2005 spring Council conclusions with the exception that the fight against climate change is highlighted only in the guidelines.

Based on the Integrated Guidelines, the European Commission (2005b) has published a 'Community Lisbon Programme' in July 2005 in which it outlines macro-economic measures on the EU level for the period 2005-08. Also based on the Integrated Guidelines, each Member State has developed a National Reform Programme (NRP) until October 2005, covering the period 2005-08 (all NRPs can be found by following this link). Generally, NRPs vary considerably across Member States, for instance regarding the formulation of targets. While some Member States have tried to integrate EU and national priorities in a set of often quantitative and timed objectives, others are less comprehensive. Additionally, while some NRPs clearly describe the content and form of policy measures addressing the objectives, this information is often lacking in other NRPs (Steurer et al, 2008) Moreover, the Member States produce annual reports on the implementation of their NRPs. So far, national implementation reports by each Member States have been published in 2006 and 2007. Detailed information about the NRPs as part of the Lisbon governance process can be found in the ESDN Quarterly Report, March 2008.

The European Commission assesses annually the achievements of each Member States. In 2006 and 2007, the Commission also issued country specific recommendations for each Member State. The Commission then summarises general progress towards the Lisbon objectives in 'strategic reports'. In the strategic report of December 2007, the Commission argued that "although there is a broad consensus on what needs to be done, the pace of delivery has been uneven. All Member States have implemented substantive reforms since 2005, but some have responded more robustly to the challenge than others. Some sign of 'reform fatigue' have become apparent over the last twelve months" (European Commission, 2007a, 6). The latest strategic report was issued by the Commission in late November 2008 (European Commission, 2008). This 'European Economic Recovery Plan' is the Commission's response to the current economic and financial situation and includes several new strategic aims.

The European Council in March 2006 agreed on four priority areas of the Lisbon process (European Council, 2006a, para 16):

- Investing more in knowledge and innovation;
- Unlocking business potential, especially of small- and medium-sized enterprises (SMEs);
- Increasing employment opportunities for priority categories (i.e. young people, women, older workers, persons with disabilities as well as legal migrants and minorities); and
- Energy policy for Europe.

In the spring European Council meeting in March 2007, a comprehensive energy action plan, ‘Energy Policy for Europe’ (EPE), was adopted for the period 2007-09. It includes the often quoted '20-20-20' objectives, i.e. (i) a 20% reduction of greenhouse gas emissions by 2020 compared to 1990, (ii) saving 20% of the EU's energy consumption compared to projections for 2020, and (iii) a 20% share of renewable energies in overall EU energy consumption by 2020 (European Council, 2007a). A renewed energy action plan will be adopted by the European Council in 2010.

The second three-year cycle was renewed at the March 2008 European Council. The Council confirmed that the Integrated Guidelines will remain valid for the period 2008-10 and reconfirmed the four priority areas agreed in the spring 2006 Council meeting. Moreover, it was decided that Member States should develop action plans that set out detailed and concrete measures on how to reach the Lisbon objectives (European Council, 2008, para 4-5).
Finally, the European Commission published the new ‘Community Action Programme for 2008-10’ that presented ten key objectives which are based on the Integrated Guidelines and rest on the four priority areas (please see Table 3 below).

![Table 3: The 10 key objectives of the new Community Lisbon Programme 2008-10 (European Commission, 2007b, 4)](image)

In the context of SD, the key objectives 8 and 9 are of particular relevance. The two objectives are described in more detail below (European Commission, 2007b):

- **Objective 8**: The Community will complete the internal market for energy and adopt the climate change package in order to put in place the framework to achieve at least a 20% reduction in greenhouse gas emissions and reach a 20% renewable energy share by 2020.

It should be noted that one of the objectives of the EPE and the renewed EU SDS - saving 20% of the EU's energy consumption compared to projections for 2020 - is not mentioned in this objective.

- **Objective 9**: The Community will promote an industrial policy geared towards more sustainable production and consumption, focusing on renewable energies and low-carbon and resource-efficient products, services and technologies.

On the ‘growth and jobs’ website of the European Commission, it is argued that the various objectives and areas of actions of the Lisbon Strategy have been streamlined in order to have quantified main targets and simplified processes. The main targets are (a) investing 3% of Europe’s GDP in R&D by 2010, (b) achieving an employment rate of 70% by 2010, and (c) reducing greenhouse gas (GHG) emissions by 20% in 2020.

