



European  
Commission



## Implementing the Sustainable Development Goals through the next Multi-Annual Financial Framework of the European Union

Advisory report to the European Commission by  
the Multi-Stakeholder Platform on the Implementation of  
the Sustainable Development Goals in the EU, March 2018

**From commitment to action:**

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## Summary

- i. This is a report of the **multi-stakeholder platform** on the implementation of the United Nations Sustainable Development Goals (SDGs) in the EU. It seeks to advise the European Commission on implementing the SDGs through adjusting the next Multi-Annual Financial Framework of the EU (MFF).
- ii. The platform stresses the urgent need to tackle sustainability challenges at an EU level. Behind the overarching goal of **sustainable development**, the platform believes it being imperative to not compromise the ability of future generations to meet their own needs when fulfilling the needs of the present, as well as the need to respect planetary boundaries and to ensure no-one is left behind.
- iii. The platform underlines that the **2030 Agenda** for Sustainable Development, which has at its core the 17 **SDGs** with 169 targets, is an internationally agreed and bold framework for advancing the well-being of people, the planet, prosperity, peace and partnerships, integrating the economic, social, cultural and environmental dimensions of development.
- iv. The platform sees the need to **learn** from the MFF 2014-2020 and to **adjust** the MFF post 2020, as it does not see the MFF 2014-2020 being result oriented enough or sufficiently equipped to underpin the implementation of the SDGs.
- v. The platform welcomes the commitment of the EU to be a frontrunner in implementing the 2030 Agenda and the SDGs, whilst making efforts to encourage and mobilize others around the world to implement the 2030 Agenda. The MFF post 2020 provides a **unique opportunity** to match policies and initiatives with the future financial framework to ensure delivering on commitments. For the EU to achieve these ambitious goals, the platform unanimously recommends that the next MFF thoroughly **mainstreams** the sustainable development throughout the EU budget. How the next EU budget is set will be make or break in regard to the implementation of the SDGs in the EU.
- vi. The platform underlines that **policy coherence** for sustainable development is a fundamental requirement to realize the transformative nature of the 2030 Agenda and to implement the SDGs. The MFF post 2020 should thus ensure that only policies, measures and actions are funded that support sustainable development.
- vii. The platform is convinced that implementing the SDGs is not just about creating a **new spending priority**, but making sure that every single Euro of the MFF is spent in a sustainable manner. Financial support is needed to implement the 2030 Agenda both **internally** and **externally**. By now focusing primarily on “jobs and growth”, for the future priority should also be given to spending areas covering **social** and equality challenges, **health** and **education**, **environmental** and **climate** commitments, **research** and **innovation** for sustainable solutions and **sustainable development** in partner countries.
- viii. For achieving coherence amongst the different spending streams, in order to ensure overall sustainability it is essential to improve existing mechanisms and instruments and to develop targeted proposals for changing the next MFF. The platform recommends **nine specific measures** to the Commission. All together these instruments help to deliver a “**sustainability proofing**” of the MFF post 2020:

- Embedding a **“think sustainability first”** principle by inter alia adjusting the Better Regulation Guidelines to have an improved impact assessment already for the next MFF.
  - Adjusting **“ex-ante conditionalities”** to sustainability and to other funding lines of the MFF post 2020.
  - Introducing a clear definition for the **“EU added value”** that also refers to sustainability by taking into account social, environmental, climate and economic objectives as laid down in the Treaty.
  - Introducing a link between spending and the **“rule of law”** in the Member states by introducing regular assessments and conditionalities to the **suspension** of EU funds.
  - Transforming the **“European Semester”** to a delivery model for sustainability by introducing annual sustainable development surveys to help channelling EU funding.
  - **“Benchmarking”** or earmarking within funds to achieve specific sustainability objectives by setting **binding** expenditure targets for climate, biodiversity or social inclusion and ensuring that the money is administrated by the **competent** authorities.
  - Excluding **“contradictory subsidies”** by focusing on **“hotspots”** affecting the environment or the climate.
  - Adding **“social, environmental and climate indicators”** to the European structural and investment funds by inter alia adjusting the allocation criteria to better reflect economic, social and environmental aspects.
  - Moving to **evidence-based, participatory** and simpler approach for the MFF post 2020 by inter alia publishing and debating the spending review before taking decisions on the MFF.
- ix. The platform sees its mandate – supporting the European Commission on the implementation of the SDGs – **not limited** to only preparing this report, but following-up on the process of drafting the MFF post 2020. It seeks to bring the report also to the attention of the Commissioner in charge of the MFF. The platform gratefully **thanks the Secretariat-General** for the support when drafting this report.

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## A. Introduction

This is a report of the **multi-stakeholder platform** on the implementation of the United Nations Sustainable Development Goals (SDGs) in the EU. The multi-stakeholder platform (the platform) was set up by the European Commission in 2017 to “**support and advise the Commission and all stakeholders involved on the implementation of the Sustainable Development Goals on Union level**”.<sup>1</sup>

This report seeks to advise the European Commission on implementing the SDGs **through adjusting the next Multi-Annual Financial Framework** of the EU (MFF) while also keeping in mind the objective of sustainable development as enshrined in the Treaty of the EU.<sup>2</sup> It provides a pathway to mainstream SDGs into the different EU policies and to provide better policy coherence across EU financing instruments – goals the European Commission is committed to.

