

# Some Reflections on the Future of the EU-Sustainable Development Strategy

*Short sketch of introductory presentation<sup>1</sup> by Martin Ahbe,  
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## Introduction

- As we approach the year 2009, Europe is facing a **particularly complex situation**, characterized on one hand by a beginning recession on European as well as on global level, by the impact of a financial crisis of an unprecedented scale as well as by an exceptional volatility of prices in the fields of food and energy.
- These particular factors add to the **ongoing challenges** such as the rapid pace of technological change, the known demographic developments, the pressure resulting from globalisation as well as issues regarding access to resources and energy security.
- Against this background, there is no question that the **need for co-ordinated structural reform** has not faded away but will rather become even more urgent in the time beyond 2010. This does by no means only concern the European level but equally applies to national and regional levels.
- On **European level**, the need for coordination in the field of economic and social policies was already very apparent in the past, for instance as regards the link between environmental and enterprise policies ("REACH") or else between health policies and enterprise policies (for instance regarding pharmaceutical issues). A much more far-reaching need for coordination, however, today results from sustainability as a highly comprehensive political approach. Here, short-term and long-term policies of a number of areas and, ideally, also on different levels are to be coordinated.
- **Art 2 of the Treaty** not only serves as a basis for a multitude of detailed policies in the economic, social and environmental domains on European level but indirectly also addresses the need for policy co-ordination between the short/medium term on one hand and the longer term on the other ("to promote economic and social progress and a high level of employment and to achieve balanced and sustainable development").
- European policy coordination in the economic, social and environmental domains is today largely being pursued through **two major policy platforms**, i. e. the Lisbon Strategy and the European Sustainable Development Strategy (SDS). However, a number of critics say that the **pursuit of two different comprehensive policy platforms more or less in parallel** is delivering results which are far from satisfactory. Particularly in view of the mandate of the March 2008 European Council to start the reflections on the review of the Lisbon Strategy for the post-2010 period, there should now be a chance to also re-consider the link between the two strategies.

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<sup>1</sup> Please note that this presentation only delivers a number of framework considerations on the subject. It does not present an already formulated Commission position.

Against this background this presentation attempts to address **three key questions**:

- Which **experiences** have been made so far with the current approach in pursuing a wide variety of economic/social/environmental objectives (part I)?
- What has changed in terms of **political context** since the formulation/re-formulation of both Lisbon and SD strategies (part II)?
- What **institutional arrangements** can be conceived for the coordinated pursuit of a wide range of policy objectives as usually associated with SD policies (part III)?

## **I. Experiences in the pursuit of a wide-ranging set of objectives**

In order to grasp the width of the task of policy-co-ordination, it should be useful to start any reflection with the respective sets of policy objectives of both strategies in question:

### **1. Objectives of the Lisbon Strategy (in a nutshell)**

As is well known, the **Lisbon Strategy** was established in 2000 and refocused in 2005/2006 on growth and employment. Over time, a clear procedure for implementation was established (Spring European Council as single instance for top level political decisions in this field, integrated guidelines, recommendations for individual Member States and national implementation reports).

*Initial objectives:*

- Preparing the transition to a knowledge-based economy and society
- Modernising the European social model
- Sustaining a healthy economic outlook and favourable growths perspectives

*Objectives following the re-focusing of 2005/2006:*

- Exploiting knowledge and innovation for growth
- Unlocking Europe's business potential
- Making Europe a more attractive place to invest and work
- Creating more and better jobs (especially for priority categories, i. e. young people, women, older workers, persons with disabilities as well as legal migrants and minorities)
- Establishing a common energy policy for Europe.

### **2. Objectives of the SD strategy (in a nutshell)**

The **Sustainable Development Strategy** was introduced in 2001, its external dimension added in 2002 and the whole approach renewed in 2006 with its own implementation mechanism. **Inside the Union**, the **main pillars of SDS** remain: Lisbon Strategy (education, training, research, innovation) as well as our priorities on climate change. In its **external policies**, Europe is fully committed to the global partnership for SD (Johannesburg summit, UN mil-

lennium development goals, Monterrey consensus on development financing) as well as to the principles of multilateralism and of a global governance system for the environment.

