TOWARDS AN EU WELLBEING ECONOMY
A FAIRER, MORE SUSTAINABLE EUROPE AFTER COVID-19
TOWARDS AN EU WELLBEING ECONOMY: A FAIRER, MORE SUSTAINABLE EUROPE AFTER COVID-19

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WWF’s mission is to stop the degradation of the planet’s natural environment and to build a future in which humans live in harmony with nature, by conserving the world’s biological diversity, ensuring that the use of renewable natural resources is sustainable and promoting the reduction of pollution and wasteful consumption.

The European Policy Office contributes to the achievement of WWF’s global mission by leading the WWF network to shape EU policies impacting on the European and global environment.

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TOWARDS AN EU WELLBEING ECONOMY: A FAIRER, MORE SUSTAINABLE EUROPE AFTER COVID-19
A ‘wellbeing economy’ starts from the idea that public interests should determine economics, and not the other way around. Rather than pursuing economic growth through narrowly defined indicators such as Gross Domestic Product (GDP), a wellbeing economy monitors and values what truly matters: our health, nature, education and communities. It means ‘combining the idea of prosperity with the possibility of social progress within planetary boundaries’ with the 2030 Sustainable Development Goals as the foundation.

In the European Union (EU), the economy of wellbeing has been endorsed by the Council of the EU in October 2019 and by the European Economic and Social Committee (EESC) in January 2020. Once embedded in the EU’s actions, it has the potential to put Europe on a sustainable path to 2030.

2020 may be the year in which everything changed. It has been marred by an unprecedented crisis caused by the spread of the COVID-19 pandemic across the world, showing how fragile countries and global systems are to major shocks. This took place at a time when the impacts of climate change and environmental degradation are increasingly felt with ravaging wildfires and record droughts recorded across Europe and the globe. Natural disasters are increasing. We are losing nature, our survival system, and are heading at an unprecedented rate towards a sixth mass extinction. Throughout our societies, we have seen that these major events entrench and worsen existing levels of social inequality, exclusion, poverty and gender inequality. The health crisis has placed a magnifying glass on the inescapable interconnection between human health and the health of our planet. There is increasing evidence of the links between environmental degradation, biodiversity loss, illegal wildlife trade, and the emergence of new diseases and environmental disasters. Biodiversity loss and climate change are a threat to all, and especially vulnerable populations.

We must act now as a society, and governments have an opportunity to rebuild a shared future for all life on earth. In Europe, decision-makers are putting all their efforts into policy responses to exit the economic crisis caused by the pandemic. While EU leaders were quick to subscribe to the numerous calls for a “green recovery”, the proof of their commitment will be seen in actions taken in the months and years ahead. Will we return to the previous polluting and destructive economic model, ignoring the imperative of urgent action on climate change and nature degradation; or “build back better”, to a climate-neutral, sustainable, equitable and resilient economy?

WWF believes it is crucial that the recovery is carried out in a way that not only helps tackle climate and environmental breakdown, but also social inequalities, and the need to improve long-term resilience. The EU and its Member States need to ensure that all COVID-19 policy responses and medium and long-term economic stimulus packages are aligned with the SDGs and purposefully geared towards activities that prepare Member States for long term shared prosperity and sustainability. For this, new means of decision-making will be needed taking into full consideration the impacts on people and the environment. The evolution of our quality of life, wellbeing and sustainability should be used to determine whether the EU is successfully recovering from Covid-19, and whether we are truly effective in tackling the twin crises of climate change and nature loss.

To achieve a fair, sustainable, and resilient recovery, the EU must fully embrace and implement the vision of a wellbeing economy, building on the European Green Deal and the Sustainable Development Goals (SDGs). The 2030 Agenda and its 17 SDGs provide a comprehensive, integrated and universal framework that aims to leave no one behind and achieve prosperity for people and planet. Adopted in September 2015, the 2030 Agenda is based on the understanding that the challenges we face, from poverty and environmental destruction to inequality and conflict are all inter-connected. It places equal importance on the three pillars of sustainable development: economic, environmental, and social. It provides a framework to achieve a Wellbeing Economy and a just, socially inclusive recovery, while respecting planetary boundaries.
EXECUTIVE SUMMARY

**“HUMANITY’S 21ST CENTURY CHALLENGE IS TO MEET THE NEEDS OF ALL WITHIN THE MEANS OF THE PLANET.”**

Kate Raworth, economist and author of ‘Doughnut economics’

The world continues to suffer from the effects of the COVID-19 crisis, in addition to the ongoing climate and biodiversity emergency. Lessons from previous crises must be learned to ensure that we do not return to the worst aspects of business-as-usual. The too-narrow focus on Gross Domestic Product (GDP) growth as an indicator to determine recovery must be abandoned in favour of a more inclusive measurement of our societies’ prosperity and wellbeing. Alternative measures are needed to make up for the failings of GDP, and for the EU to recover with the interest of people at heart. Taken as a whole and integrated into decision-making, adopting alternative measures can give a clearer indication of progress, and whether the recovery following COVID-19 is truly just and sustainable.

The UN Sustainable Development Goals – a holistic set of international goals adopted in 2015 - should be taken into account and can provide a roadmap to both overcome the health and economic crises and effectively tackle climate change and nature loss. Without the right policies, achievement of the SDGs will be severely undermined by the crisis.

Discussions of a paradigm shift – towards what is called a ‘Wellbeing Economy’ – have started across the world, including in Europe. Countries like New Zealand, Iceland and Finland have started to introduce this approach into their decision-making and budgets. A ‘Wellbeing Economy’ starts from the idea that public interests should determine economies, and not the other way around. Rather than pursuing economic growth through narrowly defined indicators such as GDP, a wellbeing economy monitors and values what truly matters: our health, nature, education and communities. It means ‘combining the idea of prosperity with the possibility of social progress within planetary boundaries’ with the 2030 Sustainable Development Goals as the foundation.

Different indicators already exist which can be used and adapted to better take into consideration issues like inequality (the GINI index), human development (the UN’s Human Development Index) or respecting planetary boundaries and social foundations (Doughnut Economics). These measures are further explored in Part I of this report.

In the European Union (EU), the economy of wellbeing has already been endorsed by the Council of the EU in October 2019 and by the European Economic and Social Committee (EESC) in January 2020, adding to the growing chorus of voices calling for a different way of evaluating the wellbeing of European citizens and the health of European economies.

This is why WWF is calling for the EU to adopt a Wellbeing Economy strategy, with the SDGs acting as a guiding tool. Concretely, the EU should take a series of actions through which it can formulate an effective response to several challenges at once. This can help:

- Balance the social, environmental and economic dimensions of the recovery from the current health and economic crises;
- Respond to the calls from the EU Council for a common EU approach to the economy of wellbeing;
- Provide an EU strategy for implementing the 2030 Sustainable Development Goals, five years after their international adoption.

The 2030 Agenda for Sustainable Development is a universal, indivisible agenda relevant to and adopted by all countries and governments, including the EU and its member states. Its achievement requires changes to our economic system, and measures of progress that place equal importance to the three pillars of sustainable development. It provides the ideal framework to achieve a wellbeing economy and a just, socially inclusive recovery, while respecting planetary boundaries.

In its 2020 Work Programme, the European Commission has committed to “put the United Nations Sustainable Development Goals at the heart of our policymaking”. The two avenues the Commission has committed to take forward are to (a) refocus part of its economic governance framework by integrating the SDGs in the EU Semester and (b) to present an approach to the overall governance and implementation of the goals. Taken together, these offer a chance to shift the EU onto a more sustainable path.

In order to “build back better” following the COVID-19 pandemic, WWF is now calling for the EU to adopt a Wellbeing Economy strategy, to bring together these two commitments in a comprehensive way, and detail further the EU’s approach to implementing the SDGs. Such a strategy could be made up of several individual policy actions, fulfilling the following requirements:

1. Setting out a forward-looking, ambitious vision for an EU wellbeing economy that is in line with the Sustainable Development Goals;
2. Developing wellbeing indicators to guide EU decision making and track Member States’ performance;
3. Improving EU governance and accountability to foster the sustainable transition towards a Wellbeing Economy;
4. Starting from the top: overhauling Better Regulation tools in line with sustainability requirements.
In the past 70 years, GDP has been used by political leaders and policy-makers as the headline measure of how well our economies and societies are doing, which has led to decision-makers focusing on its growth to the detriment of other aspects of our lives. During the same period, the natural world has come under increasing pressure; in the past 50 years two-thirds of wildlife populations have been lost worldwide, and one million species are currently at risk of extinction. Greenhouse gas emissions have continued to rise, causing climate change which is endangering ecosystems that communities across the globe rely on for sustenance. Meanwhile, the amount of globally extracted resources continues to climb, from 84.4 to 92.0 billion tonnes between 2015 and 2017, impacting biodiversity and local communities. This has a cost: for example, the global financial costs of pollution are huge, totalling $4.6 trillion per year – 6.2% of global economic output.

