Chapter 6
Integrating the Sustainable Development Goals into the European Semester: a governance conundrum for the von der Leyen Commission?

Sebastiano Sabato and Matteo Mandelli

Introduction

In ‘My agenda for Europe’ published in September 2019, then-candidate for President of the European Commission Ursula von der Leyen renewed her intention to ‘refocus the European Semester into an instrument that integrates the United Nations Sustainable Development Goals’ (von der Leyen 2019a: 9, bold in original removed). This intention came to the surprise of many, largely because no further details were provided on how, concretely, a process dealing with economic, fiscal and social policies in the European Union (EU) and its Member States – the European Semester – should be adapted to include the Sustainable Development Goals (SDGs). The SDGs are key elements of a complex global framework that, besides pursuing economic and social aims, also has a strong environmental dimension. Prudence in this respect seemed to characterise the stance of the Council of the European Union at the time, with national ministers asking for more information on the Commission’s intention while emphasising that the main function of the Semester was the coordination of Member States’ economic, fiscal and employment policies (Council of the EU 2019b: 11).

Von der Leyen’s announcement was just the most recent outcome of a debate on how to implement the United Nations’ (UN) 2030 Agenda for Sustainable Development and its 17 SDGs at EU level, a discussion ongoing since 2016. This chapter addresses this debate, with a view to understanding the origins of the Commission’s proposal to integrate the SDGs into the European Semester. It also tackles the possible implications of this decision for the Semester, assessing its potential to bring about a comprehensive implementation of the UN 2030 Agenda and its SDGs at EU level. This is indeed a challenge that can be seen as a veritable governance conundrum confronting the von der Leyen Commission. To be sure, the challenge of how to implement sustainable development in the EU is not new, in many respects pre-dating the UN 2030 Agenda and the SDGs. Hence, a closer look at the strengths and shortcomings of previous attempts in this direction may prove useful in order to fully understand the contours of the issues at stake and provide insights of use in evaluating more recent decisions and proposals.

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1. The authors are extremely grateful to the editors of this volume and an anonymous external reviewer for their feedback on previous versions of this chapter. The usual disclaimer applies.
3. Hereafter referred to as ‘the UN 2030 Agenda’ or ‘the 2030 Agenda’.
4. It appears important to specify that in this chapter we deal with sustainable development and the implementation of the SDGs through cross-cutting EU strategies such as the EU SDS and Europe 2020 and their associated governance mechanisms (in particular, the European Semester). By contrast, we do not deal with an important aspect of EU actions to mainstream sustainable development in EU policies, i.e. the various forms of impact assessment conducted by the Commission to assess the environmental, social and economic impact of major pieces of legislation or policy initiatives.
Consequently, in this analysis we try to adopt a long-term perspective. Notably, after a short description of the history of the UN’s engagement with sustainable development (Section 1), in Section 2 we look at the key elements of the most prominent strategy put forward by the EU to promote sustainable development before the UN 2030 Agenda: the EU Sustainable Development Strategy (EU SDS), launched in 2001. Section 3 deals with the initiatives undertaken by the Juncker Commission to integrate the UN 2030 Agenda and the SDGs into existing EU policy-making frameworks. Section 4 investigates the dynamics behind the decision of the von der Leyen Commission to refocus the Semester to integrate the SDGs, the rationale of this choice and how such a decision has been translated in the 2020 European Semester. The concluding section offers some reflections on the potential and limitations of using the European Semester as a means for implementing the UN 2030 Agenda and its SDGs, also shedding light on the most recent developments following the outbreak of the Covid-19 pandemic.

This chapter relies on a thorough analysis of relevant (mostly EU) policy documents, complemented by a selective literature review as well as by findings from six semi-structured interviews with Commission officials closely involved in the European Semester conducted in June and September 2020. These interviews provided important background information for the research, helping us to deepen our understanding of certain issues that did not fully and clearly emerge from the document analysis.

1. The United Nations and sustainable development

1.1 The evolution of the UN discourse on sustainability: from the Brundtland report to the Millennium Development Goals

The theoretical discussion around sustainable development originally arose in economic studies related to the capacity of limited planetary resources to sustain human existence over time (Mensah 2019). Since the early 1970s, the UN has been one of the most active organizations in promoting sustainable development through various high-level initiatives. In ‘Our Common Future’, a report by the World Commission on Environment and Development (also known as the Brundtland Commission), sustainable development is defined as a path that ‘[…] meets the needs of the present without compromising the ability of future generations to meet their own needs’ (United Nations 1987: par. 27).

Before 2000, the social, economic and environmental dimensions of sustainability were handled separately at UN level, with dedicated initiatives and agencies. With the ‘Millennium Declaration’ adopted in September 2000, things changed radically (United Nations 2000). The declaration was associated with eight ‘Millennium Development Goals’ (MDGs) to be achieved by 2015 at global level. The MDGs inaugurated a new era...

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5. The MDGs were (1) eradicate extreme poverty and hunger; (2) achieve universal primary education; (3) promote gender equality and empower women; (4) reduce child mortality; (5) improve maternal health; (6) combat HIV/AIDS, malaria and other diseases; (7) ensure environmental sustainability; and (8) develop a global partnership for development.
in the international commitment to sustainable development characterized by a global governance model based on goal-setting (Biermann et al. 2017). Such an approach continued after the expiration of the MDGs in 2015, when the UN revisited and renewed its sustainable development agenda. The MDGs were often criticized for their limited scope and for their top-down approach (Fukuda-Parr 2016), having been constructed at the highest UN political level and constituting an aid agenda mainly targeting developing countries. Having in mind the pitfalls and limitations of the MDGs, the UN attempted to endorse a transformative global and participative developmental model through the UN 2030 Agenda and the SDGs.