*Initial objectives:*

The initial objectives aimed mainly at completing the economic and social renewal of the Union and at adding a third, environmental dimension to the Lisbon Strategy). On this basis, four priority areas:

- Combating climate change
- Ensuring sustainable transport
- Addressing threats to public health
- Managing natural resources more responsibly

*Objectives following the review of 2006 concern:*

- Climate change and clean energy
- Sustainable transport
- Sustainable production and consumption
- Conservation and management of natural resources
- Public health
- Social inclusion, demography and migration
- Global poverty

### 3. Some key experiences made with both strategies

#### a) Lisbon

##### Strengths

- **Re-focusing on growth and employment** in 2005/2006 allowed for better visibility and communication of Lisbon goals. In this regard, limited number of quantified headline targets also very useful (3 % of GDP investment in R&D, 70 % employment rate, 20 % GHG emission reduction);
- **governance structure** of an OMC type allowed for structured implementation from very early on: Intended strategic guidance through one single instance on top political level largely achieved: European Council (Spring Council) generally able to issue guidance, Commission develops ‘Community Lisbon Programme’ and Member States establish ‘National Reform Programmes’ – all based on agreed Integrated Guidelines (for EU and Member States levels);
- **Annual reporting process** as a basis for monitoring and review: Implementation reports by Member States; strategic reports and country-specific recommendations for each Member State by the Commission. National Lisbon coordinators were appointed in each Member State to improve exchange with Commission and guide coordination

of Lisbon process at the national level. ‘Mr or Ms Lisbon’ are usually high-level politicians;

- **High political visibility** of Lisbon Strategy and its objectives in the wider policy context on European level. Post-2010 debate on future of Lisbon Strategy has already been initiated by European Council (March 2008 conclusions).

### Weaknesses

- **Measurement of success** partly difficult due to change in key objectives and orientations as part of the refocusing exercise;
- **Intended integration into SDS** only partly achieved: SD and/or environmental issues remain an add-on, but are not fully integrated in the strategic approach and objectives (only selective environmental objectives and limited long-term orientation);
- **OMC as ‘soft governance’ approach** (i.e. guidelines, benchmarks, mutual learning) does not allow for uniform implementation in all Member States;
- Despite strong focus on ‘sustainable growth’ in the framework of the Lisbon Strategy is the **relation between growth and SD** not openly addressed;

### b) SDS

#### Strengths

- Compared to initial EU SDS (Gothenburg Strategy), the renewed EU SDS constitutes a **more comprehensive approach** with clearer governance and implementation provisions (‘governance cycle’). Key challenges include detailed ‘operational objectives and targets’ as well as ‘actions’;
- **Improved system of reporting:** Commission progress report and national progress reports established bi-annually. SDS coordinator appointed in each Member State in order to improve exchange with the European Commission;
- SDS has been an **important paradigm for civil society** and a policy driver at national and regional level but still has a **low profile on European level** (more framework for discussion than tool for achieving policy objectives). To be noted that important SD elements are dealt with outside SDS (climate change, energy security);
- Renewed SDS aims to balance economic, social and environmental objectives (**horizontal integration**) and addresses policy coherence of SD issues on all political levels (**vertical integration**).

## Weaknesses

- Strategic approach of SDS appears to remain insufficiently focused and incomplete: i) only very general description of **link between EU SDS and Lisbon Strategy**; clarification of relationship between growth and SD is missing; ii) **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; iii) **link between renewed EU SDS and national SDSs** rather weak (most national SDSs adopted before renewed EU SDS);
- **General follow-up** remains limited: Only very few voluntary peer reviews and external evaluations of national SDSs in Member States. Limited number of meetings of SDS Coordinators Group; SDS coordinators are usually public officials (whereas Lisbon coordinators mostly politicians);
- **Quantified targets** only regarding some of the key challenges (i.e. climate change, sustainable transport, natural resources, social inclusion, global poverty) but not for all; no quantified goals, for instance, regarding cross-cutting policies. Sustainable development indicators are being established but is their information also being discussed and translated into policy-making appropriately?

## **II. The new political context in 2009/2010**

Useful to consider in what type of political context a decision on the future of SDS will be made: i) in comparison with the time when the strategies were designed and ii) in view of the fairly particular political context in 2009:

### **1. New political perspective (2009/2010) as compared to old one (2000/2001)**

- in 2000: idea of catching up with regard to US with the knowledge society as main focus of the Lisbon strategy - in 2010: knowledge society widely established, globalisation now as key driver of policies and "idea to lead from the front as a world player" (President Barroso on SDS);
- in 2000: idea of developing a new comprehensive political perspective for the new "millenium" focusing on the knowledge society - in 2010: task to develop a follow-on approach (no start from scratch) in view of the wider SDS perspective as well as the 2005 review (Kok-report) including the far-reaching institutional back-up in the form of the Integrated Guidelines Procedure with Member State recommendations
- in 2008: new discussion regarding ideas concerning growth concepts (beyond GDP conference)?

### **2. New political context from 2009/2010 onwards?**

- **Political context in EU until 2010** (new Commission, new Commission President (?), new EP, implications of Lisbon Reform Treaty, follow-up to financial crisis)?