The current Lisbon Strategy will end in 2010 and this fact as well as the *post-2010 period* are addressed by the European Council in its March 2008 conclusions: “The European Council furthermore stresses that a continued EU-level commitment to structural reforms and sustainable development and social cohesion will be necessary after 2010 in order to lock in the progress achieved by the renewed Lisbon Strategy for growth and jobs. The European Council therefore invites the Commission, the Council and the National Lisbon coordinators to start reflecting on the future of the Lisbon Strategy in the post-2010 period.” (European Council, 2008, para 6)

Table 4 below presents **selected strengths and weaknesses** of the Lisbon Strategy and related processes:

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
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<tbody>
<tr>
<td>Limited set of quantified headline targets (3% of GDP investment in R&amp;D, 70% employment rate, 20% GHG emission reduction) enable better communication of Lisbon goals.</td>
<td>Changing main strands, objectives and action areas between original Lisbon Strategy and the renewed Strategy make it difficult to identify the major focus of the strategy document(s).</td>
</tr>
</tbody>
</table>
Clear focus on economic growth and increased employment, both issues are of high public interest. | No integrated strategy in accordance with SD concept (SD and/or environmental issues are an add-on, but not integrated in strategy approach and objectives); no ambitious environmental objectives and limited long-term orientation.

Streamlined governance structure and ideal-type OMC from the beginning. | OMC is ‘soft governance’ approach (i.e. guidelines, benchmarks, mutual learning); Member States have responsibility in economic and social policy which makes uniform EU approach difficult.

Top-down genesis of strategy process: European Council has guiding role, Commission develops ‘Community Lisbon Programme’ and Member States compile ‘National Reform Programmes’ - all based on Integrated Guidelines (for EU and Member States levels). | Strong focus on ‘sustainable growth’, but relation between growth and SD is not openly addressed.

Annual reporting process: Implementation reports by the Member States; strategic reports and country-specific recommendations for each Member State by the Commission. | Pace of delivery and results in achieving Lisbon objectives are mixed and uneven in the Member States; they may occur negative effects of missed targets.

National Lisbon coordinators were appointed in each Member State to improve exchange with Commission (Secretariat-General) and guide coordination of Lisbon process at the national level. ‘Mr or Ms Lisbon’ are usually high-level politicians. | No clear indication was provided by the European Council on the relationship between the future Lisbon Strategy process and the EU SDS post-2010.

High political visibility of the strategy and its objectives in the wider policy context in Europe. Post-2010 debate on future of Lisbon Strategy has already been initiated by the European Council. | Cooperation process between Lisbon Strategy and EU SDS unclear in some Member States.

Table 4: Strengths and weaknesses of Lisbon Strategy and related processes

EU SDS

At its meeting in Gothenburg in June 2001, the European Council agreed on the first EU SDS. The document was not only important for the preparation to the UN World Summit on Sustainable Development (SD) in Johannesburg in 2002 (Rio +10), but also in terms of addressing the economic, social and environmental objectives formulated in the EU Treaties. The Council Conclusions stated that the EU SDS “completes the Union’s political commitment to economic and social renewal [and] adds a third, environmental dimension to the Lisbon strategy” (European Council, 2001, para. 20). The first EU SDS defined four priority areas: (1) Combating climate change, (2) ensuring sustainable transport, (3) addressing threats to public health, and (4) managing natural resources more responsibly. It aimed to improve policy coordination at the level of the Member States and thus the Council invited Member States to draw up their own national SD strategies (NSDSs) and underscored the importance of stakeholder consultation. Overall, the first EU SDS comprised 14 paragraphs on 4 ½ pages in the Gothenburg Council conclusions and was regarded by many as temporary EU SDS (Steurer & Martinuzzi, 2005). The strategy offered an overview of some general SD issues, a policy-making approach and shortly outlined the priority areas. It did not include, however, quantified and measurable targets nor a comprehensive implementation strategy. Although the EU SDS was based on the communication of the European Commission (2001), ‘A Sustainable Development for a Better World’, this more extensive document was only ‘welcomed’ by the European Council.

