

STUDY

Requested by the EMPL committee



Social Sustainability

Concepts and Benchmarks



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Abstract

This study looks at definitions and ways to measure and benchmark social sustainability, then explores how the concept can be integrated into EU policy-making processes, giving concrete examples of how it is already used in policies and projects at national, regional and local level.

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LIST OF ABBREVIATIONS

ABUD	Advanced Building & Urban Design Ltd.
ASGS	Annual Sustainable Growth Strategy
ASviS	Italian Alliance for Sustainable Development
AW	Average Worker
BES	Equitable and Sustainable Well-Being
CALICO	Care and Living in the Community
CAPs	Comunidades de aprendizaje (Learning communities)
CAUE	Conseil d'Architecture, d'Urbanisme et de l'Environnement (Council for Architecture, Urban Planning and the Environment)
CEEP	European Centre of Employers and Enterprises providing Public Services and Services of General Interest
CF	Cohesion Fund
CIPE	Interministerial Committee for Economic Planning
CJEU	Court of Justice of the European Union
COIN	Competence Centre on Composite Indicators and Scoreboards
CoR	Committee of the Regions
CO2	Carbon Dioxide
CSIL	Centre for Industrial Studies
CSRs	Country-Specific Recommendations
DEF	Economic and Financial Document
DMC	Domestic Material Consumption
EACs	<i>Ex ante</i> conditionalities
EaSI	Employment and Social Innovation Programme
ECOFIN	Economic and Financial Affairs Council

EESC	European Economic and Social Committee
EIA	Environmental Impact Analysis
EMCO	Employment Committee
EMPL	European Parliament Committee on Employment and Social Affairs
EMU	Economic and Monetary Union
EP	European Parliament
EPSCO	Employment and Social Affairs Council
EPSR	European Pillar of Social Rights
ERDF	European Regional Development Fund
ESF	European Social Fund
ESF+	European Social Fund Plus
ESG	Environmental, Social and Governance Issues
ESIEE	École Supérieure d'Ingénieurs en Électrotechnique et Électronique (School of Engineering)
ESI(F)s	European Structural and Investment Funds
ETUC	European Trade Union Confederation
ETUI	European Trade Union Institute
EU	European Union
EU SDIS	EU Sustainable Development Indicator Set
EUBS	European Unemployment Benefit Scheme
FNCSD	Finnish National Commission on Sustainable Development
GDHI	Gross Disposable Household Income
GDP	Gross Domestic Product
GHG	Greenhouse Gas

GNI	Gross National Income
HDI	Human Development Index
IDP	Integrated Design Process
IHDP	UN University International Human Dimensions Programme
IRS	Istituto per la Ricerca Sociale
ISTAT	Italian National Institute of Statistics
JAF	Joint Assessment Framework
JRC	Joint Research Centre
JTF	Just Transition Fund
LAG 21 NRW	North Rhine-Westphalian Working Party on Agenda 21
LIEPP	Laboratoire Interdisciplinaire D'évaluation des Politiques Publiques (Public Policy Research Institute)
LIGUE	Ligue de L'enseignement – Federation of Paris (Education League)
LRAs	Local and Regional Authorities
LSE	London School of Economics
MARES	Resilient Urban Ecosystems for a Sustainable Economy
MEF	Italian Ministry of Economy and Finance
MEP	Member of the European Parliament
MFF	Multiannual Financial Framework
MIP	Macroeconomic Imbalances Procedure
NEF	New Economics Foundation
NEET	Not in Education, Employment or Training
NGO	Non-Governmental Organisation
NRW	North Rhine-Westphalia

ODA	Official Development Assistance/Aid
OECD	Organisation for Economic Co-Operation and Development
OMC	Open Method of Coordination
OP	Operational Programme
PPP	Public-Private Partnership
PRI	Principles for Responsible Investments
REFIT	Regulatory Fitness and Performance programme
RSP	Reform Support Programme
SDG Index	Sustainable Development Goals Index
SDGs	Sustainable Development Goals
SDI	Sustainable Development Indicator
SEIP	Sustainable Europe Investment Plan
SGP	Stability and Growth Pact
SImP	Social Imbalances Procedure
SKEW	Service agency 'Communities In One World'
SMEs	Small and Medium-Sized Enterprises
SNSvS	Italian National Strategy for Sustainable Development
Social OMC	Social Open Method of Coordination
SRSP	Structural Reform Support Programme
SSI	Sustainable Society Index
TEU	Treaty on European Union
TFEU	Treaty on the Functioning of the European Union
UIA	Urban Innovative Actions
UN	United Nations