Since the highly influential first ‘Limits to growth’ report by the Club of Rome in 1972, the prospect of infinite economic growth on a planet with finite resources has been questioned. And yet, compared to GDP, indicators measuring wellbeing and sustainability have had only limited effects on political decision-making and prioritisation.

In the EU, social inequalities were already on the rise, due in part to the effects of the 2008 financial crisis, even before the Covid-19 crisis led to mass unemployment and highlighted the increased levels of exposure that essential workers face. Recovery from the crisis cannot lead to business as usual, where essential workers, long undervalued for their labour, carry the economic brunt of recovery policies. Yet, as plans are made to recover from the Covid-19 pandemic, economic growth based on GDP is placed once again centre stage.

Alternatives to policy-making based on economic growth exist and are more tangible than ever before. The idea of a Wellbeing Economy in particular has received growing attention in recent years, and such a shift that has already been adopted by several governments across the world, aiming at transforming their policies and decision making processes towards delivering wellbeing for all its people. Examples of countries that are moving towards a Wellbeing Economy are highlighted in this report, further to expanding on the definition of a wellbeing economy, the limitations of GDP as the headline measure of progress, and the fallacies behind ‘green and sustainable’ growth.
THE LIMITATIONS OF GDP AS THE SOLE POLITICAL PRIORITISATION INDICATOR

The concept of Gross Domestic Product (GDP) was first developed in the United States and the United Kingdom in the 1930s as a response to the great depression. This indicator measures the market value of all goods and services produced within a country in a given year. It is used to determine the size of the economy at a point in time and the growth of the economy over a period of time. It also measures economic value, but not how wealth is distributed.

GDP is used as the headline measure of how an economy is performing. It is used by decision-makers to allocate money in future budgets. This has often resulted in a focus on short-term gains to the detriment of long-term considerations, such as leaving a healthy environment for future generations. This is further exacerbated by relatively short-lived political mandates and policy-makers’ desire to show early wins to their voters.

Economists themselves have clearly emphasised that GDP is a measure of economic activity, not economic and social wellbeing. Nobel Prize-winning economist Simon Kuznets, one of the main originators of GDP, was clear about its limitations back in 1934: “the welfare of a nation can scarcely be inferred from a measure of national income.”

Crucially, GDP does not consider the over-exploitation of the environment and of workers. Global economic growth has been accompanied by environmental degradation, such as declining water and air quality, increasing emissions, and a rising ecological footprint. Environmental degradation and social inequalities are not taken into account when looking at GDP alone, and it is therefore inadequate as the sole measure used by governments to determine progress and the success of their policies. What we measure affects what we do and reflects what we value, yet GDP does not take into account health, social relations, environmental impact, or equality.

Despite this evidence, the European Commission’s strategy to ‘Repair and Prepare for the Next Generation’, presented in May 2020 to exit the COVID-19 crisis, is almost uniquely devoted to the economic impacts and the expected contraction of the EU’s GDP in 2020. All plans and actions set out by the EU, are built around bringing back economic growth, measured by GDP. This despite the lessons from the 2008-9 financial crisis that show that any recovery guided by narrow economic indicators only, can lead to increased inequalities and negative environmental impacts. Moreover, the Covid-19 pandemic does not only have an economic impact, but also lays bare the inequalities and social failings in our systems. Vulnerable population groups (including the elderly, people with pre-conditions, homeless people, low-skilled workers and refugees) are disproportionately affected by the short- and medium-term consequences of the COVID-19 crisis. These challenges will only be worsened if we base Europe’s recovery on economic growth only.

ALTERNATIVE MEASURES AND MODELS OF PROGRESS

The “GINI Index” provides data showing economic inequality, measuring the distribution of wealth in the population. The index is a way to compare how the distribution of income in a society compares with a similar society in which everyone earned exactly the same amount. A country in which the whole society would have the same income would have a result of 0, and a country in which only one person would earn all the income would have a result of 1. Interestingly, according to an OECD database, in 2015 Turkey and the USA had very similar GINI index results, ranging from 0.39-0.4. Nonetheless, in the same year, Turkey’s GDP per capita was nearly 4 times smaller than the USA’s. This simple example shows that the GINI index is able to underline GDP’s inability to show an equal distribution of wealth.

The UN’s Human Development Index (HDI) was created to emphasise that human development should be the ultimate criteria for assessing the development of a country, not economic growth alone. The HDI measures average achievement in key dimensions of human development: a long and healthy life, education and a decent standard of living. The HDI can be used to guide national policy choices, and enables comparison between countries that have similar income per capita but different human development outcomes. These contrasts can then stimulate debate about government policy priorities. However, it is worth noting that the HDI captures only part of what human development entails: it does not reflect on inequalities, poverty, human security or respect for planetary boundaries for example.

The Happy Planet Index, created by the New Economics Foundation, is an alternative index created to focus on measuring wellbeing, life expectancy, inequality of outcomes, and ecological footprint. The HPI shows how much wellbeing people get for their resources and highlights what countries are doing to provide a happy and sustainable life for their citizens. The index uses an equation that divides people’s health and happiness by the size of the carbon footprint, which dramatically shifts the ranking results. Countries with the biggest GDP are listed at the end of the ranking, placing the USA on the 108th place and China on the 72nd place out of 140 countries.

Doughnut economics was developed by Kate Raworth to rewrite economics in a way that is fit for addressing the 21st century’s realities and challenges, via a visual framework for sustainable development shaped like a doughnut. It consists of an environmental ceiling of nine planetary boundaries, beyond which lie unacceptable environmental degradation and potential tipping points in Earth systems, and a social foundation made up of twelve dimensions derived from the Sustainable Development Goals. The doughnut shows that sustainable development happens in the balance between using resources to meet our human needs, and protecting the planet’s life-support systems. The overall target for humanity should be to remain within the boundaries of the doughnut.

The city of Amsterdam recently announced that it would be using the Doughnut as a model for recovery from the Covid-19 crisis.
The table opposite shows EU Member States fare on the different indicators presented above—with the countries among the top three and bottom three according to each indicator highlighted. Overall, no distinct trend emerges, with success in one indicator not necessarily implying success or being left behind on another indicator. For example, high GDP growth does not correlate with a high score on the Happy Planet or GINI indexes (e.g. Malta and Hungary), and a country does not need to have a high GDP to score highly on the Human Development Index (e.g. Sweden, Finland and Germany).

Rather, a dashboard of indicators made up of indexes measuring various metrics of progress can help Member States to determine where more efforts are needed to achieve progress when it comes to inequality, human development or environmental footprint. A more comprehensive dashboard of indicators, beyond GDP, could therefore inform public policies to help achieve more societal and environmental benefits, and for the EU to recover with the interest of people at heart. Taken as a whole and integrated into decision-making, adopting alternative measures can give a clearer indication of progress, and whether the recovery following COVID-19 is truly just and sustainable.

FIVE MAIN LIMITATIONS OF THE GDP INDICATOR

1. Failure to account properly for depletion of natural resources, as it concentrates on annual flows not on stocks. GDP counts stock depletion as positive whereas society should seek to minimize the flows to sustain these stocks because they affect our future consumption possibilities.
2. Accounting negative externalities as positive when they force spending to repair and restore (pollution, scarcity of water, accidents or ill-health).
3. Failure to account for positive externalities because they have no market price (household labour, volunteering or ecosystem services).
4. Failure to account for inequality (e.g. income and wealth distribution)
5. Ignoring limits beyond which increasing GDP may no longer contribute to quality of life (e.g. by driving overconsumption).
WHY ‘GREEN’ OR ‘SUSTAINABLE’ GROWTH IS NOT THE SOLUTION

In response to the mounting ecological crisis, European decision-makers have embraced ‘green growth’ or ‘sustainable growth’ as strategies to continue to pursue economic growth while addressing climate change and environmental challenges. This framing has been adopted by the new European Commission at the end of 2019, by describing the European Green Deal as its new growth strategy, and rebranding the European Semester’s Annual Growth Survey into the Annual Sustainable Growth Strategy. In response for calls for a green and just recovery following COVID-19, the EU has doubled-down on its narrative of sustainable growth. The question remains however whether it represents the true paradigm shift needed in order to reach climate neutrality and put Europe on a sustainable path.