Based on the results of a public consultation process initiated in 2004, the European Commission presented a review of the EU SDS in 2005. The Commission argued in this document that although several strategic initiatives had been started, “not enough progress has been achieved; unsustainable trends have yet to start to reverse” (European Commission, 2005c, 4). In order to meet the challenges and to reverse negative trends, the European Council adopted the renewed EU SDS in June 2006 that “sets out a single, coherent strategy on how the EU will more effectively live up to its long-standing commitment to achieve the challenges of SD” (European Council, 2006b, para 4). Compared to the first EU SDS, the renewed strategy is more comprehensive and includes clearer governance and implementation provisions.

The renewed EU SDS includes 7 key challenges and thus adds three priority areas to the ones already identified in the first EU SDS. Moreover, each key challenge includes detailed ‘operational objectives and targets’ as well as ‘actions’ needed in order to achieve the set objectives. The key challenges are: (1) Climate change and clean energy; (2) sustainable transport; (3) sustainable consumption and production [new]; (4) conservation and management of natural resources; (5) public health; (6) social inclusion, demography and migration [new]; and (7) global poverty and SD challenges [new]. Additionally, the renewed EU SDS includes two cross-cutting policies that aim to contribute to the knowledge society, namely education and training as well as research and development. Although still putting a focus on environmental issues, the renewed EU SDS tries to balance economic, social and environmental objectives more evenly than has been the
case previously. However, the strategy does not clarify the relationship between economic growth (one of the main objectives of the Lisbon strategy) and SD.

The renewed EU SDS also defines **policy guiding principles and ways for better policy-making**. Two issues are of great significance in this respect: On the hand, the integration of sectoral policies and, on the other hand, a coherent approach for SD on all political levels. Therefore, both horizontal (cross-sectoral integration) and vertical (integrated approach on all levels) integration are prevailing governance principles of the EU SDS.

What is also new in the EU SDS of 2006 is the **introduction of a governance cycle and outline of implementation processes**:

On the level of the EU, the renewed EU SDS outlines that the European Commission every two years will publish a progress report on the implementation of the strategy in the EU and the Member States. The **first progress report** was issued on 22 October 2007 (European Commission, 2007c) and was based on an SD indicator set and the Monitoring Report of Eurostat as well as on the national reports on implementing the EU SDS. In this progress report, the Commission (2007c, 3) argues that “relatively modest progress on the ground” has been achieved, although it is acknowledged that “policy initiatives at both EU and Member States level” are more encouraging, particularly on climate change and sustainable energy use. The report further remarks that one can discern increasing convergence between the different actors (e.g. EU, Member States, businesses, NGOs, etc) on various priorities. Nevertheless, cross-sectoral policy integration is identified as one of the major challenges that still needs to be addressed on all political levels. At the EU level, the challenge to integrate the long-term objectives of SD with the medium- to short-term goals of the Lisbon Strategy (i.e. growth, competitiveness and employment) needs to be solved. For the Member States, no country-specific recommendations are provided in the progress report or related documents.

The European Council in its December meeting will review progress and priorities of the EU SDS every two years, also “taking account of priorities under the Lisbon Strategy for growths and jobs” (Council of the EU, 2006b, para 38). **In December 2007, the Council for the first time reviewed the EU SDS and presented the following conclusions** (Council of the EU, 2007b, para 56):

- The objectives and priorities of the EU SDS’ seven key challenges remain fully valid and thus “the main focus should be on effective implementation at all levels”;
- The EU SDS and the NSDSs “need to be linked up more closely”;
- The governance structure and tools of the strategy (particularly monitoring progress and sharing best practices) must be fully used and strengthened;
- The EU’s integrated climate and energy policy, the approach to sustainable management of natural resources, the protection of biodiversity and ecosystems as well as sustainable production and consumption are among “the drivers for achieving objectives under both the EU SDS and the Lisbon Strategy”;
- A continued move towards more sustainable transport and environmentally-friendly transport modes is crucial.

The next progress report of the Commission is due in June 2009, followed by a review of the European Council. The renewed EU SDS states that the Council at the latest in 2011 will decide whether a comprehensive review of the strategy is necessary.