This report was adopted by the majority of platform members<sup>3</sup> following the management committee meeting of 14 March 2018. The platform considers it to be **important that its work is taken up by the European Commission** when – scheduled for May 2018 – putting forward proposals for EU’s MFF post 2020. Subsequent to delivering its report, the platform intends to assess the progress made in the European Commission’s MFF proposals in order to further support implementation of the SDGs.

The platform stresses the urgent need to **tackle sustainability challenges** at an EU level. Behind this overarching goal, the platform believes it being imperative to not compromise the ability of future generations to meet their own needs when fulfilling the needs of the present,<sup>4</sup> as well as the need to respect planetary boundaries<sup>5</sup> and to ensure no-one is left behind. The platform considers the 2030 Agenda for Sustainable Development (**the 2030 Agenda**), which has at its core the 17 SDGs with 169 targets, to be a **strategic framework** to achieve this overarching goal to make the world a better place.

## B. The 2030 Agenda, the SDGs and the MFF

In 2015, the President of the European Commission, Jean-Claude Juncker, stated: “*We need a budget to achieve our aims. **The budget for us is therefore not an accounting tool, but a means to achieve our political goals***”.<sup>6</sup> The platform couldn’t agree more. The SDGs are goals the EU is committed to

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<sup>1</sup> See Commission Decision C(2017) 2941 final, dated 22.05.2017, Article 2 para. 1 (a). The platform was already foreseen in the European Commission’s Communication on the “Next steps for a sustainable European future”, COM(2016) 739 final, dated 22.11.2016, page 18.

<sup>2</sup> During the first meeting of the management committee of the platform on 5 December 2017, members agreed to set up a subgroup focusing on the MFF. This suggestion was endorsed by the multi-stakeholder platform during their meeting on 10 January 2018.

<sup>3</sup> 6 members abstained (Businesseurope; CopaCogeca; Food Drink Europe; CoR; Eurocities; Council of European Municipalities and Regions (CEMR). For details please see section D. relating to the adoption process.

<sup>4</sup> Reference to the definition of sustainable development issued by the World Commission on Environment and Development already in 1987 (the “Brundtland Commission”).

<sup>5</sup> This imperative is i.a. taken up by the European Commission’s 7<sup>th</sup> Environment Action Programme to 2020 “Living well, within the limits of our planet”, published in 2014.

<sup>6</sup> Quote from Jean-Claude Juncker the 22 September 2015. See the Reflection Paper on the future of EU finances, page 4.

and can show the direction of travel the EU should take to 2020 and beyond (I.). Evidence shows that – compared to the last MFF 2014-2020 – there is room for improvement and the EU needs to do more to ensure sustainable development (II.). This is why it is now the time to move from commitment to action and put a MFF on the table that is fully focused on sustainable development (III.).

## I. Why sustainability needs to become the new guiding principle for the MFF post 2020

Since the adoption of the MFF 2014-2020, world leaders agreed on a new global sustainable development framework, the 2030 Agenda. Meanwhile, also specific agreements were agreed, like the **Paris Agreement** on Climate Change, the Addis Ababa Action Agenda, as an integral part of the 2030 Agenda, and the Sendai Framework for Disaster Risk Reduction, all adopted in 2015. In 2016, the parties to the **Convention on Biological Diversity** (CBD) reaffirmed its commitment to mainstream biodiversity conservation in sectoral policies in order to implement the SDGs. All these commitments cannot be successfully delivered in isolation from one another.

The 2030 Agenda is an internationally agreed and **bold framework** for advancing the well-being of people, the planet, prosperity, peace and partnerships, integrating the economic, social, cultural and environmental dimensions of development. It seeks to realize the human rights of all and to achieve gender equality and the empowerment of all women and girls. Through its pledge to leave no one behind, it puts a focus on the most marginalized groups, who continue to see their potential undermined by poverty and exclusion. Universal in scope, it recognizes each country's primary responsibility for sustainable development. At the same time, the 2030 Agenda calls for collective action at an unprecedented scale. The 17 SDGs and 169 targets demonstrate the scale and ambition of the new universal agenda and emphasise the many interlinkages and inter-relationships between different sectors. Such ambition needs to be matched with corresponding **financial commitments**.

## II. What the EU can learn from the MFF 2014-2020

When looking into the future – specifically the drafting of the next MFF – it is wise to also look back to learn from errors made in the past to avoid repeating them. In addition to more specific analysis, a general assessment of where the EU stands in regard to implementing sustainability, including through the existing MFF, can be found in the European Vision for Sustainability “**Sustainability Now!**”, drafted by Karl Falkenberg on request of the European Commission.<sup>7</sup>

Falkenberg shows why we need to act: “*Nearly 10 billion people seeking by 2050 a European lifestyle would require, under present production and consumption patterns, natural resources of at least two Planet Earth. Europeans are emitting **too much greenhouse gas** into the atmosphere, thereby feeding global climate change. Europe is using **too many raw materials**, is **overfishing the world's oceans** and continues **rapidly losing biodiversity** [...]. On the **social and labour front**, European trends show that pre-crisis levels of wellbeing are not in reach, [...] improvements in living standards have stalled [...]. The ecological challenges for Europe are equally worrisome with additional regional aspects. The*

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<sup>7</sup> See EPSC Strategic Note, Issue 18, 20.07.2016: Sustainability Now! A European Vision for Sustainability.

rate at which Europe is changing **land-use**, sealing off land under urban and infrastructure pressure is evidently not sustainable.”

