



Institute for  
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# *Sustainability at the centre of COVID-19 economic recovery*

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# 5 tests for EU and MS recovery packages

- **Criteria 1: Sound scientific basis**
- **Criteria 2: Resilience:** By addressing vulnerability at its very root, recovery plans should strengthen economic, social and ecological resilience to cope with multiple shocks.
- **Criteria 3: Equity and solidarity:** prioritise support for vulnerable households, communities, regions and countries.
- **Criteria 4: Transformation:** Recovery plans must lead to the emergence of novel sustainable practices and technologies, their diffusion and uptake within society and the reconfiguration of established systems.
- **Criteria 5: Scale:** It is still unclear how much funding will be dedicated to green, neutral or brown measures, both in the EU and in MS. We need unbiased information from courts of auditors on existing and upcoming plans.

# Where are we at now?

- **Major change in semantics but also cornerstone principles of the Union**
  - Growth and stability pact put aside during the crisis
  - Annual Sustainable Growth Survey 2021: “The Recovery and Resilience Facility is rooted in the EU’s aim of achieving competitive sustainability and cohesion through a new growth strategy, the European Green Deal.””
  - “Competitive sustainability and resilience are two sides of the same coin; this was highlighted by the COVID-19 crisis.”
  - New concept of “competitive sustainability”, with its four dimensions of **economic stability, social fairness, environmental sustainability and productivity and competitiveness.**
- **Beginning of the shift in terms of the recommendations to Member States as part of the 2020 Semester process:** “interconnectedness of economic, social and environmental spheres and the need for a holistic approach to recovery”. ([Country Specific Recommendations](#) (CSRs) in the Spring Package )
- **Guidelines to MS as part of recovery plans:** Countries will need to show how proposed investments will
  - Promoting the Union’s economic, social and territorial cohesion
  - Strengthening economic and social resilience
  - Mitigating the social and economic impact of the crisis
  - Supporting the green and digital transitions

# Where are we at now?

- **Major change in governance: Increased power to the EC to push for structural reform**
  - MS to submit Recovery and Resilience Facility (RRF) plans to the European Commission from October to April, this process will be directly linked with the semester. MS have to provide evidence of structural reform to access recovery funds (672 bn).
  - **Creation of DG reform** “The Directorate-General for Structural Reform Support (DG REFORM) helps EU countries carry out reforms to support job creation and sustainable growth”

# Mainstreaming SDGs in the European Semester

- The European Semester is a cycle of economic and fiscal policy coordination within the EU
- Annex on SDGs in the country specific recommendations.
  - They explicitly highlight the “interconnectedness of economic, social and environmental spheres and the need for a holistic approach to recovery”.
- The European Semester Spring Package confirms a shift away from the mantra of growth within the EC.

# Introducing an environmental sustainability scoreboard within the European Semester

- Introducing 8 dimensions of the sustainable economy into the 2021 Semester cycle:
  - Size of the green economy
  - Long-term sustainability of the economy
    - Sustainable public finance
    - Green incentives, taxes and subsidies
    - Measuring green R&D and Innovation
      - Sustainable industry
      - Climate change risk
      - Negative spill-over effects

# Mainstreaming SDGs in the European Semester

- Using 15 existing indicators that would form part of an environmental sustainability scoreboard
- Improving the sustainability scoreboard over time through new indicators, e.g. public funding for just transition
- Creating synergies with the social scoreboard by introducing the concept of a sustainable wellbeing economy for all

# Closing the implementation gap

- Need to align the different processes (Semester, EAP, EGD, EIR, etc) to have coordinated recommendations and monitoring
- Picking the right indicators and monitoring tools
- Aligning funding, incentives and compliance mechanisms;
- Supporting greater policy coherence for sustainable development at the Member State level
- Enhancing democracy to promote public support.
- Need of an independent assessment of green recovery plans (European Court of Auditors, working with MS Court of auditors) to fuel democratic debate.





# Thanks !

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