1.2 The UN 2030 Agenda and the Sustainable Development Goals

In September 2015, the UN General Assembly adopted the ‘2030 Agenda for Sustainable Development’ (United Nations 2015). The 2030 Agenda is meant to be a plan to transform the world through a sustainable pathway of development, stimulating collaborative actions by UN members and stakeholders in promoting the three dimensions of sustainable development: social, environmental and economic. These dimensions are recognised as closely linked, and objectives related to them should be pursued in a balanced manner (ibid: par. 2). Social, environmental and economic concerns are explicitly reflected in three of the five ‘areas of critical importance’ identified in the 2030 Agenda: people, planet and prosperity (ibid: Preamble). The first area refers to granting equality of opportunities to all and fighting poverty and inequality. The second tackles environmental protection, also promoting sustainable consumption, production and natural resources management. Finally, prosperity means ‘ensur[ing] that all human beings can enjoy prosperous and fulfilling lives and that economic, social and technological progress occurs in harmony with nature’ (ibid: Preamble).

The 2030 Agenda contains seventeen Sustainable Development Goals to be reached by 2030 at global level (see Box 1). The SDGs are thematic objectives associated with 169 qualitative and quantitative targets and accompanied by 232 indicators.

The 2030 Agenda and its SDGs are considered a turning point in the global governance of sustainable development. Indeed, the SDGs and their targets should be considered as ‘integrated and indivisible, global in nature and universally applicable, taking into account different national realities, capacities and levels of development and respecting national policies and priorities’ (United Nations 2015: par. 55). By advancing a set of multifaceted, complex and interlinked goals, the 2030 Agenda sets out a holistic sustainable development path, i.e. a common direction for countries around the globe towards wellbeing (Monaco 2018). Key to this holistic model is the integrated nature of the SDGs, as the goals should be achieved simultaneously. Attaining the 2030 Agenda thus crucially depends on whether synergies between the SDGs can be boosted and

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6. The other two areas of the 2030 Agenda are (1) peace, i.e. creating peaceful, just and inclusive societies; and (2) partnership, which refers to the means for implementation of the 2030 Agenda (United Nations 2015: Preamble). ‘People, Planet, Prosperity, Peace and Partnership’ are usually known as the five pillars of the 2030 Agenda.
trade-offs effectively tackled (Pradhan et al. 2017). The idea of sustainable development put forward in the 2030 Agenda is known as ‘the triple bottom line’ approach (O’Connor 2007; Schweikert et al. 2018), postulating the need for a continuous dialogue of values, principles and policies, with a view to balancing the social, economic and environmental dimensions of sustainability and to solving potential conflicts.

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<th>S.No</th>
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<tr>
<td>1</td>
<td>End poverty in all its forms everywhere.</td>
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<td>2</td>
<td>End hunger, achieve food security and improved nutrition and promote sustainable agriculture.</td>
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<td>3</td>
<td>Ensure healthy lives and promote well-being for all at all ages.</td>
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<td>4</td>
<td>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.</td>
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<td>5</td>
<td>Achieve gender equality and empower all women and girls.</td>
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<td>6</td>
<td>Ensure availability and sustainable management of water and sanitation for all.</td>
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<td>7</td>
<td>Ensure access to affordable, reliable, sustainable and modern energy for all.</td>
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<td>8</td>
<td>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</td>
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<td>9</td>
<td>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.</td>
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<td>10</td>
<td>Reduce inequality within and among countries.</td>
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<td>11</td>
<td>Make cities and human settlements inclusive, safe, resilient and sustainable.</td>
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<td>12</td>
<td>Ensure sustainable consumption and production patterns.</td>
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<td>13</td>
<td>Take urgent action to combat climate change and its impacts.</td>
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<td>14</td>
<td>Conserve and sustainably use the oceans, seas and marine resources for sustainable development.</td>
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<td>15</td>
<td>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.</td>
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<td>16</td>
<td>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.</td>
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<td>17</td>
<td>Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.</td>
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Governments are expected to take ownership of the SDGs (whose achievement is a shared responsibility), establishing national, regional and supranational frameworks for their implementation, monitoring and review (United Nations 2015). The UN reports yearly on global progress towards achieving them and has created a dedicated body responsible for conducting follow-ups and reviews, known as the ‘UN High-Level Political Forum’ (Eurostat 2020). Nonetheless, the UN has no binding power to enforce the SDGs, with national governments submitting their reviews on the implementation of the SDGs on a voluntary basis. This goal-setting global governance model indeed functions through ambitious political aspirations complemented by weak international institutional arrangements (Biermann et al. 2017), granting greater room for manoeuvre for national preferences in implementation. Not only are the SDGs non-binding, but the 169 targets are mostly generic and qualitative, meaning that states are relatively autonomous in setting their own context-specific targets (ibid). A major challenge is thus to adapt the implementation of the SDGs to specific national contexts and priorities, without compromising the global and unitary ambition of the 2030 Agenda.
2. The EU and sustainable development: the early steps

2.1 The origins of the EU Sustainable Development Strategy: 2001–2002

The EU has traditionally been an active participant in and supporter of UN debates and initiatives on sustainable development. Following the 1997 Treaty of Amsterdam, achieving a ‘balanced and sustainable development’ was included among the objectives of the Union, as defined in the Treaty on the European Union (TEU) (Article 2). The current version of the TEU, as amended by the 2007 Lisbon Treaty signed in December 2007, states that ‘[the Union] shall work for the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and a high level of protection and improvement of the quality of the environment’ (Article 3(3) TEU).

