Co-funded by the
Europe for Citizens Programme
of the European Union

TEPSA
Trans European Policy Studies Association

Trans European Policy Studies Association

TEPSA BRIEFS

DECEMBER 2021

# Is the EU fit for the Green Deal? Lessons from Policy Coherence for Sustainable Development

Ondřej Horký-Hlucháň*


## Abstract

*A review of the EU's implementation of Policy Coherence for Sustainable Development shows that enhancing synergies and limiting negative spill-overs of the European Green Deal will require substantial governance reforms. Direct participation, transparency and capacity building for evidence-based policy making are key to tackle contentious issues that need to be raised not only by the EU, but mainly by the affected international partners.*


## Introduction

Natalia Tocci recently argued that after twenty years of crisis, the European Union found its new *raison d'être* in the European Green Deal (EGD).[1] The EU is a major historical polluter, but it is now responsible for less than ten percent of annual greenhouse-gas emissions. It is bound to fail if it does not manage to take the rest of the world on board to mitigate the climate crisis. "Go global, or go home", Tocci rightly concluded.[2] In another words, the EU's inward-looking policies must be coherent with its external policy. But is the EU's governance architecture fit for greater coherence?

The very commitment to align the EU's domestic policies with international development goals was already enshrined in the Maastricht Treaty in 1992. This principle was first labelled as Policy Coherence for Development (PCD), then it expanded and went global, under the name Policy Coherence for Sustainable Development (PCSD). In 2015, the United Nations even coined it as a standalone Sustainable Development Target 17.14 of the *2030 Agenda*.[3] In spite of thirty years of efforts at closing the gap between internal and external policies, however, even

[1] Tocci, N. (2021): For a green Europe, go global or go home, *Politico*, 8 November 2021
[2] Ibid.
[3] United Nations Statistics Division (2021): SDG Indicators. Metadata Repository.

* Ondřej Horký-Hlucháň is a Senior Researcher at the Institute of International Relations in Prague. All the opinions expressed in this briefing are the sole view of the author, and do not represent the position of the Institute of International Relations nor of the Trans European Policy Studies Association (TEPSA).

the European Commission admitted that it changed 'in a limited way'.[4]

This brief argues that, with the transformative effects of the Green Deal, the EU must equally transform its governance procedures to limit policy inconsistencies that will inevitably emerge. Otherwise, its impacts may impose huge costs, especially on the world's poorer regions, and make Europe lose its allies on the way towards a decarbonised future.

## The poor out of sight: the precedent of the anti-deforestation regulation

Popular and populist critiques of the European Green Deal are often ideological and based on disinformation but concerns about the social costs of the new polices are on point. The EU has created the Just Transition Mechanism to raise EUR 100 billion for its own peripheries, but nothing similar for the affected people beyond its borders. More than that, the most recent proposal of the anti-deforestation regulation shows that it is unable to fully acknowledge these social costs in the first place.

The goal to cut worldwide deforestation caused by a selected choice of EU's agricultural imports – estimated at 2,000 km$^2$ – by a third in nine years is fully legitimate, though environmental NGOs criticise the regulation for not going far enough to save more of the average 100,000 km$^2$ of forests that humans destroy each year. In terms of social costs for the producers, the Commission's own 87-page impact assessment only mentions new jobs in risk-free production and lost jobs in non-compliant production, but it does not further elaborate on the final outcome.[5] Yet, published meta studies warn that certification schemes generally lead to higher prices and lower wages for farmers, women and men in low-income countries, with unclear effects on total household income.[6]

*The goal to cut worldwide deforestation caused by a selected choice of EU's agricultural imports – estimated at 2,000 km2 – by a third in nine years is fully legitimate, though environmental NGOs criticise the regulation for not going far enough to save more of the average 100,000 km2 of forests that humans destroy each year.*

The Commission acknowledges short-term negative impacts on smallholders, including on their food, health and education, yet it contents itself to claim that these would be limited by the 2020 cut-off date and by "other measures" recommended in the related 2019 communication and its annexes – none of them addresses the social costs of the transition.[7] Moreover, the official impact assessment seems to make no attempt at evaluating the impact of higher consumer prices in the EU and the related lower demand for the farmers' products on their livelihoods.

It is a sad irony that the impact assessment includes a subchapter entitled *Coherence with other EU policy objectives*.[8] Yet, no reference is made to the treaty-based PCD, to PCSD or at

[4] European Commission (2019a): Evaluation of the EU Policy Coherence for Development, SWD(2019) 88 final, p. 26.

[5] European Commission (2021): Impact assessment minimizing the risk of deforestation and forest degradation associated with products placed on the EU market, SWD(2021) 326 final, p. 62.

[6] Oya, C. et al. (2017): Effects of certification schemes for agricultural production on socio-economic outcomes in low- and middle-income countries: a systematic review. *Campbell Systematic Reviews* 13(1), p. 9.