Indeed, the EU continues to maintain GDP growth as the headline measure of a society’s progress and main indicator for political decision-making, to the detriment of social wellbeing and ecological limits.

Many governments, including the EU, argue that it is possible to decouple environmental pressures from GDP growth and achieve both economic growth and environmental sustainability. The Commission has claimed this effect to take place in relation to economic growth and the drop in annual greenhouse gas emissions. Yet, in this and all other cases, decoupling seems to be relative rather than absolute. This means that while emissions or resource use may be declining in relation to economic output, they are still rising nonetheless. Absolute decoupling on the other hand would show a decline of resource use in absolute terms.

To date, decoupling is largely insufficient to meet the twin challenges of the climate and biodiversity crisis. This observation therefore calls into question the political promise of “green” or “sustainable” growth – and the need for an alternative model that goes beyond green growth and reduces ecological impacts.
A wellbeing economy is described as providing ‘an equitable distribution of wealth, health and wellbeing, while protecting the planet’s resources for future generations and other species’\textsuperscript{15}. The purpose is to serve people, the communities, and the planet first. Central to this approach is the idea that economic success is not only measured in terms of productivity and gains but also in terms of wellbeing and health of citizens, while protecting the planet’s resources for future generation and other species. The concept has been spearheaded globally by the Wellbeing Economy Alliance (WeAll), a collaboration of organisations, alliances, movements and individuals working together to transform the economic system into one that delivers human and ecological wellbeing.

In recent times, a growing chorus of voices has been calling for the EU to move towards a wellbeing economy. In 2018, 238 academics published a call for the European Union and its member states to plan for a post-growth future in which human and ecological wellbeing is prioritised over GDP\textsuperscript{16}, and in January 2020, the European Economic and Social Committee adopted an opinion calling for the EU to establish new indicators of economic performance and social progress beyond GDP\textsuperscript{17}. At the end of 2019 the Council of the EU published conclusions which stated that the EU should go beyond currently used indicators: “[...] it is widely accepted that GDP alone does not provide a comprehensive picture of people’s wellbeing. Therefore, further collaborative and intensified efforts across sectors are required to make better use of and improve existing instruments, and to build on them for the development of a common approach to measuring the different dimensions of the Economy of Wellbeing.”\textsuperscript{18}

Already now, several countries have started integrating alternative measures into their decision-making, budgetary processes and economic policies to help prioritise the wellbeing of their citizens and the environment. The following cases show that different ways of measuring prosperity is possible, and can inspire how the EU bounces back better following COVID-19.
NEW ZEALAND

In 2019, New Zealand’s government announced a “world first” wellbeing budget designed to respond to social inequalities. To spot those inequalities, the government used a mixture of collaborative and evidence-based processes, involving Science Advisors and the Treasury’s Living Standards Framework to identify priorities for the budget.

The Living Standards Framework (LSF) was developed over the years by New Zealand’s Treasury to recognize that social, economic, and environmental problems the country is facing are very complex. LSF aims to incorporate different factors about what makes a good life into the thinking of what governments can do for citizens, businesses, and the environment to flourish and maximize the wellbeing. The purpose of using this indicator is to illuminate areas where New Zealand is doing relatively well and areas where there is a need for improvement.

The index is divided in two: current wellbeing (income, housing, security, education health etc.) and future wellbeing (land use, skills and knowledge, health, natural and social environment). Some measures are taken annually, some quarterly and some even more often.

After a period of research New Zealand’s Minister of Finance indicated five priorities, which were seen as a necessary investment in the future budget:

• Creating opportunities for productive businesses, regions, iwi1 and others to transition to a sustainable and low-emissions economy,
• supporting a thriving nation in the digital age through innovation, social and economic opportunities,
• lifting incomes, skills and opportunities,
• reducing child poverty and improving child wellbeing, including addressing family violence,
• supporting mental health for all New Zealanders.

New Zealand allocated $25.6bn over four years into the "world-first" wellbeing budget designed to respond to social inequalities. For further information, see here: https://archive.stats.govt.nz/methods/classifications-and-standards/classification-related-stats-standards/nz/definitional.aspx?sc=1

ICELAND

Iceland decided to steer away from only using the GDP index in order to prioritize the wellbeing of its citizens. The government has stated that “to examine the prosperity and quality of life of nations, looking solely at economic factors such as GDP or economic growth is not sufficient.”2 In 2019, the Prime Minister's Committee on measurements for well-being in Iceland has proposed a framework of 39 indicators that cover social, economic, and environmental dimensions of quality of life.3 The purpose of that decision was to be able to better monitor trends in the wellbeing of Iceland’s society by complementing already used measures, such as GDP.

The government of Iceland conducted a survey to determine the areas which are a top priority for the general public, and propose wellbeing indicators on this basis. They include: health, education, air quality waste and recycling, employment, housing, security, work-life balance, among others. The indicators also focus on income of citizens, to determine how wealth is distributed.

FINLAND

Iceland is not the only European country looking to change its approach and focus more on the quality of life of its citizens. Finland is one of the first countries in the world that aims to identify the connections between government budgeting and sustainable development. In 2019, Finland’s government aimed to improve and expand the way in which sustainable development is treated in the budget, to make it easier to identify the allocations that relate to it. Each year the government monitors progress of the implementation of the 2030 Agenda. In accordance with this, Finland is focusing on two priority areas:

• carbon-neutral and resource-wise Finland,
• non-discriminating, equal and highly skilled Finland.

Finland is not only promoting wellbeing internally but also encourages other countries to follow its lead. When Finland held the EU presidency in the second half of 2019, one of its priorities was to improve the understanding of EU decision-makers of the fact that wellbeing and economic policy should be dealt with hand in hand. Finland started a European debate on the ‘economy of wellbeing’, which focuses on the mutually supportive relationship between the economy and people’s wellbeing.

DEVELOPMENTS IN THE EU

The Council of the EU adopted conclusions during the 2019 Finnish presidency, calling for an EU-wide long-term strategy reflective of wellbeing and for the EU to become the world’s most competitive and socially inclusive climate-neutral economy.4 Finland’s presidency was not the first call for action targeted at the EU. In the second half of 2009, the European Commission, the Council, and the European Parliament published a communication on “GDP and beyond – Measuring progress in a changing world”, where they stated that “[... critically, GDP does not measure environmental sustainability or social inclusion and these limitations need to be taken into account when using it in policy analysis and debates”. Unfortunately, not much has changed since then.

Despite the EU’s limited actions, there are already examples of Member States taking the lead to prioritise the wellbeing of their citizens. On the one hand Slovenia and Latvia are aiming to use wellbeing as a guide to strategic planning, and on the other hand Italy, France, and Sweden are trying to introduce wellbeing into the budgetary discussions. Efforts undertaken by those countries show that there is a need for developing an EU-wide wellbeing strategy, to ensure consistency and coherence across different levels of governance.
PART II
ACHIEVING AN EU
WELLBEING ECONOMY
THROUGH THE SDGs
In order to shift towards a wellbeing economy as set out in part I of this report, the SDGs must act as a guiding tool for the EU. Part II aims to provide EU decision-makers with the concrete steps and recommendations to make an EU Wellbeing Economy a reality.

Concretely, the EU must develop and implement a set of actions towards an EU Wellbeing Economy, through which it can formulate an effective response to several challenges at once. This can help:

- Balance the social, environmental and economic dimensions of the recovery from the health crisis which is underway;
- Respond to the calls from the Council for a common EU approach to the economy of wellbeing;
- Provide an EU strategy for implementing the 2030 Sustainable Development Goals, five years after its international adoption.

The 2030 Agenda for Sustainable Development is a universal, indivisible agenda relevant to and adopted by all countries and governments, including the EU and its member states, and its achievement requires changes to our economic system, and measures of progress that place equal importance to the three pillars of sustainable development. It provides the ideal framework to achieve a wellbeing economy and a just, socially inclusive recovery, while respecting planetary boundaries.

Despite being one of the leading champions for the 2030 Agenda during its adoption, the EU has yet to credibly set out how it will make the SDGs a reality. The Commission’s own reporting shows there are vast efforts to be made and many gaps to be addressed if the EU is to achieve the SDGs. The Europe Sustainable Development Report 2019 by IEEP and SDSN shows that despite the EU being among the frontrunners on sustainable development globally, it is still not on track to meet the SDGs by 2030 domestically.