On the level of the Member States, the EU SDS claims that all Member States should have developed **NSDSs** by June 2007 and that further revisions should be undertaken in light of the renewed EU SDS. Based on information available to the ESDN Office, 25 EU Member States currently have adopted an NSDS. The remaining two Member States have the following status: Bulgaria is at the moment preparing its first NSDS and the Netherlands have decided not to prepare a separate NSDS document, but rather develop a ‘strategic approach for SD’. Generally, it is important to note that most Member States have developed and adopted their NSDSs well before the renewed EU SDS (most around 2002, some have adopted revised NSDSs later). Several Member States have revised their NSDSs after the renewed EU SDS was adopted and have included its objectives (e.g. Finland and France). Currently, about 14 Member States are in the process of revising their NSDSs and thus aim to bring them in line with the objectives of the EU SDS.

The EU SDS also asked the Member States to appoint a national representative acting as ‘SDS Focal Point’. In order to foster the exchange between the European Commission (particularly with the Secretariat-General that is responsible for the EU SDS) and the Member States, the ‘**SDS Coordinators Group**’ was established in late 2006. However, only two meetings have been held so far: One in November 2006 on the mandate of the Group and the main tasks of the coordinators and one in February 2007 about the organisation of the national progress reporting. The list of appointed SDS coordinators’ reveals that 19 Member States have appointed one and eight Member States two SDS coordinators, summing up to 35 SDS coordinators in the 27 Member States who are all public administrators. The institutional affiliation of the SDS coordinators is summarised in Figure 2 below and shows that more than 50 % come from environmental ministries.
The SDS Coordinators Groups also agreed upon the template which was voluntarily used by a majority of Member States in compiling their national progress reports which were submitted to the European Commission in June-July 2007 (they can be downloaded by following this link).

Voluntary peer reviews of NSDSs are also envisaged by the renewed EU SDS in order to review the strategy and identify examples of good policies and practices. The Commission provided match-funding for national peer reviews. However, so far only two Member States have organised a peer review process of their NSDSs, namely France in 2004-05 (peer countries: Belgium, Ghana, Mauritius and UK) and the Netherlands in 2006-07 (peer countries: Finland, Germany and South Africa). Therefore, only a small number of Member States has been involved in NSDS peer reviews so far.

Table 5 below shows selected strengths and weaknesses of the renewed EU SDS and related processes:

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
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<tbody>
<tr>
<td>Compared to first EU SDS (Gothenburg Strategy), the renewed EU SDS is a more comprehensive document and outlines clearer governance and implementation provisions (‘governance cycle’).</td>
<td>Only very general description of link between EU SDS and Lisbon Strategy; clarification of relationship between growth and SD is missing.</td>
</tr>
<tr>
<td>Key challenges include detailed ‘operational objectives and targets’ as well as ‘actions’.</td>
<td>Quantified targets only in some of the key challenges (i.e. climate change, sustainable transport, natural resources, social inclusion, global poverty) but not in all; no quantified goals in the cross-cutting policies.</td>
</tr>
<tr>
<td>Aims to balance economic, social and environmental objectives (cross-sectoral or horizontal integration).</td>
<td>Horizontal integration is identified as major challenge, however, no clear strategic framework is provided of how to address this challenge; still major emphasis on environmental issues.</td>
</tr>
<tr>
<td>Addresses policy coherence of SD issues on all political levels (vertical integration).</td>
<td>Link between objectives of renewed EU SDS and NSDSs rather weak (most NSDSs adopted before renewed EU SDS); links to be improved with forthcoming NSDSs revisions. No clear indication about the role of sub-national levels.</td>
</tr>
<tr>
<td>Improved system of progress reporting: Commission progress report and national progress reports compiled biannually.</td>
<td>Only very few voluntary peer reviews and external evaluations of NSDSs in Member States.</td>
</tr>
<tr>
<td>SDS coordinator appointed in each Member States in order to improve exchange with the European Commission (Secretariat-General).</td>
<td>Few and irregular meetings between Secretariat-General and SDS Coordinators Group; public administrators as SDS coordinators (lower level than most Lisbon coordinators).</td>
</tr>
</tbody>
</table>
EU SDS is important paradigm for civil society and a policy driver at the national and sub-national level, but has a low profile at the European level. EU SDS lacks effective implementation ‘on the ground’ at the various political levels.

Although European Council refers to EU SDS as overall framework for Lisbon Strategy, the political profile of the EU SDS is rather low.