[7] European Commission (2019b): Stepping up EU Action to Protect and Restore the World's Forests, COM(2019) 352 final

[8] European Commission:2021, p. 64.

least to the European Consensus on Development. Based on this precedent, we can expect deeper social impacts outside the EU with the carbon border tax and other forthcoming proposals. This is only natural as the EU rightly strives to implement the "polluter pays" principle and internalise its damage to global public goods. But who will pay the costs for the world poor, considering that international development budgets are already under the strain of covid-related measures at home?

## Why does policy coherence fail? Knowledge is not enough

To the European Commission's defence, there is no such thing as perfect policy coherence. Sustainable development can be achieved by win-wins only in an ideal world. Some trade-offs are inevitable between and within the global North and South, between the environmental, social and economic pillars, between short and long terms, and *a fortiori* among the combination thereof. Moreover, complex situations make *ex ante* evaluations difficult. The OECD came up with a simplified checklist of eight building blocks for the use of policymakers and *all of them* must be in place for policy coherence to work: the understanding of possible impacts is but one of them and it is not sufficient to prevent failure.[9]

To give an example related to deforestation, the European Commission's staff produced a PCD analysis of possible impacts of its biofuel directive in developing countries in 2008.[10] However, it is currently estimated that the 2009 *Renewable Energy Directive* (RED) led to the overall deforestation of 40,000 km$^2$ and to considerably more greenhouse-gas emissions than if fossil fuels were burnt instead of imported additives to biofuels. Despite all the criticisms, the EU imported a record-high 4.7 Mt of palm oil in 2020.[11] This volume corresponds to about 10 of the largest super-tankers in the world that the EU mixed with diesel and burnt.

## No technical fix to incoherence: towards direct participation

The EU's biofuel disaster is not the only example where the awareness of negative impacts failed to induce greater coherence. Academic literature records cases where PCD procedures in the European Commission included thorough impact assessments, yet they only fostered political positions of different directorates and transformed unintended incoherence into intended incoherence.[12] The right bureaucratic procedures do not necessarily lead to greater coherence and the six hundred pages of the Commission's *Better Regulation* toolbox and a PCSD focal point based at DG INTPA are not the weakest links at the Commission. The problem rather consists in the insufficient political use of the existing bureaucratic processes and the insufficient attention paid to sustainable

---

[9] OECD (2019): Recommendation of the Council on Policy Coherence for Sustainable Development, OECD/LEGAL/0381, 11 December 2019

[10] European Commission (2009): The EU – a global partner for development - Speeding up progress towards the millennium development goals - Policy coherence for development climate change/energy/biofuels, migration and research, SEC(2008) 434 final.

[11] European Federation for Transport and Environment (EFTE) (2021): 10 years of EU fuels policy increased EU's reliance on unsustainable biofuels, *A Briefing by Transport & Environment*, July 2021

[12] Adelle, C. and A. Jordan (2014) Policy Coherence for Development in the European Union: Do New Procedures Unblock or Simply Reproduce Old Disagreements?, *Journal of European Integration*, 36(4): 375-391

development as a concept by most commissioners.[13]

While it is inherently impossible to pinpoint a golden bullet that would hit all the other seven building blocks of PCSD, stakeholder participation currently seems to be the EU's weak spot. Common Agricultural Policy (CAP) has been traditionally one of the most problematic policies that hindered agricultural imports from the South and, at the same time, replaced the local production in poor countries with directly or indirectly subsidised European products. In spite of improvements in CAP – mostly due to the internal inefficacy of the policy – the joint EU-African expert group on Rural Africa still identified the need to "involve African stakeholders in PCD assessments and make use of joint platforms where PCD issues can be raised" as its final recommendation.[14] The Commission's latest PCD evaluation also admits that policy coherence in fisheries in Mauritania did not finally improved thanks to the EU but to the local demand.[15]

These examples show that if the EU is unable to take into account the interests of non-EU subjects within its own consultation processes, it needs to involve its partners. This does not mean only governments, but also civil society and indigenous people since their interests may strongly diverge. Extending the role of the EU's delegations in PCSD beyond its reporting exercise is key to enable this direct participation as well as ensuring the transparency of the process. Where needed, the EU should also support capacity building of the affected groups to formulate their positions. There is no guarantee that participation will work, but in the face of climate emergency we need hope that actors can *change* through the democratic process of deliberation to bring their positions closer and increase policy coherence. If the potentially affected "stakeholders" were involved in genuine "multi-stakeholder dialogue" on biofuel directive and anti-deforestation regulation, the final policy outcomes would probably look different.

## Conclusion: lessons for home

In spite of the mixed heritage of Policy Coherence for Development, the much more ambitious approach of Policy Coherence for Sustainable Development was heralded as a tool for "breaking the silos" or at least "making them dance" to accommodate the multitude of aspects of sustainable development.[16] The EU's more or less recent experience shows that we need PCSD more than ever to tackle the harmful externalities of the inevitable transition towards a decarbonised future, especially those affecting the world's poorest people. However, all the technocratic tools that the EU has put in place during the past three decades did little to change the real policies.