At the 19th Special Session of the United Nations’ General Assembly in 1997, the EU undertook to draw up a strategy for sustainable development. A proposal by the European Commission on a European Sustainable Development Strategy was subsequently published in May 2001 (European Commission 2001) and adopted by the European Council in June that same year (European Council 2001). The 2001 EU SDS was then renewed in 2006 (European Commission 2005; Council of the European Union 2006). While it is impossible in this chapter to provide a full account of the evolution of the EU SDS, we present a summary of its key features.

Relying on the definition of sustainable development elaborated by the Brundtland Commission in 1987 (see Section 1), the 2001 EU SDS was based on the assumption that economic, social and environmental policies were to be made mutually reinforcing. Importantly, the EU SDS adopted a long-term perspective, with a focus on the positive impact in terms of environmental quality, growth and employment that sustainable policies were to have in the long term. However, it was also recognised that required changes would entail difficult trade-offs between conflicting interests, especially in the short term (European Commission 2001: 4).

While acknowledging the broad scope of sustainable development, the 2001 Commission proposal was to adopt a targeted approach, focusing on a few salient issues (European Commission 2001). Notably, both the 2001 and the 2006 versions featured relatively more environmental challenges than social ones (European Commission 2001; Council of the EU 2006), a disparity mirroring the fact that the EU SDS was designed to add an environmental dimension to the Lisbon Strategy, a strategy dealing mainly with economic and social policies.

The implementation of the original EU SDS relied on an annual stocktaking exercise based on a synthesis report drafted by the Commission and presented at spring
European Council meetings, with government leaders expected to review progress on all dimensions of sustainability. For their part, Member States were invited to elaborate their national sustainable development strategies. The exercise was supported by Eurostat which, in 2001, started publishing annual reports on ‘Measuring Sustainable Development in the EU’ (cf. Eurostat 2015). The 2006 revision of the EU SDS identified governance arrangements as a weak point. Consequently, new, strengthened implementation and monitoring procedures were set up by the Council of the EU (2006), requiring the Commission to submit biannual progress reports. Importantly, at the same time as the EU SDS was being renewed (2005), the Lisbon Strategy was also overhauled, resulting in the ‘re-launched’ Lisbon Strategy prioritising growth and employment and enhancing competitiveness, while largely side-lining social and environmental ambitions (cf., among others, Armstrong 2010).

2.2 The 2009 review of the EU Sustainable Development Strategy and Europe 2020

The second progress report on the EU SDS – presented as a ‘review’ of the strategy – was released by the Commission in July 2009, in a context characterised by the outbreak of the financial and economic crisis and in parallel to the elaboration of the new EU growth strategy for the 2010s, the successor to the Lisbon Strategy. The report (European Commission 2009: 14-15) proposed to refocus the EU SDS on a number of long-term goals in crucial areas, notably transitioning to a low-carbon and low-input economy, intensifying environmental efforts, promoting social inclusion and strengthening the international dimension of sustainable development. Furthermore, the Commission – later endorsed by the Council of the EU (2009) – proposed creating better linkages between the EU SDS and the post-Lisbon strategy, inter alia using the latter’s governance mechanisms to monitor implementation of the former (ibid: 14).

This new overarching growth strategy – Europe 2020 – was launched by the Barroso II Commission in March 2010 (European Commission 2010). Its aim was to turn the EU into a smart, sustainable and inclusive economy. The implementation of Europe 2020 was organised through a new ‘European Semester for economic policy coordination’. Launched in 2011, the Semester is an annual policy coordination cycle aimed at synchronising and coordinating the diverse instruments and procedures linked to the reformed ‘Stability and Growth Pact’ and activities associated with the Europe 2020 Strategy.8

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8. For a comprehensive description of the functioning of the Semester, see Zeitlin and Vanhercke (2018).
3. The Juncker Commission, the 2030 Agenda and the Sustainable Development Goals

3.1 The EU and the new 2030 Agenda: the starting point

Starting in 2012, EU institutions published several policy documents delineating the position of the EU in the negotiations at UN level to elaborate the post-2015 Sustainable Development Agenda. An analysis of these documents shows that the positions taken by the EU were largely in line with the key features and the logic of what was to become the 2030 Agenda and the SDGs (see Section 1).

After the adoption of the UN 2030 Agenda, the European Commission led by Jean-Claude Juncker published, in November 2016, a Communication on ‘Next steps for a sustainable European future – European action for sustainability’ (European Commission 2016a). The Communication aimed at mapping European policies already contributing to the 17 SDGs, with a view to facilitating their integration into the European policy framework (ibid: 3). Furthermore, the Commission undertook to launch a reflection work to prepare the long-term implementation of the SDGs in the post-Europe 2020 period. According to the above-mentioned Communication, most of the SDGs were already included in the Juncker Commission’s priorities and an array of EU policies and financial instruments – such as, just to mention a few, the Common Agricultural Policy, environmental policies, energy policy and trade policy – were already contributing to the achievement of the 17 SDGs. Alongside sectoral policies and initiatives, the Europe 2020 Strategy and the European Semester were considered by the European Commission (2016a: 2) as key processes for achieving and monitoring the SDGs. In particular, the Semester – whose rationale was deemed in line with ‘promoting a more sustainable socio-economic model in the European Union’ (European Commission 2016a: 15) – was already featuring specific initiatives supposed to deliver on 10 SDGs setting economic and social objectives (European Commission 2016a, 2016b).

The Commission undertook to monitor, report and review progress towards the SDGs in the EU context by publishing, as of 2017, regular reports. Eurostat started work on a comprehensive set of EU SDG indicators, adopted by the European Statistical System in May 2017. These form the statistical basis for the annual ‘Monitoring report on progress towards the SDGs in an EU context’, which Eurostat has been publishing since 2017 (cf. Eurostat 2020).