Looking more precisely into the MFF 2014-2020, an **in-depth analysis requested by the BUDG committee** of the European Parliament presents further evidence.<sup>8</sup> The report inter alia concludes: “As with the previous ones, the MFF 2014-2020 contributes too little to the overarching goal of sustainable growth and development [...]. Overall, **the EU budget is characterised by considerable gaps in sustainability** on the expenditure as well as on the revenue side.” Looking into details, the report assesses the sustainability gaps of the current expenditure structure, inter alia stating:<sup>9</sup>

- “Expenditure for agricultural policy today is mainly preserving existing, conventional production structures within the “first pillar” of the CAP [...]. The more sustainability oriented “second pillar” of the CAP [...] currently amounts to less than one quarter of overall agricultural spending.
- Structural and cohesion policy focuses too strongly on traditional infrastructure projects favouring traditional material (large-scale) infrastructure, too often lacking a European added value.
- Only a comparatively small share of research and development expenditure actively supports a socio-ecological transition in the EU.
- Too little funding is made available to make a sufficient EU contribution to development assistance in genera [...], still lagging considerably behind the target [...].”

In this context, it is worth mentioning the final report, published in 2018, of the EU **High-Level Expert Group on Sustainable Finance**.<sup>10</sup> Despite focusing on how to improve the contribution of finance to sustainable and inclusive growth, the report also contains recommendations relating to the next MFF. The experts recommend adopting a “**think sustainability first**” principle that should be incorporated as a core approach into the **Better Regulation Guidelines** and that should also strengthen the existing **impact assessment** process at the early stage of EU policy making. The High-Level Expert Group also recommends establishing a “**sustainable infrastructure Europe**”, which could play a key role in quantifying the EU’s investment needs in strategic policy areas of relevance for sustainability, which include climate and energy, water treatment and supply, circular economy and waste. These experts have devoted some attention to **agriculture**. According to the High-Level Expert Group, this sector is rooted in natural capital management (land, water and biodiversity) and deeply intertwined with climate change, health and environmental sustainability. This is also relevant for security and safety, including migration, and food security.

There are currently several publications<sup>11</sup> dedicated to sustainability showing the challenges the MFF post 2020 needs to tackle in order to support the implementation of the SDGs. The platform sees the need to **learn** from the MFF 2014-2020 and to adjust the MFF post 2020, as it does not see the MFF

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<sup>8</sup> Policy Department for Budgetary Affairs, The next Multiannual Financial Framework (MFF), its Structure and the Own Resources, October 2017, IP/D/BUDG/IC/2017\_116.

<sup>9</sup> See page 8 of the IP/D/BUDG/IC/2017\_116 report.

<sup>10</sup> EU High-Level Group on Sustainable Finance, Financing a sustainable European economy, Final report 2018.

<sup>11</sup> Besides the above mentioned see i.a. World Bank Group, Thinking CAP, Supporting Agricultural Jobs and Incomes in the EU, EU regular Economic Report 4 2018, which is analysing the role of the CAP to fight poverty, stating i.a. that the ongoing CAP “is reaching the poorer regions within EU Member States”, page 54. Also European Citizens consider that the CAP contributes for the society by i.a. boosting investments, improving trade relations, etc., see Special Eurobarometer 473, page 13.



2014-2020 being **result oriented** enough or **sufficiently equipped** to underpin the implementation of the SDGs.

### III. Why the European Commission now needs to move from commitment to action

As outlined in the 2016 Communication “Next steps for a sustainable European future, European action for sustainability”, *“the EU is fully committed to be a frontrunner in implementing the 2030 Agenda and the SDGs, together with its Member States, in line with the principle of subsidiarity. The 2030 Agenda will further catalyse a joined-up approach between the EU’s external action and its other policies and coherence across EU financing instruments.”* The Communication calls for developing a long-term vision and focus of policies after 2020, preparing for the long-term implementation of the SDGs, **including through the new MFF post 2020**. This long-term vision is universal in scope and thus applies to both internal and external policies and financial instruments of the EU.

The **Brexit** plays an important role in the debate about the MFF post 2020, inter alia influencing the process and leading to shortfalls in the future EU budget. The departure of the United Kingdom should not be taken as an **excuse** to not making the next MFF sustainable. Fulfilling the above mentioned commitments from the 2030 Agenda and implementing the SDGs is mostly about **how to spend money**, not about spending more money overall. Aligning the EU spending in a coherent manner alongside the SDGs will lead to more **effective** and efficient – non-contradictory – spending and overall **economic benefits** in the mid and long term by avoiding expensive follow-up costs of unsustainable development.