Table 5: Strengths and weaknesses of renewed EU SDS and related processes

### Similarities and differences between Lisbon Strategy and EU SDS processes

In Table 6 below, we provide an overview of important similarities and differences between the Lisbon and the renewed EU SDS processes.

| Similarities and differences between Lisbon Strategy and EU SDS processes |
|-----------------------------|-----------------------------|
| | Re-launched Lisbon Process | Renewed EU SDS Process |
| European Council discussion | March Council | December Council |
| Responsible unit at European Commission | Secretariat-General | Secretariat-General |
| National strategy documents | National Reform Programmes (NRPs), mid-term strategies - strong link to Lisbon Strategy (top-down genesis) | National SD Strategies (NSDSs), long-term strategies - weak link to renewed EU SDS (most NSDSs were developed before the EU SDS) |
| Orientation | Aims to improve competitiveness and achieve economic growth and increased employment in Europe in the medium- to short-term. | Aims to achieve SD, quality of life and well-being in Europe in the long-term. |
| **Major objectives/priority areas (incl. SD issues)** | 3 main strands (2005) | 7 key challenges (2006): |
| | • Knowledge and innovation for growth | • Climate change and clean energy |
| | • Making Europe a more attractive place to invest/work | • Sustainable transport |
| | • Creating more and better jobs | • Sustainable production and consumption |
| | 4 priority areas (2006) | • Conservation and management of natural resources |
| | • Investing more in knowledge and innovation | • Public health |
| | • Unlocking business potential | • Social inclusion, demography and migration |
| | • Increasing employment opportunities for priority categories | • Global poverty and SD challenges |
| | • Energy policy/climate change | |
| | Several SD issues broadly referred to in re-launched Lisbon Strategy: | |
| | • Eco-innovation and eco-technology | |
| | • Natural resources | |
| | • Energy efficiency | |
| | • Biodiversity | |
| | • Sustainable production and consumption | |
| **Horizontal policy integration** | Focus on economic and employment trajectories and policies; no ambitious environmental objectives. No integrated strategy approach in accordance with SD. | Aims to balance economic, social and environmental objectives, with an emphasis on the latter two. No clarification of relationship between economic growth and SD. |
| **Vertical policy integration - genesis of process** | Top-down genesis: Lisbon Strategy was adopted first, NRPs in Member States followed (based on ‘integrated guidelines’ to guarantee common goals). | Bottom-up genesis: Most NSDSs preceded the renewed EU SDS of 2006; revised NSDSs from 2006 onwards will be brought in line with EU SDS objectives. |
Coordination between EU & member States

Group of Member States coordinators (Lisbon coordinators) chaired by Secretariat-General.

Group of Member States coordinators (SDS Coordinators Group) chaired by Secretariat-General.

Governance type

Ideal-type OMC from the beginning; country-specific recommendations and ‘points to watch’ for each Member State, paired with annual visits of Commission representatives to each Member State; high-level committees in European Commission (e.g. Economic Policy Committee, Social Protection Committee).

Increasingly develops into ‘light form’ of OMC (progress reports, indicators, peer reviews, etc); however, no high-level committees in European Commission (e.g. no SD or environmental policy committee); no country-specific recommendations and visits to Member States.

Governance cycle

3 years

2 years

Progress reporting period on EU and Member States level

Annual (‘Lisbon package’)

Bi-annual

Responsible ministry at the national level (most often)

Ministry of Economic Affairs

Ministry of Environment

Update/review of strategy

2010

2009 (review) & 2011 (possibly comprehensive review)

Table 6: Similarities and differences between Lisbon and EU SDS processes

Based on the comparison in Table 6, one can trace (a) institutional interfaces, (b) interfaces of content and (c) procedural similarities. Generally, there are only limited institutional interfaces, some interfaces regarding the content of both strategies and many procedural similarities. We briefly describe these issues below:

(a) Institutional interfaces:

At the EU level, institutional interfaces of both strategy processes exist: In the European Commission, the Secretariat-General is responsible for both strategies. Moreover, both strategies are discussed in the European Council, however, at different council meetings. In contrast, there is a lack of institutional interface in most EU Member States, because separate government ministries are responsible for the Lisbon Strategy and the EU SDS.