EU progress is hampered by a lack of strategic vision that puts sustainability at the heart and looks beyond short-termism and narrow economic growth as outlined in part I; and EU governance mechanisms, such as the European Semester or the EU’s Better Regulation guidelines, which do not sufficiently prioritise sustainable development and therefore lead to policy incoherence.

In its 2020 Work Programme, the European Commission has committed to “put the United Nations Sustainable Development Goals at the heart of our policymaking”, which WWF welcomes, but to this day, the EU lacks a plan for how to do this. The two avenues the Commission has committed to take forward are to (a) refocus part of its economic governance framework by integrating the SDGs in the EU Semester and (b) to present an approach to the overall governance and implementation of the goals.

In order to build back better following the Covid-19 pandemic, WWF is now calling for the EU to implement a Wellbeing Economy strategy, to bring together the European Commission’s commitments in a comprehensive way, and detail further the EU’s approach to implementing the SDGs. Such a strategy could be made up of several actions and measures, fulfilling the following requirements:

1. Setting out a forward-looking, ambitious vision for an EU wellbeing economy
2. Developing wellbeing indicators to inform EU decision-making
3. Improving EU governance and accountability to foster the sustainable transition towards a Wellbeing Economy
4. Overhauling the Better Regulation tools in line with sustainability requirements
SHIFT TOWARDS A ‘WELLBEING ECONOMY’, IN WHICH GOVERNMENTS VALUE OUR WELLBEING OVER WEALTH, AND SDGS GUIDE DECISION MAKING

LIMITATIONS OF GDP AS A MEASURE OF PROGRESS:
1. Fails to account for social inequalities and depletion of natural resources
2. Shifts health and financial costs of pollution to society
3. Neglects the many benefits of thriving nature and healthy society
4. Ignores limits beyond which GDP growth no longer adds to people’s quality of life

Solution

1. Set wellbeing, climate neutrality & nature restoration as primary objectives for our economies
2. Use ‘Beyond GDP’ indicators as measurements of progress
3. Adopt a ‘Think Sustainability First’ principle to set sustainable development as primary objective for ALL policy-making
4. Increase political accountability & public participation

TOWARDS AN EU WELLBEING ECONOMY: A FAIRER, MORE SUSTAINABLE EUROPE AFTER COVID-19
Wellbeing is a shared European value, as recognised by Article 3 of the Treaty on European Union. As a first point, the EU should, via a high-level statement by the European Council, reaffirm the EU’s commitment to implementing the 2030 Agenda for Sustainable Development, and set out a vision to move towards a Wellbeing economy in the EU.

The overall aim of this vision should be to enable the EU to take a comprehensive approach to sustainable development and wellbeing, going further than the current green and sustainable growth model embraced by the European Commission. Thus, it should bring together the different threads the EU is working on and re-orient EU governance to the achievement of sustainable development. Without this, the EU risks continuing a business-as-usual silo approach to decision-making and would lack an appropriate EU level framework against which to measure its progress. Recently, the European Court of Auditors found in its assessment of the EU’s implementation of the SDGs that a lack of an overarching strategy that brings coherence to all EU policy actions is hindering progress on the EU’s implementation of all goals. Since the adoption of the 2030 Agenda in 2015, large sections of civil society have called for an EU overarching strategy for the implementation of the SDGs, and this was supported by both the European Council and the European Parliament.

The EU could look towards examples of countries and nations that have already implemented such approaches. One such example is Wales, which adopted in 2015 the Well-being of Future Generations Act, which enshrines in law the principle that all public bodies should act in a manner that does not compromise future generations’ abilities to meet their needs for a prosperous, healthy planet. An EU wellbeing strategy could therefore also establish such a statement, based on the SDGs.

The upcoming Conference on the Future of Europe that has been announced by the European institutions, is an opportunity to consider the priorities the European Union should be guided by in the medium to long term, consult citizens and civil society on the establishment of such a strategy, and how the EU can better fulfil its commitments to sustainable development and improve wellbeing.

**RECOMMENDATIONS**

- Set out an overarching high-level EU commitment and vision for an EU Wellbeing Economy, guided by and reaffirming the EU’s commitment to implementing the 2030 Agenda; aiming for economic sustainable development guided by high social standards to be reached and planetary boundaries not to be exceeded;

- Take the opportunity of the upcoming Conference on the Future of Europe, to rethink and consult with EU citizens on how the EU can better fulfil its commitments to sustainable development and improvement of wellbeing.

**CASE STUDY: PUTTING FUTURE GENERATIONS AND SUSTAINABLE DEVELOPMENT AT THE HEART OF DECISION-MAKING IN WALES**

In 2015, the devolved government of Wales adopted the Well-being of Future Generations Act. This act enshrines in law the principle that Welsh public bodies should act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

The Act sets out a number of goals, including:

- A prosperous Wales: An innovative, productive and low carbon society which recognises the limits of the global environment, and therefore uses resources efficiently and proportionately (including acting on climate change);

- A resilient Wales: A nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic and ecological resilience and the capacity to adapt to change (for example to climate change);

- A globally responsible Wales: A nation which, when doing anything to improve the economic, social, environmental and cultural well-being of Wales, takes account of whether doing such a thing may make a positive contribution to global well-being.

Public bodies must take into account the importance of balancing short term needs with the need to safeguard the ability to meet long term needs as well as the need to take an integrated approach, particularly by considering how steps taken by the public body may contribute to meeting one objective but may be detrimental to meeting others.

The Act also established a Future Generations Commissioner for Wales, whose role is to be a champion for future generations, and to help the public sector do all it can to promote sustainable development.
TOWARDS AN EU WELLBEING ECONOMY: A FAIRER, MORE SUSTAINABLE EUROPE AFTER COVID-19

DEVELOPING WELLBEING INDICATORS TO INFORM EU DECISION-MAKING

Part I of this report has set out why alternative measures of progress beyond GDP are needed, how such indicators can link with the 2030 Agenda for Sustainable Development, and how individual countries, inside and outside the EU, are already leading the way.

For the EU too, the time has come to put in place a new EU framework for measuring progress and wellbeing. The need for people’s wellbeing to be central in the EU recovery following COVID-19, and the widely accepted belief that GDP alone does not provide a comprehensive picture – have laid bare the needs for such framework. As part of a Wellbeing Economy Strategy (see before), the European Commission should lead the work and present a new framework and detail how this will guide EU decision making in the future, with the aim of ensuring that at the end of this Commission’s mandate, the EU has fully transitioned to this new “Beyond GDP” approach.

The future framework should both complement and correct GDP and consist of a set of indicators that are always communicated together and set out as goals to achieve together:

- Complementing GDP could happen via the introduction of key environmental and social indicators. This should be based on a select number of (aggregated) indicators of which most are already existing, to ensure the framework can be swiftly operationalised. These indicators should guarantee to capture in full the EU’s progress towards implementing the SDGs – while having in mind that some SDGs might and will require more efforts to achieve, as evidenced by the latest Eurostat monitoring report which shows there is slower progress on several goals.

- Correcting GDP could happen by taking into account both negative and positive elements that contribute to economic activity but are currently not counted towards GDP. For instance, the annual cost of (policy) inaction on the social, health and environmental dimensions should be subtracted from GDP. Likewise, the positive value of healthy ecosystems or flourishing civil society and volunteering could be incorporated.

As part of the new framework, the Commission should identify the total and annual investment needs, broken down by both Member State and indicator. These should then inform annual budgetary decision making processes.

To be able to set out such framework, the EU can build on its earlier work carried out via the Commission’s Beyond GDP Initiative2 and the Wellbeing Economy Governments partnership, amongst others. To guarantee a broadly backed approach with support from governments and EU citizens, the EU should engage in a broad societal debate to identify the appropriate citizens’ priorities – on which basis the indicators and framework can be established. The Conference on the Future of Europe could play an important part in this regard.

The new framework should not only be used at EU level, but Member States should also commit to follow the new approach. To establish a scoreboard and track EU and national progress towards the new framework, the European Semester should be used. In 2019, the European Commission’s has already committed to refocus the European Semester towards the achievement of the SDGs. For this, the goal of “sustainable growth” should be replaced with the new EU framework for measuring progress and wellbeing.