When making decision on the next MFF, the European Commission should not break down the simplified scheme of the **five scenarios** from the debate on the future of Europe to the MFF.<sup>12</sup> Especially for the MFF there is not an exclusive “*carrying on*” (business as usual), a “*doing less together*” or a “*some do more*” option. A simple “*doing much more together*” would not do the trick either. Instead, putting a sustainable MFF on the table means looking closely at all the spending and then having the **redesign** that is needed to implement the SDGs as well as having **a focus on new priorities** with high EU added value.<sup>13</sup>

The 2030 Agenda foresees implementation of the SDGs **by 2030**. The MFF is the EU’s long term budget. It will run for at least five, more likely for seven, years – that is from 2021-2027. Whilst encouraging and mobilizing others around the world to implement the 2030 Agenda is important, the MFF post 2020 provides **a unique opportunity** to match EU’s policies and initiatives with the future financial framework to ensure delivering on commitments. For the EU to achieve these ambitious goals, **the platform unanimously recommends that the next MFF thoroughly mainstreams the sustainable development throughout the EU budget** for the EU to be able to meet its 2030 commitments. This also requires a re-definition of the current guiding principle behind spending decisions, economic growth, towards sustainability (with its environmental and social dimension). The MFF post 2020 will cover a crucial period in regard to delivering the SDGs. How the next EU

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<sup>12</sup> The Commission though tried to exactly do this, see the Reflection Paper on the future of EU finances, Possible Scenarios for the EU-27, page 30.

<sup>13</sup> The Platform thus recommends having a mix of options from the different scenarios, with a focus on the forth scenario.

budget is set, and how ambitious it is, will be make or break in regard to the implementation of the SDGs in the EU.

## C. Recommendations for the MFF post 2020

Having illustrated why now is the time to act, the platform sets out below specific recommendations on how the MFF post 2020 should look in order to support implementation of the SDGs. The chapter firstly points out some general aspects of the recent MFF debate (I.), then explains why coherence is important in order to effectively achieve sustainable spending and lending (II.), finally follows up with comments on future spending priorities (III.). The main section of this chapter contains recommendations for specific instruments that should be implemented when deciding upon the MFF post 2020 in order to ensure sustainable spending and lending (IV).

### I. Comments on general aspects of the MFF

The platform avoids giving concrete recommendations on general aspects of the MFF such as the **duration**, the amount of **flexible spending**, **simplification** or the need for **own resources**. Whilst these aspects are very important, the platform doesn't see that these aspects will strongly influence the debate on how to implement the SDGs through the MFF. This is for the following reasons: A reduced budget makes it even more important to choose the right spending priorities, and to spend taxpayers money effectively and efficiently, thus in a coherent way alongside the SDGs; implementing the SDGs is mostly about "how" to spend the money, not necessarily about spending more money; implementing the SDGs is also a task that mostly can be planned in advance. The SDGs were adopted in 2015 and the EU's commitment to implement them was agreed in November 2016.

Despite the fact that recommendations within this report relate to the ceilings of the MFF post 2020, the platform does not go into them in detail here, but does want to raise the following general comment on **headings** of the future MFF. Often, the **visibility** of topic can support the implementation of the SDGs. As a result, clear wording of the headings is seen to be helpful. A good place to start is by giving sustainability and the corresponding funding lines the appropriate room, both within the specific programmes and with a proper heading.<sup>14</sup> Such visibility does not affect the imperative of having sustainability mainstreamed into other policies in order to implement the SDGs.

The platform considers that the next MFF must further amplify the benefits of EU spending and ensure **visible and sustainable results**. To do so, the platform recommends that the future MFF should focus on programmes and initiatives of real **EU added value** (as described in the section on instruments below).

As the 2030 Agenda acknowledges gender equality not only as a SDG in itself but also as a cross-cutting critical issue for sustainable development to be addressed throughout all SDGs, the next MFF

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<sup>14</sup> The platform welcomes the announcement made by Commissioner Oettinger after the orientation debate in the College meeting to have a proper heading for "Sustainability". Besides, also specific policies should be re-oriented towards sustainability, and correspondingly adjust their names. As such, the Common Agriculture Policy could become a policy for "Sustainable Food and Land-Use", the European Maritime and Fisheries Fund could become a "Sustainable Ocean Fund".

should also be designed in a gender-sensitive manner to ensure that money is spent in a way that will impact positively women and girls.

## II. Overarching objective: coherence to achieve sustainable spending

It is essential that the preparation of the MFF post 2020 is based on the recognition of existing sustainability gaps within the MFF 2014-2020. The platform underlines that **policy coherence** for sustainable development is a fundamental requirement to realize the transformative nature of the 2030 Agenda and to implement the SDGs. This means that the different policies proposed by the European Commission should be aligned to mainstream sustainable development, and that the MFF post 2020 should thus ensure that only policies, measures and actions are funded that support sustainable development. From the perspective of economic efficiency, it is counterproductive to develop funding frameworks which incentivize expenditure that is harmful to the environment and health or likely to increase disparities in equality and well-being. In addition, longer term effects need to be taken into consideration to avoid a situation where a policy option might have short term gains but, overall, losses in the longer term. And furthermore there is also a responsibility towards EU's citizens to spend taxpayer's money in a sustainable way (then ensuring citizen's support of the European project).