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10. In particular SDGs 1, 3, 4, 5, 7, 8, 9, 10, 13, 16 were already pursued by the European Semester, according to the Commission’s 2016 evaluation.
3.2 Integrating sustainable development into EU policymaking: the main limitations of Europe 2020 and the Semester

Despite the European Commission recognizing in 2016 how ‘ultimately sustainable development is an issue of governance’ (European Commission 2016a: 14), according to some observers, governance failures greatly hindered implementation of the previous EU SDS (Domorenok 2019). On one hand, the EU SDS relied on light forms of coordination, while, on the other hand, it was not sufficiently integrated into EU’s overarching growth strategies. Indeed, governance mechanisms linking the EU SDS with the Lisbon Strategy and Europe 2020 had always been weak, and the EU SDS ultimately remained peripheral in EU policymaking, to the extent that it was barely mentioned in the Commission Communication reacting to the newly established UN 2030 Agenda and the SDGs (European Commission 2016a). Indeed, apart from the regular release of the annual Eurostat monitoring reports, the EU SDS seems to have disappeared from the radar in the mid-2010s.

The most probable explanation for this is that the mainstreaming of sustainable development into the Europe 2020 strategy since 2010 (European Commission 2016a: 2) (implicitly) tolled the death knell for the EU SDS. This is obviously at odds with the stated aim to link the EU SDS more closely to Europe 2020. At a strategic level, the three (supposedly mutually reinforcing) dimensions of the new growth pattern proposed by Europe 2020 – i.e. smart, sustainable and inclusive (European Commission 2010) – were somehow equated to the three dimensions of sustainable development (European Commission 2016a: 2). However, the thematic areas covered by Europe 2020 did not fully correspond to the 17 SDGs, with environmental issues in particular limited to energy and resource efficiency (Domorenok 2019). Moreover, while highlighting synergies between economic, social and environmental objectives, very little attention was given to possible tensions and trade-offs.

Mirroring the original architecture of Europe 2020, the Semester has mainly covered economic and social policies over the past few years. While its initial focus was on macroeconomic and fiscal measures, attention to social policies in the Semester has gradually increased (Zeitlin and Vanhercke 2018) in terms of both substantive outcomes and procedural aspects. As for the latter, an increasingly central role has been gained by institutional social actors, with the Commission’s Directorate-General for Employment, Social Affairs and Inclusion (DG EMPL) being included in the Semester’s ‘core DGs’ since 2014, alongside the Directorate-General for Economic and Financial Affairs (DG ECFIN), the Secretariat-General and the Directorate-General for Taxation and Customs Union (DG TAXUD) (ibid). Conversely, the ‘environmental dimension’ of the Semester has historically been underdeveloped and mostly focused on issues related to energy policies, while policies fighting environmental degradation and climate change were never explicitly included among the key priorities of the Semester’s Annual Growth Surveys (AGSs) (Charveriat and Bodin 2020; Sabato and Mandelli 2018). The relatively scarce references to these policy areas emphasised the creation of synergies and ‘win-win situations’ between environmental protection on one hand and economic growth and social progress on the other hand, with little attention paid to their trade-offs.
3.3 The legacy of the Juncker Commission

Following its commitment given in 2016, the Commission launched a reflection on the implementation of the 2030 Agenda and the SDGs at EU level in the post-2020 period, with a high-level multi-stakeholder platform set up to draft recommendations. This consultation resulted in the publication (in January 2019) of a reflection paper, ‘Towards a Sustainable Europe by 2030’ (European Commission 2019a). In it, the Commission links the implementation of the SDGs to what it defines as the ‘sustainability transition’, i.e. the transition towards a climate-neutral EU economy by 2050. Among the policy priorities, which the reflection paper refers to as the ‘policy foundations for a sustainable future’ (European Commission 2019a: 15), ‘ensuring a socially fair transition’ is considered key to the sustainability transition, since, in order to be successful, it would need to rely on strong social support. In this respect, specific actions were deemed necessary to address the possible socio-economic trade-offs of the transition, making sure that ‘no one is left behind’ (ibid). In the view of the Juncker Commission, the implementation of the European Pillar of Social Rights (EPSR) would be fundamental, with the Pillar directly contributing to the achievement of no fewer than eight SDGs (European Commission 2019a: 58-63). 11

The same 2019 paper included ‘governance and ensuring policy coherence at all levels’ among the fundamental ‘horizontal enablers’ for the sustainability transition. Due to the cross-cutting and inter-linked nature of the SDGs, better coordination between different levels of governance, strong cooperation between administrations and, ultimately, enhanced coherence across different policy areas would be crucial for their effective implementation (European Commission 2019a: 29).

Launching a debate on how to effectively implement the SDGs in the future and how to link them to the EU post-2020 Agenda, the Juncker Commission proposed three scenarios. The first was to set up an overarching EU SDG strategy guiding all actions of the EU and Member States (i.e. the new EU overarching strategy following from Europe 2020 would be a fully-fledged Sustainable Development Strategy). The second would consist of continuing the mainstreaming of the SDGs in all relevant EU policies by the Commission, but not enforcing Member State action. In the last scenario, the focus would be mainly on external actions for sustainability, with priority given to ‘helping the rest of the world catch up, while pursuing improvements at EU level’ (European Commission 2019a: 38).

Confronted with the Commission’s reflection paper, the Council of the EU did not express any clear endorsement of a specific scenario. Instead – recalling the Presidency Conclusions of the European Council in October 2018 (European Council 2018: par. 12)
– it urged the Commission to draft an implementation strategy for the 2030 Agenda, ‘[building] upon elements of the scenarios presented in the Commission’s Reflection Paper’ (Council of the EU 2019a: par. 7). Such an implementation strategy should be ‘comprehensive [...], outlining timelines, objectives and concrete measures to reflect the 2030 Agenda and mainstream the SDGs in all relevant EU internal and external policies’ (ibid: par. 8). Importantly, to avoid duplication and excessive red tape, the monitoring and reporting systems of the implementation strategy should use existing mechanisms, including ‘where relevant’ the European Semester (Council of the EU 2019a: par. 12).