(b) Interfaces of content:

Both strategies cover economic, social and environmental issues, however, with different strengths and orientations: Whereas the Lisbon Strategy is mainly concerned with economic and employment issues, the EU SDS tries to balance the three pillars of SD but focuses mainly on environmental and social issues. One of the main shortcomings of both strategies is that the relationship between economic growth and SD is not clarified.

When looking at the major objectives and priority areas of both strategies, one can detect three main interface topics: (i) Measures against climate change and energy issues (clean energy, energy efficiency), (ii) sustainable production and consumption (including eco-innovation and eco-technology) and (iii) sustainable management of natural resources.

(c) Procedural similarities

There are many procedural similarities in both strategy processes:

- Both processes are led by re-launched or renewed EU strategies;
- National programmes or strategies should help to reach the European objectives; however, the Lisbon process has a top-town genesis (i.e. Lisbon Strategies was adopted first, NRPs are based on ‘integrated guidelines’) whereas the EU SDS process has a bottom-up genesis (i.e. most NSDSs developed before renewed EU SDS, only revised NSDSs from 2006 will be brought in line with EU SDS objectives);
- Similar coordination mechanisms are established between EU and the Member States (i.e. group of Member States coordinators chaired by Secretariat-General);
- ‘Open method of coordination’ is prevailing governance type in both strategy processes, although there are different starting points in both processes: economic and social policy are responsibility of Member States (Lisbon), however, environmental policy is largely made at the EU level (EU SDS);
- Governance cycle was established in both strategy processes, however, with different time periods;
- Both strategy processes have introduced a progress reporting scheme (annual in Lisbon, bi-annual in EU SDS process), and
- Update and review processes are foreseen for both strategies.
Two scenarios of the future strategic development in the EU

As pointed out above, discussions about the future strategic development in the EU have already begun. This is mainly due to the fact that the Lisbon Strategy period will terminate in 2010. Moreover, review processes of the Lisbon Strategy and the EU SDS are imminent in the coming years. Therefore, a discussion about the interface and future of the Lisbon process and the EU SDS is necessary and timely.

In Figure 3 below, we provide an overview of options for the Lisbon Strategy and EU SDS in a post-2010 scenario:

![Figure 3: Options for EU strategies post-2010](image)

For further exploration in this QR, we selected the two most likely scenarios for a discussion about the strategic role of SD post-2010: Scenario 1 is about one over-arching EU development strategy, consolidating Lisbon and EU SDS objectives; Scenario 2 are two parallel strategies, i.e. the post-Lisbon Strategy and future EU SDS. For each scenario, we list several opportunities and threats, particularly from the SD point of view.

**Scenario 1: One over-arching EU development strategy**

This scenario assumes that one over-arching EU development strategy will be established post-2010. This strategy would be an integrated development strategy that is based on the EU Treaty objective (Art. 2) “to promote economic and social progress and a high level of employment and to achieve a balanced and sustainable development”, and consolidates the objectives of the Lisbon Strategy and the EU SDS. In Table 7 below, we list opportunities and threats of Scenario 1:

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elaboration of a coherent and integrated ‘master plan’ that enables definition of one common strategic goal and clear implementation provisions on all political levels.</td>
<td>Various preconditions are necessary (e.g. political will, integrated and strategic approach, cooperation among policy-makers/public administrators from different sectors, etc) to consolidate both strategies and ensure the importance of SD.</td>
</tr>
<tr>
<td>Possibility to address all dimensions of SD in one integrated strategy, in particular to address the relation between growth and SD.</td>
<td>Lack of political will to establish an integrated overarching strategy that is based on SD.</td>
</tr>
<tr>
<td>Increase the importance of SD and intensify mainstreaming of the SD concept into EU policies (comprehensive cross-sectoral integration); SD will</td>
<td>Losing EU SDS may also imply to lose specific focus of environmental policy requirements.</td>
</tr>
</tbody>
</table>
become an issue that is addressed at the centre of the political dialogue.

**Intensified political communication of SD as a principle of strategic development in the EU.**

Lacking a clear focus in the objectives of the overarching development strategy: Addressing all integrated dimensions of SD may imply to formulate unspecific and immeasurable goals.

**Improved capacity-building for SD in sectoral policy fields (not only environmental policy takes responsibility for SD); it is important to make sure that people responsible for the strategy are competent on SD issues.**

How to address potential trade-offs, e.g. between economic growths and SD? How to ensure that issues of competitiveness and innovation do not take the lead over SD in general?