Policy coherence can and should be assured through **several complementary measures** addressing the funding objectives and principles, procedures in the budget planning and implementation and in the institutional structures. Choosing the right spending priorities is an important first step towards more coherence.<sup>15</sup> Adjusting and improving the way (ex-ante) impact assessments of legislative proposals or (ex-post) evaluations of existing legislation is done is another step. Besides, improving the sustainability criteria in the Better Regulation Guidelines also supports achieving better policy coherence for sustainable development. All these steps are **not** about creating an **additional** or parallel **framework** but to ensure that sustainability is properly mainstreamed into the different policies and funding decisions and that overall the SDGs are properly implemented.

## III. Advice on future spending priorities

With the above principle in mind it is obvious that implementing the SDGs is not just about creating a **new spending priority**, but making sure that every single Euro of the MFF is spent sustainably, so that it does not have contradictory effects. In order to fulfill the global commitments it is not sufficient that a specific policy contributes to the achievement of a particular SDG and another policy takes care of the remaining goals. In the following paragraphs the platform seeks to advise which policy areas need to be prioritized for funding in order to progress with implementing all SDGs.

As a first step the platform recommends that the **idea of sustainability** is taken up by the list of **spending priorities** – an aspect that the platform believe is missing in the debate on the MFF post 2020. When looking at the recent MFF **Communication** on “A new, modern Multiannual Financial Framework for a European Union that delivers efficiently on its priorities post-2020”, the platform is

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<sup>15</sup> See also Renaud Thillaye, Can the EU spend better – An EU budget for crises and sustainability, London 2016. Preface by Karl Falkenberg, page ix.

concerned that the concept of sustainability is missing from the vision for Europe.<sup>16</sup> The more detailed chapter of this MFF Communication, covering the priorities for the future, could have a stronger commitment to sustainability. The Communication refers to **“Security and Safety”** as one of the top priorities. This priority is deeply intertwined with sustainable natural resource management and development cooperation. Spending details are (only) set out for the **“European Border and Coast Guard”** and the **“European Defence Fund”**. Details on funding the “mobility of young people” (through Erasmus+) seem to be in line with several SDGs and the announced funding into **“research and innovation”** would need further specification to ensure that only research and innovation actions that contribute to sustainable development are supported. Even though **climate change** or the **“European Pillar of Social Rights”** is mentioned in the text of this chapter, a link to the environment is missing as are concrete funding ideas on how to integrate these aspects of sustainability in the MFF post 2020. The **“Cohesion Policy”** is covered by the Communication in detail; the final MFF has to ensure that sufficient money is provided to explicitly support industrial transformation, transition to clean energy, climate action and better employment opportunities. The MFF Communication, of course, also covers the **“Common Agricultural Policy”**, which will need to support the transition towards a fully sustainable agricultural sector and the development of vibrant rural areas; it has to ensure access to safe, high quality, affordable, nutritious and diverse food and reflect high level environmental and climate ambitions. Before “handing over” the money the final MFF should ensure that the sustainability challenges mentioned are addressed through binding objectives on EU level. The MFF Communication fails to mention **nature and biodiversity** at all, despite the European Commission’s own analysis showing that there is a huge gap in the funding required to halt biodiversity loss.<sup>17</sup>

The platform wishes to underline the point that EU financial support is needed to implement the 2030 Agenda both **internally and externally**, and the following areas are of particular **priority**:

- In general, the MFF post 2020 should prepare the EU to address **emerging trends** in society such as demographic change and growing inequalities, rapid urbanization at the same time as the rural exodus, resource scarcity, climate change, ecological crisis and biodiversity loss. This requires a transition from the current economic model to a more socially and environmentally sustainable one. The future model thereby needs to be based on a **decarbonised and circular economy**, on a sustainable food, farming and land-use system and also on a sustainable energy system. This general shift should be addressed across the different funding lines of the MFF. The current biggest spending line, the **Common Agricultural Policy**, should be based on the idea that farmers deserve a decent life which should be provided, as much as possible, by market recognition of their valuable work. Public money should only be used if it is delivering public goods. The budget of the **Cohesion Policy** should continue to play a key role for sustainability as it allows the implementation of the SDGs “on the ground”, being the only EU policy where multi-level governance is enshrined in the legal framework.

<sup>16</sup> Communication dated 14.02.2018, COM(2018) 98 final. The first headline for instance sets out the vision of a “more united, stronger and more democratic Union”. It should also be a “more sustainable” Union.

<sup>17</sup> The Evaluation Study to support the Fitness Check of the Birds and Habitats Directives, Final Report, March 2016, page 567, states “The current funding gap is so large that achievement of the objectives of the Directives will not be possible without a very significant increase in funding”. The platform wonders why the MFF Communication does not address this funding gap.

