

“The European Green Deal Watch” Project

A Policy Network for a Sustainable Europe

Concept Paper

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The background: why it’s worthwhile to monitor the European Green Deal

The European “Green Deal” was officially launched in December 2019, by a newly appointed van der Layen Commission with a high level of ambitions in the field of climate change and the energy transition. From the start, the Green Deal was presented as a the new “road map” for the EU towards carbon neutrality by 2050 and, more broadly, towards a more sustainable development for the European economy. The initial Communication¹ from the Commission promised a series of “profoundly transformative” measures and more generally a more coherent approach to sustainability. It also announced a comprehensive package of legislative and regulatory proposals to be launched during the next years.

Almost two years later, and in spite of the Covid-crisis, and the European Green Deal stands still out as the single most ambitious political initiative in Europe in the field of climate action and energy transition. The Veblen Institute gave it a scrutiny early on in the process, both of the transformative proposals and of financing proposals². And though that scrutiny showed a range of weaknesses and points to be amended, we believe today as we believed then that we must seize upon this initiative as an opportunity to strengthen the political support for the ecological transition, mobilise the European civil society and work to raise the level of ambition.

Soon after the official launch of the Green Deal the EU was struck by the Covid pandemic with a dramatic economic downturn and a series of national and European recovery plans. Contradictions between the short-term and long-term objectives were perhaps unavoidable – in any event, they were not avoided, as illustrated for instance by subsidies without conditionality pouring into aviation or automotive sectors.³ The Commission claims nevertheless to stay on the course set by the Green Deal and the Council explicitly announced in July 2020 that “An overall climate target of 30% will apply to the total amount of expenditure from the MFF and NGEU and be reflected in appropriate targets in sectoral legislation”⁴ Naturally, this commitment may not be sufficient if the remaining 70% continues to support an unsustainable economic model. But the promise 30% remain close scrutiny as for the kind of projects they allow to finance – and more generally how the financing conditions and the impacts the transition projects.

Delayed and blurred by the Covid-crisis as it may be, the Green Deal “legislative train” initially announced by the Commission goes on nevertheless. The new climate and energy targets have been

¹ (COM(2019)640)

² Mathilde Dupré, Julien Hallak & Wojtek Kalinowski, « [Making the Green Deal work](#) », Veblen Policy Report, April 2020.

³ Mathilde Dupré, Julien Hallak & Wojtek Kalinowski « [The European Recovery should respect the ‘Green Oath’](#) », Veblen Policy Report, May 2020.

⁴ ECO 10/20, article 21. The MMF 2021-2027 amounts to € 1,825 Bn for the period, while “Next Generation EU” offers loans and grants amounting to € 750 Mn.

adopted and the Commission's current work programme, presented by the Commission in July 2021, contains numerous revisions and initiatives linked to the European Green Deal. These actions were summed up in the "Fit for 55" package. The package contains a wide range of proposals to revise the whole EU 2030 climate and energy framework, including the legislation on effort sharing, land use and forestry, renewable energy, energy efficiency, emission standards for new cars and vans, reform of the emissions trading system (ETS), etc.

On the missing side, there's not much debate about financing the transition beyond the initial "Green Deal Investment plan" and NextGenerationEU⁵. Also, the tools and principles used for policy assessment, coordination and impact analysis (for instance the European semester rules used to assess national budget plans) still wait to be redesigned in a way to put ecological and social objectives at the heart of the evaluation and introduce conditionality principles on ecological grounds (strong principles for green budgeting, etc.). On the economic side, the Commission recently launched a new trade policy communication and consultations about fiscal discipline and budgetary rules, but beyond that the European framework remains very similar.

All in all, our judgment is that the European Green Deal still seems the best political narrative available across the EU for those who try to get our economy on the path towards carbon neutrality and other sustainability objectives. We believe it should be accelerated and strengthened rather than postponed or watered-down, as it commits the EU to linking a range of policies into a coherent long-term vision of social and ecological transformation, and that's exactly what has been missing in the policy debate.

An ambitious vision of sustainability

The underlying assumption of this project is that "improving" the European Green Deal basically means to defend its ecological or socio-ecological integrity, *i.e.* improve our chances to get the EU on a credible path towards climate neutrality and a more sustainable economy, including social dimensions such as inclusion and inequalities. The project is designed to contribute to this task, which means that our starting point and our "common ground" is a strong commitment to the sustainability objectives (which does *not* mean we pretend to have a blueprint for the transition; to the contrary, many issues remain open for discussion).

In other words, the aim is *not* to stage a yet another debate about what sustainability is or should be; rather, it is to take some key ecological insights for granted; for instance, the common ground could be the recent (alarming) report from European Environmental Agency⁶ about the need for radical change of policies. On that basis, the project aims to discuss what the Green Deal should be and should not, and how it should evolve over time.

Without such a common ground for the core group, the policy discussion risks to lose the "big picture" and evolve into a series of fragmented and technical analysis.

Combining country-level and EU-level proposals

Our ambition is *not* to merely compare national contexts and to present climate/transition policies in each country, nor to jump straight ahead into a purely "Brussels-bubble" policy debate. Rather, we want the group to build upon the country specific-expertise in order to identify common challenges

⁵ A key issue in that regard concerns the choice of private vs. public finance. See for instance ["The European Green Deal: Reclaiming Public Investments for a real Socio-ecological Transformation"](#), a recent report from the NGO Counter-balance, October 2021.