- Political context outside EU: Role of **new policy stance in US** (possibility to deliver on Kyoto, etc.), perspective of Copenhagen climate change conference in the end of 2009
- **Conflict between globalisation and sustainable development** as policy drivers (low carbon economy/society as focus of Lisbon Strategy)?
- Impact of major (expected) **decisions on energy policy and climate change** (for example on CO<sub>2</sub>-emissions of cars)

### 3. Which political framework for decision-making?

- Highly likely that new concepts for SDS as well as Lisbon follow-up will be presented as constitutive part of wider policy context on European level: Crucial to make sure that the dimension of sustainability will be properly reflected in such framework
- Crucial to mobilise all relevant parties in this process. In this context, particularly important to watch MS activities resp. intentions of forthcoming Presidencies with regard to Lisbon (after France, Czech, Swedish Presidencies to follow);
- Equally crucial to involve civil society into further SDS reflections and operations

## III. Alternatives to current approach?

### 1. Key considerations for any new strategic approach

- need to continue structural reforms but in new light of financial crisis and beginning downswing under conditions of considerable institutional uncertainty resulting from current state of ratification of Lisbon Reform Treaty
- in terms of time horizon: in 2000 focus on 2010 (criticised then as a date beyond the mandate of most Heads of State and Government) - in 2010: new time horizon seen as useful? If so, focus on what politically significant date?
- in terms of regional comparison: in 2000 comparison basically with the US - in 2010 comparison with China and India rather than US?
- in terms of substance: in 2000 initial concentration on the implications of the knowledge society - in 2010 formulation of an overarching objective such as "mastering globalisation"? Need to assure appropriate link with SDS objectives. Risk of too little focus of strategy especially in view of the criticism on the SDS strategy (no need to repeat the experience of refocusing Lisbon in 2005);
- in terms of working methods: in 2000 little focus on governance, on the occasion of 2005 review stronger focus on governance issues (cooperation and dialogue with Member States, etc.) as well as full institutionalisation of Integrated Guidelines Proce-

ture - in 2010: Reorientation in view of the Reform Treaty (?), new elements of cooperation with Member States, new forms of dialogue with business and civil society, etc.

## **2. Possible options for the future of SDS in the light of possible Lisbon Strategy developments**

Need for new Commission to provide fresh ideas, no simple continuation of current approach. Need to prove the case for a possible sub-strategy (focus on economic issues, focus on specific type of political actors, focus on timing horizon, focus on governance, etc.):

- SDS as the framework strategy with Lisbon strategy focussing on economic instruments within SDS in the short to medium term (perhaps with particular focus on financial market, globalisation, etc.),
- SDS as the framework strategy with Lisbon strategy attempting to further improve the continuing weak aspects of Lisbon (improve mobilisation of business and civil society, possible inclusion of trade dimension, new focus on financial markets, etc.)?
- Newly designed single strategy (which balance between longer and shorter term policies)?

## **Conclusions**

- New approach will be decided by European Council upon proposal by the European Commission in cooperation with new EP and in view of high-level external expertise such as from the independent Reflection Group on the future of the European Union established by the European Council in December 2007. This decision will be made in a fairly complex political context and will strongly depend on the (perceived) achievements of both Lisbon Strategy and SDS. Whilst a continuation of the existing approach with significant changes is certainly a possibility, it can be expected that a new Commission President will attempt to raise his political profile with an entirely new approach (presenting both Lisbon as well as SDS as more or less unsuccessful).
- All new approaches will have to address a number of basic questions as referred to above: i) the need for coordination between individual fields of policy, ii) the balance between shorter and longer term policies, iii) the stronger involvement of stakeholders including the civil society, etc. New approaches might not only attempt to attribute individual policy domains to the given strategies but will necessarily also have to reconsider the link and respective roles of the two strategies in the entire decision making process (i. e. Lisbon as implementation body, SDS for preparation or else Lisbon as political decision-making body and SDS as forum for wider discussion with stakeholders including civil society, etc.)
- The discussion about a new strategic approach for the coordination of economic/social/environmental policies in sustainable perspective will not only address the advantages and disadvantages of individual strategies but will, in all probability, also highlight some of the more general strengths and weaknesses of our (short-term

oriented) **political systems**. One of the key issues will be how to overcome the undue focus on short-term problems at the expense of longer-term issues such as the ones discussed in the SD framework.

- Decisions on the future of Lisbon Strategy/Sustainable Development Strategy will probably not begin to take shape before the **Spring 2009 European Council**. Decision-making will be supported by the work of the Reflection Group which is to present its results by June 2010 (interim report on this matter useful to steer discussion?).