This does not mean that we need to scrap this technocratic approach to the inside-outside governance of the European Union altogether – the approach of eight building blocks shows that technicalities remain *necessary*, including *ex ante* impact assessments for evidence-based decision making at large, but they are far from being *sufficient*. What we need is to let politics back in the EU's decision making by increasing the participation of outside political actors since no one else may put a break on, or

[13] CONCORD (forthcoming): A Test of the EU's Integrity towards the 2030 Agenda: The Status of Policy Coherence for Sustainable Development.
[14] Arnold, T. et al. (2019): An Africa-Europe Agenda for Rural Transformation. Report by the Task Force Rural Africa, p. 61.
[15] European Commission:2019a, p. 206 (Annex).
[16] Niestroy, I. and Meuleman, L. (2016): Teaching Silos to Dance: A Condition to Implement the SDGs.

better, steer the EU's strong political drive to meet its climate commitments. The biofuel failure shows that with the strong path dependency of EU's policies, we need to start sooner rather than later, because it may take too long to recover from our mistakes.

This lesson from PCSD is mainly aimed at the global role of the EU: if the outside social and economic externalities of the Union's attempt at internalising its environmental externalities go wrong, it will lose credit and legitimacy in front of the affected global actors, which are needed to hold a lead on the collective action towards global public goods. However, the initial question on the EU's fitness for the Green Deal can be easily extended to its own internal peripheries. Does the EU's internal governance allow our own poor to have their say on the Deal's social impacts? Is the Just Transition Mechanism on-point and strong enough to compensate the losses? So far, the voices from the EU's internal periphery seem to be stolen by populist politicians. To conclude, for the European Green Deal, we should go global, but we should also care for home.

## References

Adelle, Camilla and Andrew Jordan (2014) Policy Coherence for Development in the European Union: Do New Procedures Unblock or Simply Reproduce Old Disagreements?, *Journal of European Integration*, 36(4): 375-391, DOI: 10.1080/07036337.2013.845180.

Arnold, Tom et al. (2019): An Africa-Europe Agenda for Rural Transformation. Report by the Task Force Rural Africa, ec.europa.eu/international-partnerships/system/files/report-tfra-mar2019_en.pdf

CONCORD (forthcoming): A Test of the EU's Integrity towards the 2030 Agenda: The Status of Policy Coherence for Sustainable Development

European Commission (2009), The EU – a global partner for development - Speeding up progress towards the millennium development goals - Policy coherence for development climate change/energy/biofuels, migration and research, SEC(2008) 434 final, eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52008SC0434

European Commission (2019a): Evaluation of the EU Policy Coherence for Development, SWD(2019) 88 final, ec.europa.eu/international-partnerships/system/files/swd-pcd-evaluation-full-20190226_en.pdf

European Commission (2019b): Stepping up EU Action to Protect and Restore the World's Forests, COM(2019) 352 final, eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52019DC0352

European Commission (2021): Impact assessment minimizing the risk of deforestation and forest degradation associated with products placed on the EU market, SWD(2021) 326 final, ec.europa.eu/environment/document/download/7ab29a87-09a1-45f9-b83b-cd80765de10f_en

European Federation for Transport and Environment (EFTE) (2021): 10 years of EU fuels policy increased EU's reliance on unsustainable biofuels, *A Briefing by Transport & Environment*, July 2021, www.transportenvironment.org/wp-content/uploads/2021/08/Biofuels-briefing-072021.pdf

Niestroy, I. and Meuleman, L. (2016): Teaching Silos to Dance: A Condition to Implement the SDGs, 21 July 2016, sdg.iisd.org/commentary/guest-articles/teaching-silos-to-dance-a-condition-to-implement-the-sdgs/

OECD (2019): Recommendation of the Council on Policy Coherence for Sustainable Development, OECD/LEGAL/0381, 11 December 2019, www.oecd.org/gov/pcsd/recommendation-on-policy-coherence-for-sustainable-development-eng.pdf.

Oya, Carlos et al. (2017): Effects of certification schemes for agricultural production on socio-economic outcomes in low- and middle-income countries: a systematic review. *Campbell Systematic Reviews,* 13(1): 1-346, DOI: 10.4073/csr.2017.3.

Tocci, Natalia (2021): For a green Europe, go global or go home, *Politico*, 8 November 2021, www.politico.eu/article/green-europe-global-climate-change-emissions/

United Nations Statistics Division (2021): SDG Indicators. Metadata repository, unstats.un.org/sdgs/metadata/?Text=&Goal=17&Target=17.14

All links last accessed on 6 December 2021.

TEPSA

Trans European Policy Studies Association

Rue d'Egmont 11, B-1000

Brussels, Belgium

To know more about TEPSA visit:
www.tepsa.eu

Follow TEPSA on:

@tepsaeu

@tepsa.eu

TEPSA – Trans European Policy Studies Association

@tepsaeu

INSTITUTE OF INTERNATIONAL RELATIONS PRAGUE

Institute of International Relations Prague

Nerudova 257/3, 118 50

Prague, Czech Republic

To know more about IIR visit:
https://www.iir.cz/en/

Follow IIR on:

@IIR_Prague

@IIR.Prague

Institute of International Relations, Prague



Co-funded by the Europe for Citizens Programme of the European Union

*The European Commission support for the production of this publication does not constitute an endorsement of the contents which reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.*