Under an expanded European Semester, the Commission would be able to publish an annual Wellbeing Economy Strategy, in which it sets out how the EU fares as regards progress to the new wellbeing framework. The assessment would be based on the annual Eurostat SDG report. The Country Reports and National Reform Programmes should allow for the Commission and the Member States to identify which indicators deserve particular attention at national level and what actions are needed by identifying synergies and trade-offs between environmental, social and economic policies at national level. In addition, the Wellbeing Economy strategy could complement and take into account the newly created Recovery and Resilience Facility – providing insights that ensure Member States also take into account the Wellbeing Economy in their recovery from COVID-19.

RECOMMENDATIONS

- The European Commission should present a framework that includes alternative indicators for measuring progress and wellbeing within the EU, and identify how this framework will inform EU decision making processes, to ensure that by the end of the Commission’s mandate the EU has fully transitioned to the new ‘Beyond GDP’ approach. This approach should aim to keep the planetary boundaries and to reach social fair wellbeing considering the SDGs;

- Any future framework should both complement and correct GDP, by including additional selected (aggregated) indicators and taking full account of both negative and positive social and environmental externalities when calculating GDP (e.g. the cost of policy inaction in the fields of environment, social and health). Calculate the EU and national investment needed to achieve the future framework and its indicators, broken down by Member State and with annual figures; these should subsequently be integrated in budgetary decision making processes under the Multiannual Financial Framework.

- Use the European Semester to publicly track EU and national progress towards the new framework and replace the current focus of “sustainable growth” to indicate a mentality shift towards “wellbeing”; Country Reports and National Reform Programmes should be used to set out what investments and policy measures will be taken to improve indicators on which Member States are lagging.

2 The Wellbeing Economy Governments partnership (WEGo) is a collaboration of national and regional governments promoting sharing of expertise and transferable policy practices. The aims are to deepen their understanding and advance their shared ambition of building wellbeing economies. WEGo, which currently comprises Scotland, New Zealand, Iceland, and Wales, is founded on the recognition that ‘development’ in the 21st century entails delivering human and ecological wellbeing.
IMPROVING GOVERNANCE AND ACCOUNTABILITY TO FOSTER THE SUSTAINABLE TRANSITION TOWARDS A WELLBEING ECONOMY

The calls and commitments of the European Commission, Parliament and Member States to put the SDGs at the heart of its policy-making needs to be operationalised in a way that goes beyond words on paper. Under the new EU wellbeing strategy, the EU institutions should commit to improve their accountability and policy-making procedures, which will enable sustainable policy outcomes.

Each of the three main institutions has a particular role to play and different starting points, requiring tailored approaches for each.

CLEAR ACCOUNTABILITY FOR SDG COORDINATION WITHIN THE COMMISSION

It is unclear under the current college of Commissioners who has the overall responsibility for coordinating the EU’s implementation of the SDGs. Ursula von der Leyen’s mission letters to all 26 Commissioners mandate that ‘each Commissioner will ensure the delivery of the UN SDGs within their policy area’ and further states that ‘the college as a whole will be responsible for the overall implementation of the Goals’. While it is good to recognise that the SDGs need to be implemented by all parts of the European Commission, coordination and clear accountability for the EU’s implementation of the goals should be defined. It is important that stakeholders are aware who within the college of Commissioners is responsible for the overall coordination of the SDGs. Responsibility needs to be given so that it is possible to monitor progress as a whole, and not just on individual goals, is being achieved.

Under the previous Commission, the First Vice-President, Frans Timmermans, carried this role and was responsible for coordinating with other Commissioners on the 2030 Agenda and reporting on the EU’s progress at the international level, such as the UN General Assembly and HLPFs. It has been communicated that the Commissioner for the Economy, Paolo Gentiloni, is coordinating the integration of the SDGs within the European Semester, but not whether that extends to coordinating the EU’s implementation of the SDGs. As the head of the college of Commissioners, the President is the most logical choice to assume a coordinating role, working closely with Paolo Gentiloni as the Commissioner in charge of coordinating the integration of the SDGs into the Semester, and Vice-President Šefčovič, as the Commissioner in charge of foresight, future-proofing and Commission programming.
INTEGRATING SUSTAINABLE DEVELOPMENT IN PARLIAMENT DECISION MAKING PROCESSES

The European Parliament and the Council also have a role to play in ensuring that sustainable development is mainstreamed within their procedures. Indeed, if the European Commission makes the proposed changes to its internal rules and governance, similar changes will need to be adopted by the co-legislators to make sure sustainability is mainstreamed across the board.

The European Parliament’s working procedures and legislative decisions should be evaluated in a transparent manner to better mainstream sustainable development across its 20 standing committees, to ensure that the interlinkages between policy areas are properly addressed and committees do not work in silos. The following recommendations would contribute to mainstreaming sustainable development:

• The Parliament should produce an annual SDG implementation report under the political guidance of the Political Group of Chairs and Presidents, assessing progress made by all EU institutions towards the goals and targets. On the basis of the report, both Presidents of the European Commission and Council should be invited to the Plenary for a debate.

• All Parliament reports should include an explanatory memorandum identifying how Parliament’s proposals will support the implementation of the 2030 Agenda for Sustainable Development and its specific goals and targets.

• The Budgetary Committee should assess the contribution of the annual budgets to the Sustainable Development Goals, and guarantee that appropriate minimum spending targets for social and environmental objectives are met;

• Formal opportunity should be provided to stakeholders and civil society to provide input;

• to Parliament decision-making through a central online platform where anyone interested can provide direct input to Members of the European Parliament (MEPs);

• MEPs should indicate which stakeholders they have consulted as part of the drafting process and make public the document that stakeholders have handed to them by introducing a legislative footprint.

• The Parliament Conference of Committee Chairs should receive civil society organisations annually, as part of a structured, open and transparent dialogue around democracy, values and governance.

MEMBER STATES: ACTIVE EU COORDINATION AND MORE COHERENT NATIONAL CONTRIBUTIONS

The Council of the EU’s Agenda 2030 Working Party was set up in order to take forward the implementation of the SDGs in the EU. This working party should continue to play an active role in the EU’s response to the SDGs:

• It should monitor and assess how major Commission initiatives (such as the European Green Deal) are contributing to the implementation of the SDGs;

• Council General Approaches could include in their memorandums references to how the amendments and proposals put forward contribute to strengthening sustainability compared to the initial Commission proposal. The working party could help in producing and assessing these references;

• The Working Party should, similarly to the Parliament, produce annual council conclusions assessing progress made towards the goals and recommendations in key areas, flagging opportunities for better integration of the SDGs;

• The Working Party should continue to consult with and receive civil society at key moments (production of reports, publication of statistics, etc.) to foster exchange and take into account input from across the diversity of civil society.

ENSURING EU PROGRAMMING WORKS TOWARDS A WELLBEING ECONOMY

Despite the support from the European Commission towards implementing the SDGs, the EU level programming, and the Commission Work Programme in particular, do not show any indication of how the various initiatives are intended to implement the SDGs. If the EU is to put in place a new framework for measuring progress and wellbeing, Commission Work Programmes should also reflect how they aim to contribute to the achievement of these objectives.

As the Commission Work Programme is set in consultation with the European Parliament and Council, this should become a joint effort to ensure existing and future EU policies are all aligned with the new approach.

Whilst respecting the current competences and responsibilities of each of the institutions in setting the annual work programme, a number of improvements can be identified:

• In future, the European Commission work programme must better reflect how the EU is taking the SDGs forward and takes into account the annual Eurostat Monitoring report on progress towards the SDGs in an EU context. As the Commission work programme is set in consultation with the European Parliament and Council, this must become a joint responsibility.

• Well ahead of the Parliament and Council’s deliberations outlining their priorities for the Commission Work programme of the forthcoming calendar year, Eurostat should publish the monitoring report, joined by a political communication from the Commission assessing EU level progress towards the SDGs. This allows both Parliament and the General Affairs Council to take into account these findings when setting out their respective priorities for the year ahead.

• Ahead of the State of the Union debate organised in the first part-session of September in the European Parliament, Commission Vice-President Šefčovič, responsible for foresight and Interinstitutional relations should commit to meet with a renewed body for structured stakeholder engagement on the implementation of the SDGs, in order to collect further input (see further below for more detail on improved stakeholder consultation).

• In the final Commission Work Programme, the Commission must highlight which SDG targets it aims to tackle in particular with the initiatives for the year ahead, allowing it to return to these targets a year from now in the Eurostat monitoring report and political communication – to assess whether sufficient progress has been made.

The European Parliament should evaluate its working procedures, transparently, to better mainstream sustainable development across its 20 standing committees, to ensure that the interlinkages between policy areas are properly addressed and committees do not work in silos.