- The MFF post 2020 has to provide sufficient means to fulfil **international commitments** in the field of **climate and environment**, such as the Paris Agreement and the CBD, through an adjustment of the spending alongside the SDGs and a phase-out of the financial support for actions that are harmful for the environment, climate, biodiversity or other natural resources. One means is to develop **sustainable Trans-European Infrastructure**, e.g. in the field of energy, transport, digital and telecommunications, biodiversity, and other ecosystem services, by establishing and adjusting the corresponding funding lines (such as **TEN-G** for Green Infrastructure). Earmarking particular policy areas (e.g. biodiversity) and a just climate transition fund have been proposed by the platform.
- The MFF post 2020 should invest more in **people**, which means investing in **social equality** throughout the life cycle (quality **employment**, adequate social protection and services like **health**, care, **education** and learning).<sup>18</sup> This could be ensured by providing adequate funding for the implementation of the European Pillar of Social Rights to the MFF post 2020 and by paying attention to the principle of intergenerational and territorial sustainability. Funding for civil society and European networks is important if civil society is to play its full role. To support awareness raising and education on the SDGs should also be prioritized under the MFF.
- The MFF post 2020 should also focus on investment in **research**, development and knowledge creation, prioritizing multidisciplinary and collaborative research. There should be clear criteria to ensure that funding of research and innovation takes sustainability into account. That means not having a focus merely on competitiveness, but on strengthening the funding of environmental and social projects. Collaboration across various sectors and constructive **partnerships with the private sector** might be of additional value, contributing to creating an innovation eco-system where synergies among all actors are fostered, and civil society plays a fundamental role. Collaboration with the private sector would need to be evaluated against key indicators of equity, sustainability, job quality, academic freedom and social fairness. A knowledge-based approach to research as a public good, funded by EU-funds post 2020, should in no case be driven by short-term demands, performance indicators and private interests.
- The MFF post 2020 should ensure that the EU, as global actor, invests in sustainable development in **partner countries**. The newly revised European Consensus on Development sets the framework for EU international development cooperation and thus the principles and priorities for the use of Official Development Assistance in the next MFF. Like the EU's Global Strategy, it sets out a vision for the EU's engagement in the world which highlights the transformative character of the 2030 Agenda and the cross-cutting dimension of the SDGs in the implementation of EU's external actions. Through its **development cooperation** the EU must keep its focus on long-term objectives such as the eradication of poverty, tackling inequality and promoting democratic governance. Aid to essential public services (e.g. education and health) should be predictable and long-term to allow for planning and budgeting in line with democratic process. The MFF post 2020 must ensure that EU's development and humanitarian aid spending is aligned with partner countries' plans to achieve the SDGs. Donor and IFIs accountability should be part of the monitoring and reporting of SDG implementation. The MFF post 2020 must incorporate the SDGs also into

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<sup>18</sup> A recent Eurobarometer from November 2017 shows that to the EU citizen's unemployment and social inequalities are two of the top challenges.

the **EU's external policy**. This requires mainstreaming climate and environmental objectives in external financing instruments to support developing country efforts in achieving sustainable development with a focus on the most vulnerable to the impacts of climate change. All funding priorities must be linked to the recommendations and conclusions of the competent regional and international **human rights mechanisms** including the United Nations Treaty Bodies.

#### IV. Recommendations for specific mechanisms and instruments to ensure sustainable spending

As well as setting the right priorities, for achieving coherence amongst the different spending streams, in order to ensure overall sustainability it is essential to improve existing **mechanisms and instruments** and to develop targeted proposals for changing the next MFF. These should not be seen as a “shopping list” but as complementary measures with each of them addressing the long discussed challenge of better mainstreaming and each of them addressing different aspects to better implement the SDGs. In the following part the platform recommends **nine specific measures** to the Commission (without further ranking or categorizing them). All together these instruments help to deliver a “**sustainability proofing**” of the MFF post 2020.

##### a. Embedding the “think sustainability first” principle

In line with the recommendation of the final report of the **High-Level Expert Group on Sustainable Finance**, all EU policies, including about the MFF should integrate the “**think sustainability first**” principle.<sup>19</sup> This should be achieved throughout the whole decision making procedure, but the platform puts forward three specific proposals to advance this. Firstly the European Council, the European Parliament and the European Commission should jointly adopt **a Declaration** attached to the **MFF Regulation**, which shows the commitment to sustainability and the implementation of the 2030 Agenda also through sustainability proofing the MFF. Secondly, an ex-ante conditionality on creating a sustainability proofing framework should be introduced (see also below). And thirdly as recommended by the High-Level Expert Group, the Better Regulation Agenda should be adjusted to meet this aim. As part of this agenda, the European Commission carries out impact assessments for new legislative proposals. These **impact assessments** describe economic, social, climate and environmental impacts of different policy options. The platform underlines that by now **in practice** it is often not the most sustainable solution that prevails but the politically preferred one. The platform suggests **adjusting the Better Regulation Guidelines** to ensure that sustainability plays a key role when deciding about the policy option.<sup>20</sup> In the current version the Better Regulation Guidelines just ask to identify the potential impacts (broad nature: economic, social and environmental). There is no further imperative to then also respect the social or environmental effects when selecting the significant impacts and to choose the more sustainable option. When comparing the possible options

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<sup>19</sup> This principle was already proposed by the EU High-Level Expert Group on Sustainable Finance, see their Final Report 2018, page 61.

<sup>20</sup> It therefore is necessary to strengthen sustainability as priority of the European Commission by adapting the Presidential's political guidelines and the Commission's annual work programme. Different key documents such as the Better Regulation Guidelines refer to the priorities.

the guidelines instead focus on a comparison of the benefits versus the costs.<sup>21</sup> Having a “**think sustainability first**” principle implemented into this chapter of the guidelines would allow choosing the most sustainable policy option that not only delivers a (short-term) cost-efficient but long-term sustainable solution. These changes are highly relevant for the MFF post 2020 as improved impact assessments of the key regulations specifying the spending could support the implementation of the SDGs through the MFF.