4. The von der Leyen Commission and the integration of the SDGs in the Semester

4.1 The new Commission between policy layering and policy innovation

On being designated President of the European Commission in summer 2019, Ursula von der Leyen was confronted with various options (and pressures) on how to concretely implement the SDGs at EU level. The solution ultimately adopted consisted of a mix of elements, including (a) elaborating a new overarching growth strategy, the European Green Deal (EGD) – which, while not strictly dedicated to implementing the 2030 Agenda, is in many respects in line with it; (b) continuing the mainstreaming of the SDGs in EU policies; and (c) integrating the SDGs into the Semester.

Looking specifically at the EGD, a few elements appear particularly relevant for this chapter (see Laurent, this volume, for a comprehensive analysis). The EGD was presented as an integral part of the EU strategy to implement the UN 2030 Agenda and the SDGs (European Commission 2019b: 3). Indeed, the EGD has some elements of continuity with both the previous EU SDS and the notion of ‘sustainability transition’ outlined in the 2019 Commission reflection paper. First, the EGD explicitly sets the fight against climate change and the improvement of the environment – two themes traditionally envisaged by the previous EU SDS – as its priority objectives. Second, the eight ‘interlinked and mutually reinforcing’ macro-areas for EGD action significantly overlap with the four ‘policy foundations for a sustainable future’ that should have characterised the implementation of the 2030 Agenda according to the 2019 reflection paper. Third, the EGD points out that achieving high environmental standards is not incompatible with promoting growth and social progress. On the contrary, these objectives can be mutually reinforcing. However, unlike Europe 2020, greater attention is paid to possible trade-offs – strongly characterising previous discourses linked to the EU SDS – including possible negative social implications of the green transition.

12. The macro-areas for action of the EGD are (European Commission 2019b: 4) 1) increasing the EU’s climate ambition for 2030 and 2050; 2) supplying clean, affordable and secure energy; 3) mobilising industry for a clean and circular economy; 4) building and renovating in an energy and resource efficient way; 5) accelerating the shift to sustainable and smart mobility; 6) from ‘Farm to Fork’: designing a fair, healthy and environmentally-friendly food system; 7) preserving and restoring ecosystems and biodiversity; 8) a zero pollution ambition for a toxic-free environment.
Integrating the Sustainable Development Goals into the European Semester

The second element of the Commission’s plan for implementing the UN 2030 Agenda was to mainstream the SDGs in EU policies. To do so, the President of the Commission tasked each Commissioner with implementing the SDGs in their respective policy areas, though attributing responsibility for the overall implementation of the SDGs to the College as a whole. A coordinating role for implementing the SDGs in the European Semester was assigned to the Commissioner for the Economy Paolo Gentiloni (von der Leyen 2019c: 4). As revealed in our interviews, this kind of mainstreaming is expected to ensure the effective integration of the SDGs into EU policies ‘as a sort of guiding chapeau’, even in the absence of a dedicated implementation strategy.

Finally, according to our interviewees, the decision to refocus the European Semester as an instrument integrating the SDGs can also be read as part of von der Leyen’s commitment to place sustainability high on the EU agenda. However, the new President initially provided no further details as to what extent and how the SDGs would actually be included in the EU socio-economic governance process.

Confronted with this situation, the Council of the EU (2019b) noted in its conclusions of 10 December 2019 that, notwithstanding their repeated requests, a comprehensive EU implementation strategy for the 2030 Agenda and the SDGs was still missing. It urged the Commission to elaborate such a strategy ‘without further delay’ (ibid: par. 19). The Council also raised concerns about Commission’s decision to assign responsibility for implementing the SDGs to the College as a whole, thereby potentially weakening policymaking coherence (par. 14). To avoid this risk, according to the Council, such a ‘whole-of-Commission approach’ should have been buttressed by attributing overall responsibility to one member of the College at the highest level (ibid). Furthermore, the Council appeared quite prudent on refocusing the Semester on the SDGs, asking for more information on how the Commission intended to do so and explicitly recalling that the Semester is a coordination tool for the economic, fiscal and employment policies in the Member States (11).

An answer in this respect arrived one week after the Council meeting, with the publication on 17 December 2019 of the Commission’s Annual Sustainable Growth Strategy (ASGS), kicking off the 2020 Semester.