• Well ahead of the Parliament and Council’s deliberations outlining their priorities for the Commission Work programme of the forthcoming calendar year, Eurostat should publish its SDG monitoring report, and the Commission should come forward with its “annual wellbeing economy strategy” as part of the EU Semester. Both Parliament and Council (General Affairs, supported via the Agenda 2030 Working Group) should take into account these findings when setting out their respective priorities for the year ahead.

• Ahead of the State of the Union debate organised in the first part-session of September in the European Parliament, Commission Vice-President Šefčovič, responsible for foresight and Interinstitutional relations should commit to meet with a renewed body for structured stakeholder engagement on the implementation of the SDGs, in order to collect organised civil society input on the letter of intent by the European Commission.

• In the Commission Work Programme, the Commission must highlight the SDG targets it aims to tackle in particular with the initiatives for the year ahead, allowing it to return to these targets a year from now in the Eurostat monitoring report and political communication – to assess whether sufficient progress has been made.

RECOMMENDATIONS

• Within the European Commission, the President should assume a coordinating role on the implementation of SDGs, working closely with Commissioner Gentiloni in charge of coordinating the integration of the SDGs into the Semester, and Vice-President Šefčovič, as the Commissioner in charge of foresight.

• The European Parliament should evaluate its working procedures, transparently, to better mainstream sustainable development across its 20 standing committees, to ensure that the interlinkages between policy areas are properly addressed and committees do not work in silos.

• Well ahead of the Parliament and Council’s deliberations outlining their priorities for the Commission Work programme of the forthcoming calendar year, Eurostat should publish its SDG monitoring report, and the Commission should come forward with its “annual wellbeing economy strategy” as part of the EU Semester. Both Parliament and Council (General Affairs, supported via the Agenda 2030 Working Group) should take into account these findings when setting out their respective priorities for the year ahead.

• Ahead of the State of the Union debate organised in the first part-session of September in the European Parliament, Commission Vice-President Šefčovič, responsible for foresight and Interinstitutional relations should commit to meet with a renewed body for structured stakeholder engagement on the implementation of the SDGs, in order to collect organised civil society input on the letter of intent by the European Commission.

• In the Commission Work Programme, the Commission must highlight the SDG targets it aims to tackle in particular with the initiatives for the year ahead, allowing it to return to these targets a year from now in the Eurostat monitoring report and political communication – to assess whether sufficient progress has been made.
OVERHAULING BETTER REGULATION TOOLS IN LINE WITH SUSTAINABILITY REQUIREMENTS

Environmental, health and social regulations, rules and standards are essential to protecting people and planet and fostering wellbeing. They are crucial to addressing issues that concern Europeans the most, such as halting the climate crisis, improving people’s health, ensuring safe working conditions, and preserving the environment and nature. Environmental legislation is among the most well-received interventions by the EU, with 87% of EU citizens agreeing that EU environmental legislation is needed to protect the environment in their country.

Now, the reform of the Better Regulation rules which was announced in the Commission’s 2020 Work Programme must be used as an opportunity to align the rules which guide the Commission’s internal decision-making with the SDGs and the European Green Deal and ensure that decision-making is evidence-based, coherent, and made in the public interest.

In the European Green Deal, the Commission stated that ‘all EU actions and policies should pull together to help the EU achieve a successful and just transition towards a sustainable future’ with the Better Regulation rules identified as an opportunity to achieve this. WWF has long called for Sustainable Development objectives to be mainstreamed at all stages of the policy life-cycle, from the inception of the policy through to its adoption and review, in order to ensure consistency among policies towards achieving sustainable development, and avoid that progress and good legislation in one area (such as nature protection and restoration) is undermined by harmful policies and incentives in others (such as incentives in the Common Agricultural Policy which lead to unsustainable agricultural practices and biodiversity loss). Through this, Policy Coherence for Sustainable Development (PCSD) can be ensured.

While the Better Regulation reform presents opportunities, the introduction of ‘One in, one out’ as a mechanism is a threat to achieving the EU’s sustainability objectives, as...
is the invention of an innovation ‘principle’ which would undermine existing principles defined in international law. Furthermore, pressures to deregulate important environmental protections which contribute to the wellbeing of citizens and the competitiveness of businesses should not be heeded. Additionally, those mechanisms and rules like ‘One in, one out’ which are not officially agreed upon and thus open for individual Member States to apply, are not contributing to good governance as they are not reliable for citizens.

**THINK SUSTAINABILITY FIRST** AS AN OVERARCHING PRINCIPLE FOR ALL INITIATIVES

WWF calls for the inclusion in the EU’s Better Regulation rules of a “think sustainability first” approach, covering the whole policy life-cycle, from proposal to evaluation that would ensure sustainability and wellbeing are the central compass of all EU legislation.

The ‘Think sustainability first’ approach was first recommended by the Commission’s High Level Expert Group on Sustainable Finance (HLEG). In its final report, the HLEG called for incorporating ‘Think Sustainability First’ as a core principle for the Commission’s Better Regulation Guidelines. This would mean embedding the transition towards a sustainable society within policy-making and policy evaluation processes, by making sure all proposals contribute to achieving the SDGs, and reflecting this in the Commission’s political priorities and work programmes.

The adoption of a ‘green oath’ to ‘do no harm’, as committed to in the European Green Deal communication, is a step in the right direction, as is the proposal to include in an explanatory memorandum accompanying all legislative proposals and delegated acts a specific section explaining how each initiative upholds the ‘do no harm’ principle, ‘Think Sustainability First’, however goes further – seeking not just to avoid and limit harm but to actively reach positive outcomes from policies. For example, introducing targets to limit harmful pesticides usage would not be sufficient on its own, and must instead be complemented by additional policies which advance and promote agro-ecological practices that bring wider environmental and social benefits.

WWF calls for the European Commission to adopt ‘Think Sustainability First’ when presenting the reform of the Better Regulation toolbox the checks to put in place for this to be achieved throughout the policy cycle. Such a mechanism would strongly contribute to achieving Policy Coherence for Sustainable Development (PCSD).

**WHAT IS POLICY COHERENCE FOR SUSTAINABLE DEVELOPMENT?**

In its response to the 2030 Agenda, the European Commission noted that ‘the Sustainable Development Goals can only be attained successfully at EU level and by its Member States if new policies take into account sustainability and policy coherence from the start and if implementation of existing policies on the ground is pursued in partnership with all stakeholders and on all levels’.

Policy coherence for sustainable development (PCSD) is embodied in SDG 17 as a cross-cutting means of implementation (see target 17.14). Coordinated and integrated approaches are needed to address the EU’s most pressing challenges – for example, biodiversity loss can only be reversed if the impact of its biggest drivers, such as unsustainable agriculture, fossil fuels or road infrastructure, are addressed, clearly demonstrating why PCSD is fundamental. If policy coherence is not considered, there are real risks that progress in one policy area can undermine or counterbalance actions in another, or that potential synergies will remain unexploited. ‘Think sustainability first’ and define priority aims and milestones, has the potential to help the EU achieve greater PCSD.

**ENSURING ALL IMPACT ASSESSMENTS TAKE INTO ACCOUNT SUSTAINABLE DEVELOPMENT**

Impact assessments inform the Commission’s political decision-making and aim to ensure the Commission puts forward evidence-based proposals. It is a key point in the better regulation process to achieve Policy Coherence for Sustainable Development (PCSD) and therefore to apply a ‘Think Sustainability first’ approach.

As a rule, impact assessments should consider impacts across all three dimensions of sustainable development – economic, social and environmental – with special attention to not exceeding planetary boundaries. Alignment with the EU’s high level political priorities – namely, the European Green Deal and the achievement of a climate neutral Europe by 2050 at the latest – should systematically be addressed in impact assessments, no matter the policy area.

This will ensure that no policy takes the EU off track from its climate and biodiversity commitments. The Better Regulation toolbox currently includes only one tool to assess environmental impacts and four for social impacts, compared to nine tools for economic ones. The tool for environmental impacts focuses only on climate change, therefore leaving biodiversity and resource use unaddressed. An independent evaluation of past impact assessments – by the European Court of Auditors for example – could answer the extent to which environmental and social impacts are taken into account in impact assessments.

Political decision-making means that sometimes, choices are made which may negatively impact on one of the three dimensions of the sustainable development. It should be clear how the different policy options examined in the impact assessment contribute to achieving sustainable development, and which trade-offs and synergies exist for each option, also taking into account medium and long-term impacts on sustainability.

As ordered by the European Court of Justice, impact assessments should also be published immediately upon their completion, and not only when the policy proposal is presented. This will ensure greater transparency of how EU decisions are taken and can thus ensure greater stakeholder and citizen acceptance.