#### b. Adjusting the system of “ex-ante conditionalities” to better reflect on sustainability

Under the European Structural and Investment Funds, **ex-ante conditionalities** have proven the potential to be an effective instrument to achieve specific goals. However, in order to ensure the durability of the ex-ante conditionality achievements, new mechanisms, such as mid-term and ex-post evaluations should be introduced in line with the conclusions of the ex-ante Conditionality report by the European Commission.<sup>22</sup> In addition, the platform suggests to put into practice conditionalities and new mechanisms also for other funding lines of the MFF post 2020 and to adjust their criteria. For **the European Structural and Investment Funds**, the rather vague Article 8 of the current Common Provisions Regulation should better reflect sustainability criteria, taking also into account national and regional action plans on how SDGs are mainstreamed and implemented. At the same time, it needs to be ensured that Cohesion Policy must not be subject to conditionalities that cannot be influenced by local and regional authorities or other. Regarding the **Partnership Principle**, key elements of the current Code of Conduct should be transposed into criteria of a new conditionality for all internal funding streams. And as to the **Common Agricultural Policy**, subsidies needed to be linked to respecting the SDGs, including EU’s environmental, social and economic targets, indicators and objectives.<sup>23</sup>

#### c. Introducing a clear definition of the “EU added value” that also refers to sustainability

When focusing on projects of EU added value, the platform stresses the need of having a clear **definition** of the criteria. For defining the EU added value along the criteria of European values, spill over effects, economies of scale, etc., as described in the Reflection Paper on EU Finances, a balanced view on the social, environmental, economic and governance aspects has to be taken. Guidance is provided by the objectives of the EU as laid down in the **Treaty**, which first of all states that the Union’s aim is to promote **peace**, its **values** and the well-being of its **peoples** and that the EU shall work for the **sustainable development** of Europe based inter alia on the improvement of the quality of the **environment**, and that the EU shall combat social exclusion and discrimination and promote **social justice** and protection, equality between women and men, solidarity between generations and protection of the rights of child. This request is also backed up by the **European**

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<sup>21</sup> See the criteria in chapter about the Impact Assessment of the Commission’s Better Regulation Guidelines, SWD(2017) 350, dated 07.07.2017.

<sup>22</sup> The Value Added of Ex ante Conditionalities in the European Structural and Investment Funds – Commission Staff Working Document, SWD(2017) 127 final.

<sup>23</sup> Already the Communication on the future of food and farming, COM(2017) 713 final, dated 29.11.2017, refers to objectives of the policy to be set by the Union, mentioning the SDGs, etc., see page 9.

**Court of Auditors** that suggests to make the EU value added a **core objective** of the next MFF.<sup>24</sup> Having set out a clear definition should be followed-up by steps like **assessing** the spending programmes, developing performance frameworks for spending programmes, and adjusting the spending reviews which then should form the evidence base when drafting the MFF.

#### d. Introducing a link between the spending and the “rule of law” in the Member States

The EU is based on common European values, including the **rule of law**. The platform underlines that ensuring rule of law throughout the EU is not only a responsibility stemming from the Treaty, but also a **precondition** for implementing the **2030 Agenda**. From the EU budget perspective the rule of law is also essential for defining a **level playing field in the common market and a predictable and enabling economic environment for investments**. It thus recommends introducing – linked to the MFF post 2020 – regular assessments of the rule of law in all MSs, which can trigger proportionate answers as needed: from recommendations, through introducing targeted ex-ante conditionality to the **suspension of EU’s Structural and Investment Funds** (not only the Cohesion Funds). In order to ensure that regions and vulnerable beneficiaries do not necessarily suffer from the consequences of national level failures, funding could be redirected to reach the beneficiaries even in the event of suspension.<sup>25</sup>

#### e. Transforming the “European Semester” to a delivery model for sustainability

When thinking about how to support the implementation of the SDGs through more efficient and effective spending, also the **European Semester** with its specific idea of linking national and the European perspective might play a stronger role. The platform suggests introducing “**annual sustainable development surveys**” with balanced attention to the social, environmental and economic dimensions to help **channelling** EU funding to the identified priority areas. **Performance and incentive based budgeting** are further means that could be introduced in that context.

#### f. “Benchmarking” within funds/instruments to achieve specific sustainability objectives

**Benchmarking** means setting a target to ensure that a certain amount of money – the minimum expected level of expenditure – is targeted towards specific objectives. In the current MFF period, for instance the EU sets targets for making a certain percentage of the budget **climate** related. Within a specific fund, **earmarking** and **ring-fencing** are similar ways intended to ensure a minimum spending in favour of a sustainability objective. The platform suggests including clearly defined and binding benchmarks or targets for sustainability objectives, including in climate, **nature conservation**, environment, social and economic measures across all EU budget instruments, both for centrally managed and co-managed funds. Also, the co-benefits of actions should be recognized, as lack of action in one area will hinder progress in others. In order to guarantee and effective spending, the

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<sup>24</sup> ECA Briefing Paper February 2018: Future of EU Finances: reforming how the EU budget operates. Proposals page 6sq.