4.2 The Sustainable Development Goals in the 2020 European Semester

In its 2020 Annual Sustainable Growth Strategy – renamed to highlight the notion of sustainability in this key EU document – the Commission puts forward the two key strategic frameworks at the heart of the new Semester: the European Green Deal and the UN SDGs. Indeed, the Semester is expected to contribute to implementing the new EU overarching growth strategy (European Commission 2019c: 1), while at the same time it is considered a framework that ‘can help drive [economic, social and fiscal] policies towards the achievement of the SDGs by monitoring progress and ensuring closer coordination of national efforts in the area of economic and employment policies’ (European Commission 2019c: 13).
These two broad strategic frameworks are seen as compatible, insofar as, in the view of the Commission, ‘[the EGD] puts sustainability – in all of its senses – and the well-being of citizens at the centre of our action’ (ibid, bold removed from original). In order to link the two frameworks, the ASGS is built around what the Commission defines as a ‘broader economic narrative’ (European Commission 2019c: 13), based on the notion of ‘competitive sustainability’. The latter, presented as ‘a new paradigm to address interrelated key challenges’ (ibid), rests on four dimensions: (a) environmental sustainability; (b) productivity growth; (c) fairness; and (d) macro-economic stability. The first dimension focuses on achieving the key objectives of the EGD – the fight against climate change and the transition to climate neutrality. According to the Commission, a ‘reinforced’ Semester (i.e. with a more developed environmental dimension) could be a fundamental instrument providing specific guidance to Member States on how to achieve these objectives (European Commission 2019c: 5). Productivity growth and innovation are seen as key to ensure future income and employment growth (ibid: 6). Fairness should be ensured first by ‘fully deliver[ing] on the Principles of the European Pillar of Social Rights’ (European Commission 2019c: 9, bold removed from original). Fairness should also encompass a territorial and sector-specific dimension, as the renewed Semester should provide guidance for the implementation of the Just Transition Mechanism proposed in the EGD (European Commission 2019c: 10). Finally, macro-economic stability is considered as a ‘precondition to ensure resilience against future shocks and facilitate the transformation [of the economy]’ (European Commission 2019c: 11).

The notion of competitive sustainability can be seen as a link between the UN 2030 Agenda and President von der Leyen’s growth strategy, the EGD. In the view of several of our interviewees from the European Commission, this notion is an important ‘paradigm change’ compared to the past insofar as it highlights the word ‘sustainability’, to be achieved while ensuring that the European economy remains able to compete with the rest of the world. In this sense, competitive sustainability would represent a partial departure from the narrative of the Europe 2020 strategy: while promoting growth and competitiveness were the main objectives of Europe 2020, in the ASGS 2020 these objectives are presented as enabling conditions for the shift towards sustainability. As noted by one of our interviewees, in this perspective competitiveness (which in the ASGS is specifically conceived in terms of productivity growth) could be considered an addition to the traditional dimensions of economic, social and environmental sustainability.

Thus, the broad understanding of the ASGS entails that, to a varying extent, each of the dimensions of competitive sustainability encompasses and tries to link environmental, economic and social concerns, as these dimensions are considered ‘closely interrelated and mutually reinforcing’ (European Commission 2019c: 3). However, taking on board one of the basic concerns of the notion of sustainable development, the focus in the 2020 ASGS is also on the identification of possible trade-offs between environmental, social and economic policies (ibid: 14). The integration of the SDGs into the Semester would

13. A specific Commission’s Communication on ‘A Strong Social Europe for Just Transitions’ (EC 2020c) adds more details on the role of the Pillar in this context and on its implementation through the Semester. On the Just Transition Mechanism and, more generally, on the notion of just transition, see Sabato and Fronteddu (2020).
allow for a better understanding of this big picture, helping to both exploit synergies and identify and address possible trade-offs (ibid: 2).

While some information on how the Commission intends to use the SDGs in the Semester emerges in the ASGS 2020, the Communication on the 2020 Country Reports (CRs) is somewhat more explicit, explaining that

‘[in] line with the legal scope of the European Semester, the integration of SDGs focuses on their macro-economic dimension and on how they can be achieved through economic, employment and social policies.’ (European Commission 2020b: 3, bold in the original removed)

The Country Reports should represent key documents providing concrete analysis of the four dimensions of competitive sustainability and identifying SDG-relevant policies and challenges. In order to do so, the Country Reports 2020 include ‘environmental sustainability’ among the key reform priorities for the Member States, alongside ‘public finance and taxation’, ‘financial sector’, ‘labour market, education and social policies’, and ‘competitiveness, reforms, and investments’. The resulting environmental section of the Country Reports provides an analysis of countries’ environmental and climate-related challenges, ‘with a focus on those areas that interlink with economic and employment policies, including the social impact of these challenges and policies’ (European Commission 2020a: 3).

Of course, the other dimensions of competitive sustainability are also incorporated in the 2020 Country Reports. In particular, the ‘fairness’ dimension represents the social aims of the renewed Semester, i.e. to prevent and combat the risk of growing social divides, while ensuring the provision of social rights by delivering on the principles of the European Pillar of Social Rights (European Commission 2019c: 9). Social issues in the 2020 Country Reports are grouped into three categories – ‘labour market’, ‘education and training’ and ‘social protection’ – with country-specific analyses, as was the case in previous years, based on the Social Scoreboard supporting the EPSR. To strengthen the link between the EPSR and the SDGs, the box in the 2020 Country Reports summarising countries’ performance with respect to the Social Scoreboard indicators has been explicitly connected to the SDGs, clearly indicating the SDGs to which each social indicator is linked. Thus, country performances measured through the Social Scoreboard are deemed directly relevant to assess progress towards no less than six ‘social’ SDGs: SDG 1 (end poverty in all its forms everywhere), SDG 3 (ensure healthy lives and promote well-being for all at all ages), SDG 4 (ensure inclusive and equitable quality education and promote lifelong learning opportunities for all), SDG 5 (achieve gender equality and empower all women and girls), SDG 8 (promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all), and SDG 10 (reduce inequality within and among countries).