⁶ [Growth without economic growth](#), European Environmental Agency, January 2021.

and develop a common vision of an effective Green Deal that would make a decisive contribution to transforming our economies and societies.

This ambition implies both “deep diving” into the country-specific challenges and policy debates and raising cross-cutting issues such as blind-spots and inconsistencies of the Green Deal, defining policies for mainstreaming the “do no harm” approach at the national and the EU-level, for a more just transition in each country, for effort sharing between the countries, etc.

The question we ask: under which conditions could the Green Deal “deliver”?

The European Union's climate, energy and environmental policies has so far been characterised – but this could also be said of many member States – by a structural discrepancy between a relatively high ambition and a much more modest concrete progress; for example, this year the EU has revised upwards its climate objectives for 2030 as a part of the Green Deal-road map, while its current trajectory does not yet permit the achievement of its existing commitments⁷. This discrepancy is partly explained by a lack of coherence in the European approach to sustainability: an incomplete analysis of current crises, a fragmented vision of the ecological challenge itself, inadequate means of action and, above all, numerous contradictions between the various European policies. While some policies are steering Europe towards transition, others continue to put obstacles in the way or even to steer the European economy in the wrong direction.

Compared to the previous project, “A Clean Planet for All”, presented in 2018 by the Juncker Commission, the van der Leyen Commission's Green Deal has the merit of recognising these inconsistencies and of looking for ways to remedy them. However, detailed analysis of the Communication reveals that it does not far enough and that inconsistencies remain at various levels. If it wants to remain truthful to the “green oath” (the “do no significant harm” objective introduced in the initial Green Deal Communication and into the green taxonomy), the UE should carry out continuous reviews of expenditure and policies in order to identify, and seek to reduce, what is harmful to the environment.

In principle, all EU-policies and the whole regulatory framework should be subject to systematic consistency-reviews and subjected to rules for environmental cross-compliance. The European Council recognized this quite clearly in July 2020, while adopting the 2021-2027 Multiannual Financial Framework and “NextGenerationEU”, by stating that “As a general principle, all EU expenditure should be consistent with Paris Agreement objectives.”⁸

Pointing out blind spots, monitoring progress, suggesting ways forward

More specifically, the project will address three key questions about the Green Deal as it stands in Fall 2021/Spring 2022: “is the Green Deal on the right track?”, “what is still missing?” and, most importantly, “will it deliver?”.

“Where do we stand?” (a key question for the first workshop)

Our first objective is to take a stock of the Green Deal initiative as it gets progressively developed and implemented, comparing the ambitious. While the new “climate law” has been adopted in 2021, most of these proposals and programmes are still in the legislative phase or under implementation.

⁷ European Environment Agency (2019), [“Europe's State of the Environment in 2020”](#)

⁸ EUCO 10/20, article 21.

For practical reasons, we'll limit our ambition to scrutinize only some key parts; the list below will be discussed jointly by the group and modified during the project. But we should mention some elements of the current debate which seem crucial to examine:

- On the real economy side: what kind of projects and policies are financed or deemed compatible with the Green Deal? In practical terms, a small sample of national cases will allow to read the transition through the lens of the Green Deal.
- On the financing side: are the amounts available sufficient, and what kind of transition does the Green Deal allow to finance?
- On the governance & democracy side, with several huge topics:
 - o How relevant are the tools used for coordination, assessment and impact analysis, and can we put more democracy into them?
 - o To what degree is the Green Deal consistent with the overall regulatory framework?
 - o New proposals in the Fit for 55" package
 - A proposal for new emissions trading system for road transport and buildings,
 - The proposal for a new carbon border adjustment mechanism.
 - New social climate fund to address social impacts of climate change.

"What do we miss?" (a key question for the second workshop)

This is an open question put to the group and will be discussed throughout the project. However, in line with the discussion above, several points seem to be missing:

- A better understanding of the transition that the EU should support through the Green Deal: some challenges are obvious, other much less so (for instance, how to link the national/EU-level programmes and local transition plans).
- An investment plan adequate to the transformation needs, especially when taking account of social impacts of the transition, the role of private and public finance in it.
- The governance tools and consistency-checks with the overall regulatory framework and other policy fields (for instance trade).

"Can it deliver?" (a key question for the third workshop)

Or, more precisely, under which conditions could it deliver? In line with the discussion above, making the Green Deal "work" means at least three things:

- getting the "transformative" ambition right in order to get us on the path towards sustainability. **This is the key point, and this means that the group of experts associated with the project should represent a profound vision of the sustainability nexus**, where technological change is recognized for what it is: a part of the solution but not the whole solution. Indeed, the transition will impact economic policies, investment trends, social policies and lifestyle choices. In the context of public policy discussion, this closing the gap between stated objectives and real outcomes, for instance taking rebound effects and strong sustainability into account when proposing investments in key fields such as transport, food, housing, etc.

- managing to steer the process and getting the “tools” right: tools for coordination and evaluation of Member State policies, for impact assessment, etc.
- building the political will, which means among other things policies for sharing the efforts within societies and between member States, external trade policies.