The role and composition of the Regulatory Scrutiny Board (RSB) should be reviewed. The RSB is a Commission body whose main mission is to examine and issue opinions on the quality of impact assessments for new initiatives and evaluations and fitness checks of EU policies and laws. It is chaired by a Commission Director-General and made up of three high-level Commission officials and three experts recruited from outside the Commission, and sits within the European Commission. The von der Leyen Commission already decided in January 2020 to continue the RSB’s mandate.

However, WWF has concerns. While the RSB is described as independent by the Decision which established it, the chair and the members are appointed by the President of the Commission and the Vice-President in charge of institutional affairs, is made up of three officials from within the Commission and is integrated into Commission services. It is unclear which safeguards exist to make its decision-making independent from the Commission. The small size of the Board and the volume of IAs it must examine (in 2018, the last year for which figures are available, the RSB scrutinised IA reports for 108 initiatives) across a broad range of policy issues calls into question whether this is the most adequate set up to examine the impact assessments produced by the Commission.

Therefore, WWF believes the role and composition of the RSB needs to be rethought to better deliver on the needs of examining impact assessments in light of the EU’s long-term sustainability objectives.

**CASE STUDY: INTEGRATING INDEPENDENT SCIENTIFIC SCRUTINY INTO CLIMATE POLICY-MAKING**

The absence of independent expert oversight of the Commission and scrutiny is a major shortcoming in its legislative proposal for a Climate Law establishing the framework for achieving climate neutrality. There is only a requirement in article 3 that when setting the Union’s post-2030 trajectory, the Commission shall consider – among other criteria – “the best available and most recent scientific evidence, including the latest reports of the IPCC”, and this requirement does not even apply to the pre-2030 period, although the steps taken before 2030 are the most important to avoid the most dreadful effects of climate change. There is now abundant evidence concerning the important role played by independent scientific/expert bodies in supporting the functioning of national and regional climate laws adopted across Europe, from Austria to Denmark, Ireland, France, Sweden and Finland.

These bodies have been found to play a vital role in ensuring that scientific expertise is consistently and appropriately represented in the process of decision making concerning the pace of the national trajectory, in ensuring that the scientific discussion is transparent, and ensuring decision makers take due account of the science – thereby ensuring public confidence in the decisions made and ultimately protecting the legitimacy of the entire transition management process.

If the Commission is to learn from the experiences of early adopters of the climate law concept and ensure that the Union harnesses the benefits of best practice in climate governance, it is essential that the EU Climate Law provide for the creation of an EU level, independent scientific/expert climate body. Such an independent scientific/expert advisory body – not a representative stakeholder body – is a ubiquitous feature of existing Member State climate laws and would be tasked with reporting to the Parliament and Council – reports that should be published and responded to by the Commission.
i. Reinstate a body for structured stakeholder engagement on the implementation of the SDGs

The European Commission established the Multi-stakeholder platform on the SDGs, bringing together stakeholders from across sectors to support and advise the European Commission on the implementation of the SDGs at EU level. During its two year mandate, the platform contributed significantly to the EU institutions’ thinking on how to take forward the SDGs, including on how to better mainstream sustainability throughout the EU’s policies and budget. At the end of 2019, members of the platform were informed it was to be discontinued, despite months of inactivity by the Commission, when stakeholders asked for more engagement.

With still ten years to go to implement the 2030 Agenda and many of the targets yet to be achieved, there is a clear need for continued and structured engagement by the European Commission towards stakeholders to make SDG implementation a success in the EU. To discontinue this dialogue at this crucial time would be a negative signal of the EU’s commitment to the SDGs, including on how to better mainstream sustainability throughout the EU’s policies and budget. At the end of 2019, members of the platform were informed it was to be discontinued, despite months of inactivity by the Commission, when stakeholders asked for more engagement.

ii. Improve the quality and transparency of online public consultations

Online public consultations are a key element of the Commission’s Better Regulation policy. There are two key moments, open to everyone, where citizens and stakeholders can contribute input to EU policy design and evaluation:

- A four-week window when the Commission announces the policy or the evaluation (roadmap or ‘inception impact assessment’ stage) – no guiding questions or structure is provided, meaning feedback can be freely given;
- A 12 week public consultation, where views are expressed through replying to a questionnaire where responses are sometimes multiple choice, sometimes open.

Such consultations are important tools for citizens and stakeholders to share their input into the EU’s policy-making. Trust could be further built by improving transparency on which stakeholder views expressed through these consultations have been followed and taken into account when developing policy proposals. This concern was expressed in the European Court of Auditors’ Special Report on the Commission’s public consultations29, where it was highlighted that the feedback for respondents to public consultations was insufficient, particularly with regard to how and whether the Commission takes responses into account.

WWF is also concerned about the design of the 12-week public consultation questionnaires. The way questions are formulated and the options given in multiple choice responses offers respondents only limited scope to input and gives the impression the Commission has already decided a course of action and is simply using the consultation to validate it. The most flagrant example of this is the 2020 consultation on the 2050 climate target, where the options provided where limited to three options not backed by science (between 40% and 55% emissions compared to 1990 levels). This is despite climate modelling indicating that EU emissions need to be reduced by 67.6% by 2030 in order for the Paris Agreement to be respected.

Therefore, where options are provided in public consultations they should be backed by evidence. More space for respondents to answer freely, as is the case during the ‘inception impact assessment’ stage, would be allow more scope for stakeholders and citizens to give responses that more accurately reflect their views, and would lead to more trust, as the likelihood would be lower of stakeholders finding the questionnaires to be biased.

SHELDING ENVIRONMENTAL AND SOCIAL POLICY FROM DeregULATION

The European Commission has stated that the Better Regulation Agenda is not about deregulation. However, with the announcement of the development of a new ‘One in, one out’ instrument for all new legislation, there is a real concern of ‘regulatory chill’ in environmental ambition, at the time when it is most needed.

The ‘One in, one out’ instrument has yet to be defined, but the Commission has indicated that its aim is for ‘every legislative proposal creating new burdens should relieve people and businesses of an equivalent existing burden at EU level in the same policy area’.

WWF views such an instrument as inherently incompatible with the need to fight the ecological crisis we are currently facing, and could have negative impacts that could set back environmental policy-making. This mechanism puts pressure on policy-makers to seek areas to scrap rather than think about legislating in the public interest. This can lead to a ‘chilling’ effect, whereby the EU would be unable to act in the face of the mounting climate and ecological crisis.

Analyses have repeatedly demonstrated that environmental legislation does not harm productivity growth, and that environmental policies do not pose a barrier to jobs and growth. “One in, one out” would force policy-makers to identify measures to be scrapped, which will lead to an arbitrary cut in regulations and a slow-down – or even reverse – of progress in exactly those areas in which increased ambition is desperately needed. It would not only undermine plans for the achievement of the European Green Deal, but even put at risk existing standards that benefit citizens and the environment.
**RECOMMENDATIONS**

- The Better Regulation reform must be used as an opportunity to align the rules which guide the Commission’s internal decision-making with the SDGs, and the European Green Deal, to ensure that decision making is evidence-based, coherent, and made in the public interest in compliance with the planetary boundaries.

- Sustainable Development objectives should be mainstreamed at all stages of the policy life-cycle, to ensure consistency among policies towards achieving sustainable development, and avoid that progress and good legislation in one area is undermined by harmful policies and incentives in others.

- The EU should include a “Think Sustainability First” approach in its Better Regulation rules, detailing in the Better Regulation toolbox the checks to put in place for this to be achieved throughout the policy cycle and to ensure sustainability and wellbeing in keeping the planetary boundaries are the central compass of all EU legislation.

- Impact assessments should consider impacts across all three dimensions of sustainable development – economic, social, and environmental (where the economic has the purpose to serve social wellbeing and keep or restore a healthy environment), alignment with the EU’s high-level political priorities, and the achievement of a climate-neutral Europe by 2050, to ensure that no policy that is adopted takes the EU off track from its climate and biodiversity commitments. Where tools to assess environmental impacts are missing, such as on biodiversity, they should be developed.

- Impact assessments should be published immediately upon their completion, to ensure greater transparency of how EU decisions are taken, and thus ensure greater stakeholder and citizen acceptance. Impact assessments should be published immediately upon their completion, to ensure greater transparency of how EU decisions are taken, and thus ensure greater stakeholder and citizen acceptance.