Better communication and ‘marketing’ of one integrated strategy (difficult to re-popularise Lisbon Strategy; EU SDS is lacking attention).

Overarching EU development strategy needs complimentary strategic approach in the Member States to achieve meaningful results.

**Simplification of monitoring and reporting: instead of two monitoring and reporting cycles, only one cycle that comprises integrated SD objectives.**

Overall strategic objective may remain the Lisbon goals.

Persons responsible for SD in Member States will potentially lose competences.

### Table 7: Opportunities & threats of Scenario 1

#### Scenario 2: Two parallel strategies

Scenario 2 assumes that there will still be two strategies, a post-Lisbon Strategy (focusing on growth and employment) and a future EU SDS (aiming to balance economic, social and environmental issues). In Table 8 below, we list opportunities and threats of Scenario 2:

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most pragmatic and ‘easiest’ option.</td>
<td>Political relevance of future EU SDS (and SD issues) still lower in comparison to post-Lisbon Strategy.</td>
</tr>
<tr>
<td>The European Council could discuss the EU SDS and SD issues in a separate council meeting.</td>
<td>Future EU SDS will still focus primarily on environmental issues; most relevant economic and social issues are included in post-Lisbon Strategy.</td>
</tr>
<tr>
<td>EU SDS represents an important source of legitimacy for ‘SD community’.</td>
<td>Post-Lisbon Strategy focuses solely on economic and employment issues; SD and/or environmental issues have only minor significance.</td>
</tr>
<tr>
<td>With separate EU SDS, better integration of all three pillars of SD may be possible: Clarifying the relationship between economic growth and SD (i.e. what kind of growth is really sustainable?). Both strategies need to address long-term issues and provide meaningful answers. Establishing clear provisions for cross-sectoral and vertical integration in line with SD concept.</td>
<td>Future EU SDS still lacks structures and provisions for cross-sectoral and vertical integration. How to address conflicting interests in both strategies? Danger that decision will be based on day-to-day political aspects rather than forward-looking strategic thinking. Uncoordinated monitoring and reporting process between the two strategy processes.</td>
</tr>
<tr>
<td>Visibility of EU SDS could be increased by defining less and clearer objectives - focus on implementation ‘on the ground’.</td>
<td>Coordination process of post-Lisbon Strategy and future EU SDS in the Member States remains low in several Member States.</td>
</tr>
<tr>
<td>Developing quantified and measurable targets for major objectives in both strategies.</td>
<td>How to address challenges arising from increasing globalisation and the current financial crises? How to take into account internal and external factors more comprehensively?</td>
</tr>
<tr>
<td>Improved coordination between EU SDS and NSDS objectives and processes.</td>
<td>High-level committees at the EU level for Lisbon Strategy (e.g. Economic Policy Committee, Social Protection Committee), but no high-level committee for SD and/or environmental policy.</td>
</tr>
<tr>
<td>Improved coordination between future EU SDS and post-Lisbon Strategy regarding institutional structures and governance, content, monitoring, etc.</td>
<td></td>
</tr>
</tbody>
</table>
Survey on the links between the EU SDS and Lisbon Strategy processes in the EU Member States

The ESDN Office conducted a questionnaire survey in October/November 2008 about the national coordination process of the Lisbon Strategy and the EU SDS. The questionnaire was sent out via email to SD coordinators of all 27 EU Member States. Until mid-November 2008, 14 filled in questionnaires, plus one email reply, were returned to the ESDN Office (54 % response rate). Therefore, it is important to note that the results shown in the graphs below are not representative for all EU Member States; they provide, however, an interesting overview of tendencies in the national coordination of the two strategy processes.

1) Responsibility for the EU SDS and its national implementation process in your country?

Responsibility for the EU SDS and its national implementation in the Member States that are covered in the survey lies to a large extent with the Ministries of Environment (46 %) and the Government Offices (i.e. Offices of the Prime Minister) (27 %). Other ministries are only marginally involved (e.g. ministry of economy only 1 %).

The persons responsible for the national implementation of the EUS SDSD in the above mentioned ministries are mainly public administrators (79 %). About 1/5 are politicians (21 %).
2) Responsibility for the national Lisbon Strategy process (National Reform Programme) in your country?