14. Each Country Report contains a specific Annex on ‘Investment guidance on the just transition fund 2021–2022’ (Annex D) that identifies the regions eligible for funding under the Just Transition Fund and investment priorities to make the economy greener, more modern and more competitive, while also tackling the socio-economic consequences of the transition.
Besides adding a dedicated environmental section and linking the EPSR to specific SDGs, the 2020 Country Reports also explicitly feature the SDGs in different ways. References to each country’s performance in relation to the SDGs are contained in the ‘Executive Summary’, in a dedicated paragraph of the section on ‘Economic situation and outlook’ and in a new Annex E on ‘Progress Towards the Sustainable Development Goals’. The latter features comparative statistics and trends for the past five years in a country’s performance with respect to the indicators that Eurostat associates with each SDG in its annual Monitoring Report (Eurostat 2020). Furthermore, the SDGs – or, more precisely, how specific themes or initiatives addressed in the Country Reports relate to the SDGs – have been mainstreamed throughout the Country Reports, even if not systematically. In this respect, our analysis reveals that a certain degree of selectivity in the usage of the SDGs in the Semester was indeed necessary for two reasons. First, the emphasis attributed to specific SDGs varies according to the countries, considering the different national situations and challenges. Second, not all the SDGs have been considered with the same degree of detail, since some of them are particularly difficult to fully include in a process such as the Semester, with its focus on Member States’ employment and economic policies. Cases in point are cooperation and development issues and, more generally, the external dimension of sustainable development, meaning both EU action to promote sustainable development worldwide and the impact that EU policies have elsewhere in the world.

The changes described above raised the need for some analytical adjustments. To gain more detailed information on the situation in the Member States in relation to the SDGs, Eurostat was asked to include country chapters in its annual monitoring of the SDGs, which they did in the 2020 edition of their monitoring report (Eurostat 2020). As for the SDGs more directly linked to economic and social objectives, the Commission largely continues to rely on the sources already used in previous Semester cycles, sometimes linking them more explicitly to the SDGs, as in the case of the Social Scoreboard supporting the EPSR. However, new indicators for analysing the macroeconomic and social implications of the ecological transition are expected to be included in the next Semester cycle.

From a procedural point of view, the ‘core DGs’ of the Semester and the distribution of roles and responsibilities in drafting the Semester’s documents between the various DGs involved remain unchanged. However, at the level of the country teams, the need to address environmental sustainability in the Semester and to adopt a more integrated approach — as suggested by the notion of competitive sustainability — has led to the strengthening of inter-service coordination. Ultimately, the 2020 Semester has drawn more on the internal expertise of a broader array of DGs such as, for instance, the Directorate-General for Climate Action (DG CLIMA) and the Directorate-General for the Environment (DG ENV). To steer this work, to make sure that the documents reflect the Commission’s priority objectives and to ensure consistency, the Secretariat-General issued a horizontal guidance note at the beginning of the process.

The Commission also ‘invited Member States to take stock of progress made on the SDGs in their national reform programmes, as a qualitative complement to the
indicator-based monitoring by the Commission within the Semester that will capture the economy-wide aspects of the related policies’ (European Commission 2020a: 14).

The comprehensive analysis in the Country Reports was expected to be translated into the Country-specific Recommendations (CSRs) for 2020, providing Member States with concrete guidance on the reforms and investments to prioritise in order to conjugate the four dimensions of competitive sustainability. Soon after the publication of the 2020 Country Reports, however, EU countries were hit hard by the Covid-19 pandemic, with enormous socio-economic consequences (see Myant, this volume; Vanhercke et al., this volume). In this context, the Commission restated its willingness to maintain, in the CSRs, the overall approach of the ASGS. Indeed, according to the European Commission (2020b: 5, bold removed from original),

‘[t]he pandemic underlines the interconnectedness of economic, social and environmental spheres and the need for a holistic strategy to recovery. For this reason, the integration of the United Nations’ Sustainable Development Goals (SDGs) in the European Semester of economic policy coordination is even more important than it was before.’

The priorities in the 2020 CSRs for the Member States were thus to cushion the immediate social, employment and economic effects of the crisis (with a particular focus on health), while prioritising ‘green’ - and digital – investment as a basis for future recovery. In doing so, Member States were allowed to temporarily disregard the fiscal constraints deriving from the Stability and Growth Pact, only resuming more prudent fiscal policies ‘when economic conditions [...] will allow’ (European Commission 2020b: 7; see also Myant, this volume). According to the Commission, by implementing the 2020 CSRs, Member States will make further progress towards the SDGs and competitive sustainability.

**Conclusions: the EU and sustainable development – facing the governance conundrum**

In this chapter we have investigated the origins and rationale of the 2019 proposal by the von der Leyen Commission to integrate the SDGs into the European Semester. Through a preliminary analysis of the relevant documents of the 2020 Semester, we have identified some of the implications of such integration. In doing so, we have adopted a long-term perspective, analysing not only the most recent debates and initiatives but also previous attempts to implement sustainable development at EU level. Our analysis shows that full and coherent integration of the 2030 Agenda and of the SDGs into EU policymaking is an extremely complex endeavour and, from a governance perspective, a veritable conundrum. Though the von der Leyen Commission’s decision to use the Semester for such a purpose might represent a partial solution to this conundrum, it also has some important shortcomings.
Looking at the 2020 Semester, we conclude that the decision to integrate the SDGs has contributed to broadening its analytical scope, adding some elements that, previously, were only marginally included, such as, importantly, a focus on environmental sustainability. The latter is one of the main components of the notion of competitive sustainability promoted by the 2020 ASGS, a notion that mirrors, in many respects, the three key dimensions of sustainable development. By relying on this notion, the Commission has tried to bridge the gap between the two main strategic frameworks guiding the 2020 Semester: the European Green Deal and the SDGs. The addition of an environmental dimension to the Semester’s 2020 Country Reports has not detracted attention from other, more traditional Semester topics in these documents, including those pertaining to the social dimension. As for the latter, the analyses in the 2020 Semester are still organised around the principles and rights of the EPSR, while the Pillar’s Scoreboard has been explicitly linked to the SDGs, confirming that, in the intention of the Commission, the EPSR should be seen as a key element in implementing the SDGs in the EU. The inclusion of an environmental dimension and the references to the SDGs have to some extent laid the foundations for analyses (in the Semester’s Country Reports) more in line with a sustainable development approach, i.e., based not only on the identification of synergies, but also of possible trade-offs between the constitutive dimensions of competitive sustainability. Finally, these developments were also accompanied by some changes in the Commission’s internal procedures for drafting the Country Reports and CSRs, drawing more on the expertise of DGs previously less involved in the Semester, such as DG ENV and DG CLIMA.