Furthermore, caution should be exercised around introducing an ‘innovation principle’. This is not a principle that has been legally defined in any international agreement, unlike the environmental principles found in the EU treaties. There is a risk that it is being used to argue against respecting important environmental principles and rules, and lead to deregulatory pressure. Rather, focus should be given to respecting the four principles enshrined in the treaties (precautionary, preventative action, rectify at source, and polluter pays). These must fully be taken into account when developing policies and evaluating them.

**CASE STUDY: ONE IN, ONE OUT DOESN’T WORK**

The “One in, one out” principle outlined in both the mission letters and the working methods of the European Commission indicates that “every legislative proposal creating new burdens should relieve people and businesses of an equivalent existing burden at EU level in the same policy area”.

However, this runs counter to the European Commission’s own principles of Better Regulation, which provide that regulation should be proposed, revised or withdrawn in an evidence-based manner. In 2018, the Commission’s task force on subsidiarity, proportionality and ‘doing less more efficiently’ tried to identify areas to re-delegate areas of EU competence to Member States. The task force in its final report was unable to identify a single area of EU competence where the EU should be doing less, and instead found in the stakeholder feedback that more action was needed in areas such as climate change. The Commission recognised in its stocktaking exercise on Better Regulation in 2019 that upfront reduction targets were not effective and run counter to Better Regulation principles. It stated that “it is essential that a political decision on which costs are legitimate to achieve policy goals and which instead should be eliminated is based on evidence from a case-to-case assessment”.

Experience in the EU Member States which have a ‘one in, x out’ rule have been mixed, with some never applying it or discontinuing it, such as Denmark, or (former Member State) the UK.

Setting such an arbitrary principle in the absence of a detailed understanding of the costs and benefits associated with existing legislation or of how laws are performing would severely undermine the achievement of the new Commission’s policy objectives.
THE WAY FORWARD

All three EU institutions have a role to play in the shift towards a Wellbeing Economy. The following recommendations should be implemented by the European Commission, Parliament and Member States in order to start this shift.
WWF CALLS ON THE EUROPEAN COMMISSION TO:

1. Set out an overarching high-level EU commitment and vision for an EU Wellbeing Economy, guided by and reaffirming the EU’s commitment to implementing the 2030 Agenda; aiming for economic sustainable development guided by high social standards to be reached and planetary boundaries not to be exceeded;

2. Develop wellbeing indicators to guide EU decision making and track Member States’ performance, by presenting a framework that includes alternative indicators for measuring progress and wellbeing within the EU, and identify how this framework will inform EU decision making processes, to ensure that by the end of the Commission’s mandate the EU has fully transitioned to the new ‘Beyond GDP’ approach. This approach should aim to keep the planetary boundaries and to reach social and fair wellbeing through the SDGs;

3. Take the opportunity of the upcoming Conference on the Future of Europe to rethink and consult with EU citizens on how the EU can better fulfil its commitments to sustainable development and improvement of wellbeing.

4. Calculate the EU and national investment needed to achieve the future framework and its indicators, broken down by Member State and with annual figures; these should subsequently be integrated in budgetary decision making processes under the Multiannual Financial Framework.

5. Use the European Semester to publicly track EU and national progress towards the new framework and replace the current focus of “sustainable growth” to indicate a mentality shift towards wellbeing; Country Reports and National Reform Programmes should be used to set out what investments and policy measures will be taken to improve indicators on which Member States are lagging.

6. Commit to improve its accountability and policy-making procedures (such as its Better Regulation rules), to enable more sustainable policy outcomes. The Better Regulation reform must be used as an opportunity to align the rules which guide the Commission’s internal decision-making with the SDGs, and the European Green Deal, to ensure that policy-making is evidence-based, coherent, and made in the public interest in compliance with the planetary boundaries.

7. Include a “Think Sustainability First” approach in the Better Regulation rules, detailing in the Better Regulation toolbox the checks to put in place for this to be achieved throughout the policy cycle and to ensure sustainability and wellbeing in keeping the planetary boundaries are the central compass of all EU legislation.

8. Ahead of the State of the Union debate organised in the first part-session of September in the European Parliament, Commission Vice-President Šefčovič, responsible for foresight and Interinstitutional relations should commit to meet with the renewed body for structured stakeholder engagement on the implementation of the SDGs, in order to collect organised civil society input on the letter of intent by the European Commission. The renewed body could ensure to have written/coordinated input ready in time for the Commission to consider.

9. In the Commission Work Programme, the Commission must highlight the SDG targets it aims to tackle in particular with the initiatives for the year ahead, allowing it to return to these targets a year from now in the Eurostat monitoring report and political communication – to assess whether sufficient progress has been made.

WWF CALLS ON THE EUROPEAN PARLIAMENT TO:

1. Call on the European Commission and the Council to set out an overarching high-level EU commitment and vision for an EU Wellbeing Economy, guided by and reaffirming the EU’s commitment to implementing the 2030 Agenda; aiming for economic sustainable development guided by high social standards to be reached and planetary boundaries not to be exceeded;

2. Provide recommendations for wellbeing indicators to guide EU decision-making and track Member States’ progress, by calling for a framework to both complement and correct GDP, including additional selected (aggregated) indicators and taking full account of both negative and positive social and environmental externalities when calculating GDP (e.g. the cost of policy inaction in the fields of environment, social and health).

3. Take the opportunity of the upcoming Conference on the Future of Europe, to rethink and consult with EU citizens on how the EU can better fulfil its commitments to sustainable development and improvement of wellbeing.

4. Evaluate the Parliament’s working procedures, transparently, to better mainstream sustainable development across its 20 standing committees, to ensure that the interlinkages between policy areas are properly addressed and committees do not work in silos.

5. Produce an annual SDG implementation report under the political guidance of the Political Group Chairs and Presidents, assessing progress made by all EU institutions towards the goals and targets. On the basis of the report, both Presidents of the European Commission and Council should be invited to the Plenary for a debate. The report should be taken into account when Parliament sets out priorities for the following Commission Work Programme.

6. Include an explanatory memorandum in all reports identifying how the proposals will support the implementation of the 2030 Agenda for Sustainable Development and its specific goals and targets.

7. Assess the contribution of the annual budgets to the Sustainable Development Goals (via the Budgetary Committee), and guarantee that the appropriate minimum spending targets for social and environmental objectives are met.
1. Set out an overarching high-level EU commitment and vision for an EU Wellbeing Economy, guided by and reaffirming the EU’s commitment to implementing the 2030 Agenda; aiming for economic sustainable development guided by high social standards to be reached and planetary boundaries not to be exceeded;

2. Develop wellbeing indicators with the European Commission to guide EU decision making and track Member States’ performance, by presenting an alternative framework for measuring progress and wellbeing within the EU, and identify how this framework will inform EU decision making processes, to ensure that by the end of the Commission’s mandate the EU has fully transitioned to the new ‘Beyond GDP’ approach. This approach should aim to keep the planetary boundaries and to reach social fair wellbeing considering the SDGs;

3. Calculate the EU and national investment needed to achieve the future framework and its indicators, broken down by Member State and with annual figures; these should subsequently be integrated in budgetary decision making processes under the Multiannual Financial Framework.

4. Use the European Semester to publicly track EU and national progress towards the new framework and replace the current focus of “sustainable growth” to indicate a mentality shift towards wellbeing: Implement the recommendations on Wellbeing in the Country Reports and National Reform Programmes to ensure investments and policy measures will be taken to improve indicators on which Member States are lagging.

5. Take the opportunity of the upcoming Conference on the Future of Europe, to rethink and consult with EU citizens on how the EU can better fulfil its commitments to sustainable development and improvement of wellbeing.

6. Through the Council of the EU’s Agenda 2030 Working Party, monitor and assess how major Commission initiatives (such as the European Green Deal) are contributing to the implementation of the SDGs.

7. Include references in Council General Approaches’ memorandums to how the amendments and proposals put forward contribute to strengthening sustainability compared to the initial Commission proposal. The Agenda 2030 working party could help in producing and assessing these references.

8. Produce annual council conclusions assessing progress made towards the goals and recommendations in key areas, flagging opportunities for better integration of the SDGs.

REFERENCES

22. Ivan Moroz

TOWARDS AN EU WELLBEING ECONOMY: A FAIRER, MORE SUSTAINABLE EUROPE AFTER COVID-19
WWF’S MISSION IS TO STOP THE DEGRADATION OF THE PLANET’S NATURAL ENVIRONMENT AND TO BUILD A FUTURE IN WHICH HUMANS LIVE IN HARMONY WITH NATURE