In contrast to the national implementation of the EU SDS, the responsibility for the national Lisbon Strategy process (e.g. National Reform Programme) lies with the Ministries of Economy (39 %) and the Government Offices (35 %). Other ministries are only marginally involved; in none of the Member States covered in the survey are the Ministries of Environment involved in the national Lisbon Strategy process.

The persons responsible for the national Lisbon Strategy process in the above mentioned ministries are - similar to the EU SDS process - mainly public administrators (67 %). However, politicians are responsible for the national Lisbon Strategy process to a much higher degree compared to the national EU SDS process, namely about 1/3 (33 %).

3) Frequency of exchange between SD coordinator(s) and the national Lisbon Strategy/National Reform Programme coordinator(s) on issues related to the two strategies?
The frequency of exchange (personal meetings and/or email exchange) between the SD coordinators and the national Lisbon Strategy coordinators is higher in the Member States covered in the survey than usually assumed. In 14% of the Member States covered, the coordinators of the strategies meet/exchange once a week or more often and in 43% of the Member states, the meetings/exchange take place several times per month. This means that in more than half of the Member States covered in the survey, there are regular meetings/exchange between the SD coordinators and national Lisbon Strategy coordinators. However, in 36% of the Member States, the contacts are irregular, with meetings/exchange less often than every couple of months.

4) SD coordinators’ degree of satisfaction of with...

Due to the fairly regular meetings/exchange in more than half of the Member States covered in the survey, the satisfaction of SD coordinators with the information about the national Lisbon Strategy process is fairly high: 27% are very satisfied and 60% satisfied; only 13% feel less satisfied with the information their receive about the national Lisbon process.
The satisfaction of the SD coordinators with their influence on the national Lisbon Strategy process is also fairly high: 7% are very satisfied and 60% satisfied. About 1/3, however, is less satisfied with their influence.

5) Degree of inclusion of SD issues in the national Lisbon Strategy process/National Reform Programme?

In the Member States covered in the survey, the inclusion of SD issues in the national Lisbon Strategy process is strong (29%) to moderate (57%); in 14% of the Member States the inclusion of SD issues is weak. Although it was not explicitly defined what ‘SD issues’ refers to, the percentage of strong and moderate inclusion of SD issues into the Lisbon process is fairly high, particularly when taking into account that the Lisbon Strategy process is often equated with economic growth.

We also asked the SD coordinators which issues should be improved in the exchange and coordination of the national Lisbon and SD strategy processes. The three most common answers were

- a generally better coordination between the two strategy processes regarding objectives, time-frames, implementation provisions as well as monitoring and follow-up activities;
- cross-sectoral policy integration should be addressed more strongly in both strategy processes; and
- more quantified objectives and comprehensive impact assessment/evaluation processes.

We also asked several questions regarding the post-2010 debate in the Member States and the future strategic development in the EU.
6) Rating of issues listed below regarding their intensity in the national debate (rate from 1-5; 1 indicates 'very intensive', 2 'intensive', etc.):

The most intensive discussions in the Member States are on linking economic growth and sustainable development as well as on the future coordination of EU strategies on the national level. The topic of the future EU strategies post-2010 (e.g. one over-arching development strategy or two parallel strategies) is less intensively discussed in the Member States covered in the survey. Generally, however, more than half of the Member States covered have already organised interactive activities or events to discuss post-2010 issues.

7) Importance of the following issues for the post-2010 debate:

The following issues are considered by the SD coordinators as important for the post-2010 debate:

- discussing the relationship between economic growth and SD (81% very important; 19% important);
- defining options how to include SD in the future development processes (63% very important; 25% important);
- discussing post-2010 issues in the SDS Coordinators Group (56% very important, 38% important); and
- creating stronger links between the Lisbon community and the SD community (38% very important; 56% important).

Notes

1 The list of SDS coordinators was made available to the ESDN Office in early 2007.
The following EU Member States are covered in the survey: Austria, Bulgaria, Czech Republic, Estonia, Finland, France, Germany, Greece, Italy, Lithuania, Luxemburg, Netherlands, Poland, Romania, Slovenia, and Sweden.

The numbers in brackets are the absolute figures; in some Member States, more than one ministry is responsible for the EU SDS and its national implementation.

Again, more than one ministry is responsible for the Lisbon Strategy process in some EU Member States.

References and Links