On the downside, the enlargement of the Semester’s scope has made its procedures even more complex and time-consuming, as well as adding many new scoreboards and indicators (with new ones yet to come). Furthermore, some limitations in using the Semester as a means for achieving and monitoring all the 17 SDGs are apparent. Indeed, the nature of the process and the need to keep it manageable impose a certain selectivity in the usage of specific SDGs. In the Semester, the focus is on the macro-economic implications of the SDGs and on how they can be achieved through economic, employment and social policies. Consequently, fully-fledged analyses of national situations in relation to all the SDGs, and of their interlinkages, are not possible within the Semester. Moreover, the Semester cannot be used to assess the EU’s contribution to sustainable development outside its borders.

This said, in the logic of ‘mainstreaming’ followed by the Commission, the Semester is not the only process expected to contribute to delivering on the SDGs. The latter are supposed to serve as input to all the major EU initiatives. In this respect, the request tabled by the Council to set up a dedicated, overarching strategy for implementing the 2030 Agenda could be a way to systemise the various initiatives and strategies relevant for the SDGs, possibly ensuring their coherence. Whatever the case, designing a new dedicated strategy is bound to have important shortcomings, as witnessed by the EU SDS. Without strong governance arrangements, a new strategy for implementing the 2030 Agenda and achieving its SDGs is at risk either of remaining peripheral, given the prominence of the EGD as the new overarching growth framework, or of duplicating
most of the priorities identified in the EGD. Furthermore, a dedicated strategy for implementing the 2030 Agenda based on the ‘better usage of existing mechanisms’ (in the words of the Council) risks being a vague solution that eventually reproduces the problem of how to adapt procedures and instruments originally designed for other purposes to the SDGs. All in all, the political priority currently assigned to drafting a comprehensive implementation strategy for the 2030 Agenda is at present unclear. Though the EU’s commitment to promote the 2030 Agenda is continuously restated, it seems that the European Council went from requesting a dedicated implementation strategy (European Council 2018) to not including such a request in the ‘New Strategic Agenda 2019–2024’ (European Council n.d.: 6). For its part, while including ‘a sustainable Europe’ among its priorities, the German Presidency of the Council (2020) also remains vague, simply referring to the drafting of a ‘concept’ for implementing the UN 2030 Agenda, accompanied by regular reports monitoring progress in the achievement of the SDGs (German Presidency 2020: 16).

In sum, including the SDGs in EU policymaking seems to be a veritable governance conundrum for the von der Leyen Commission. On the one hand, if not well-designed, a new SDG-centred strategy runs the risk of being ineffective. On the other hand, relegating full implementation of the SDGs to the Semester is not feasible (given that the Semester is first and foremost a socio-economic governance instrument unable to fully capture the holistic ambitions of the SDGs) or even undesirable (since overstretching the Semester’s scope might turn it into an unmanageable tool).

At the same time, keeping the SDGs out of the Semester would also not seem to be a good idea, since the latter provides (some of) these goals with an already available and well-established governance framework. Indeed, their partial integration into the 2020 Semester is one of the EU’s most concrete attempts to put sustainable development at the centre of its policymaking. While such an attempt may have been imperfect and in many respects incomplete, at the time of the writing (September 2020) it is unclear whether and to what extent it will be continued in the Semester 2021.

The 2021 Semester has indeed been recently modified to encompass the ‘Next Generation EU plan’ and the related ‘Recovery and Resilience Facility’, while the ASGS 2021 contains some important novelties entailing a deep transformation of both the Semester’s procedures and its outputs (European Commission 2020d; see also Vanhercke et al., this volume). According to the Commission, the ASGS 2021 is in full continuity with the ASGS 2020, with the four dimensions of competitive sustainability remaining the Semester’s ‘guiding principles’ (ibid: 2). This said, compared to the ASGS 2020, the notion is framed in a different way. With a view to developing a more optimistic narrative, the focus is now on the opportunities deriving from the synergies between the four dimensions of competitive sustainability, leaving possible tensions and trade-offs at best implicit. As explained in this chapter, the latter represent key

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15 As we have shown in Section 2, while embracing a comprehensive and multidimensional understanding of sustainable development, the previous EU SDS was focussed on a more limited number of priority challenges. The same applies to the proposal of the Juncker Commission (Section 3) that relied on a limited number of policy foundations for a sustainable future, that have then been to a large extent included in the EGD.
elements of the notion of sustainable development, which the 2020 Semester managed to somehow incorporate. More in general and different to the previous cycle, in the ASGS 2021 the notion of competitive sustainability is not explicitly linked to the implementation of the 2030 Agenda and of the SDGs, with the latter only briefly and generically mentioned in the document as a reference framework for the Recovery and Resilience Facility (European Commission 2020d: 3). Similarly, the SDGs are not mentioned in the guidance provided by the Commission to Member States for drafting their Recovery and Resilience plans, i.e. the documents that will integrate the National Reform Programmes in 2021 (European Commission 2020e, 2020f). This circumstance casts doubts on the Commission’s willingness to use the SDGs when assessing these plans. All in all, the initial resolution of the von der Leyen Commission to create a strong and explicit link between the Semester, the 2030 Agenda and the SDGs seems to have lost momentum, while the governance conundrum in the implementation of the UN 2030 Agenda and its SDGs at EU level is still in search of a solution.

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