<sup>25</sup> See the policy brief by the Centre for European Reform, Can EU funds promote the rule of law in Europe, November 2017.



“earmarked” or “benchmarked” money should also be (co-) managed by the appropriate and competent authorities in charge of the specific objective. Such earmarking should – besides the field of climate action – in particular be introduced for nature conservation related funding to halt **biodiversity** loss and for spending on **social inclusion** or air quality. Besides, based on the experience with the Connecting Europe Facility, the platform suggests creating a funding line dedicated to sustainable and green infrastructure (**TEN-G**). This funding line should focus on trans-European projects of EU added value delivering on ecosystem services (flood protection, etc.). The platform also underlines the importance of strengthening the only fund purely dedicated to the environment, the **LIFE programme**.

#### g. Excluding “contradictory” subsidies

The MFF post 2020 should, in particular, focus on “hotspots” such as spending that is hindering sustainable development and either put an end to the specific spending or turn it into a fund for a sustainable policy. This inter alia holds for the **Common Agricultural Policy**. Even though over the decades this policy has been subject to repeated reforms, recent analysis show that the effectiveness and efficiency of this policy – to a large extent based on direct payments – has to improve from the perspective of healthy food production, rural development, environmental protection or supporting farmers.<sup>26</sup> Whilst the CAP is considered to play a role for job creation in agriculture and contribute to eradication of poverty,<sup>27</sup> from the economic perspective the given subsidies structure is also criticized for being an “ill-targeted income support”.<sup>28</sup> Other un-sustainable subsidies can be found as to spending focusing on fossil fuel **infrastructure** that is contradicting ambitious **climate** action, both in the funding lines dedicated to trans-European transport (TEN-T) and trans-European energy (TEN-E). In general, it should not be assumed that programmes based on their very existence are supporting sustainability, a more nuanced view at how programmes work and what is funded is necessary. This is particularly true for the agricultural policy but also for fisheries policies.

#### h. Adding “social and environmental indicators” to the European structural and investment funds

The platform suggests putting further work into the European structural and investment funds (and therein the **Cohesion Fund**) for the MFF post 2020, inter alia by adjusting the allocation criteria through new indicators for funds to better reflect economic, social and environmental aspects. A common allocation system could also build on the EU’s Regional Social Progress Index.

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<sup>26</sup> See inter alia the assessment of the European Court of Auditors, Special Report 21/2017, Greening: a more complex income support scheme, not yet environmentally effective, dated 12.12.2017, and also the High-Level Expert Group Final report on Sustainable Finance.

<sup>27</sup> See World Bank Group, Thinking CAP, Supporting Agricultural Jobs and Incomes in the EU, EU regular Economic Report 4 2018, page 15.

<sup>28</sup> See Bertelsmann Stiftung, How Europe can deliver, Optimising the division of competences among the EU and its member states, July 2017, page 10.

#### i. Moving to evidence-based, participatory and simpler approach for the MFF

The platform stresses the need for more participatory approaches and procedural improvements when drafting the MFF post 2020. First of all there should be a **participatory, transparent** and knowledge and **evidence based** approach. That implies inter alia having the **spending review** published and discussed with social partners and stakeholders in a multi-governance and multi-stakeholder approach before deciding on new priorities and new policies.<sup>29</sup> A **Single Rule Book** approach might simplify the EU budget and thus allow more efficient spending. Additional efforts could mobilize **further private investment** to also support implementing the SDGs, except in public services areas where these are not suited, such as education and health.

#### D. Editorial: Drafting, adoption and further steps

This report was produced in the subgroup on the MFF of the management committee of the multi-stakeholder platform on the implementation of the SDGs in the EU.<sup>30</sup> It is based on the contributions made by the platform members and on the debate in the different meetings. The report was adopted by the platform following the management committee meeting of 14 March 2018.<sup>31</sup> The lead **rapporteur** is Dr. Raphael Weyland, representing BirdLife Europe in the management committee of the platform. The mandate of the platform is to support the Commission on the implementation of the SDGs in the EU. The platform understands that this task not only means handing over a report to the Commission, but **following up** on the process of drafting the MFF post 2020. The platform thus first of all seeks to bring this report to the attention of the **Commissioner in charge of the next MFF**, Günther H. Oettinger. The subgroup on the MFF and the platform as such also reserves for itself to put the topic on the agenda of one of the next meetings once the MFF proposal has been published, in order to assess the progress that has been made.

The platform gratefully **thanks the Secretariat-General** for the services and support when drafting this report.

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<sup>29</sup> The platform is wondering why spending reviews of funds and programmes of the MFF 2014-2020 have not been published before having the debate on the MFF post 2020.

<sup>30</sup> For further details relating to the platform and its members see [https://ec.europa.eu/info/strategy/international-strategies/global-topics/sustainable-development-goals/multi-stakeholder-platform-sdgs\\_en](https://ec.europa.eu/info/strategy/international-strategies/global-topics/sustainable-development-goals/multi-stakeholder-platform-sdgs_en).

<sup>31</sup> The following 6 members of the platform abstained from taking an opinion on this report: COPA COGECA, BusinessEurope, Mella Frewen (Food Drink Europe), Committee of the Regions, Eurocities; Council of European Municipalities and Regions (CEMR).