UNCRPD	United Nations Convention on the Rights of Persons with Disabilities
UNDP	United Nations Development Programme
UNECE	United Nations Economic Commission for Europe
UNEP	UN Environment Programme
UNGA	UN General Assembly
UHI	Urban Heat Island
US	United States
VAT	Value Added Tax
WBCSD	World Business Council for Sustainable Development
WCED	World Commission on Environment and Development

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EXECUTIVE SUMMARY

'Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs' (WCED, 1987).

First defined in the 1987 Brundtland Report, sustainable development has become perhaps our most important piece of political architecture for thinking about the long-term consequences of how humans impact the world and each other. It is generally considered to be comprised of three pillars: environmental sustainability, economic sustainability and social sustainability.

Despite its long history, social sustainability remains a fuzzy concept with no universal definition and might justifiably be seen as playing catch up to environmental sustainability in the popular imagination. Core themes concern human well-being and equity, access to basic needs, fair distribution of income, good working conditions and decent wages, equality of rights, inter- and intragenerational justice, access to social and health services and to education, social cohesion and inclusion, empowerment, and participation in policy-making.

The European social model has always been unique in the global context, and high social development standards require the EU to define social sustainability from its unique perspective and requirements. The EU has developed a valid, reliable statistical system to measure social conditions and social development. The system has also been used to measure progress towards the UN SDGs, with indicators that allow comparisons between EU Member States. Questions might be asked, however, about the extent to which these indicators have found their way into decision-making processes.

Nevertheless, elements of social sustainability - as distinct from social policy - are becoming more visible in EU policy. At the end of 2019, the European Commission published its European Green Deal, a blueprint for a sustainable economy founded on the concept of a socially just transition. The year 2020 will also bring an action plan for how to make the European Pillar of Social Rights (2017) a reality. A revamping of Europe's main economic and fiscal policy coordination tool, the European Semester, seems to have pulled sustainability into the heart of this process, with its Annual Sustainable Growth Survey and inclusion of SDGs in Country Reports. The Better Regulation Agenda that guides the EU policy cycle also uses elements of social sustainability in policy impact assessment. It has capacity to take this further if social sustainability is given greater weight in wider policy agendas and frameworks. The EU funds, whilst not explicitly referring to social sustainability, tackle social issues; greater integration with a more sustainability-focussed Semester in the future could contribute to strategic investment based on sustainability principles.

These principles are already being put into action as actors at regional and local level find innovative ways to integrate the 2030 Agenda into policy-making and projects, often targeting environmental, social and economic needs simultaneously. Initiatives explored in this study are mostly based on participation and empowerment principles, meaning that communities are thrust into the process of defining strategies, policies, services and products. At company level, organisations are seeing the opportunities in green and social sustainability to respond to changing needs of society and social problems, and not least as a means of attracting investment.

This study aims to provide insight into the concept of social sustainability and how it can be addressed in policy-making and legislation, using a mixture of academic literature, policy documents, stakeholder opinion and practical examples. It begins by building a clear understanding of the concept, challenges and gaps in its definition and ways to measure and benchmark it. The study reviews differences in the indicators used for social sustainability in policy and academic documents and the benchmarking exercises carried out by Eurostat and international organisations such as the OECD. It then considers

the areas in the political framework in place at European level where social sustainability principles can be implemented, before zooming into practical examples of how it can be done at national, regional and local level. These examples are developed further in an annex. The study finishes by bringing together recommendations for how social sustainability could be integrated further.

The study notes that the sustainability ambitions in EU strategic policy documents are not completely reflected in the functioning of key EU mechanisms that determine how legislation and policies are designed, modified, monitored and implemented by institutions at European, national, regional and local levels. It points to the need for a comprehensive EU strategic framework on sustainability that would allow for political buy-in across institutions and stakeholders, as well as funding programmes, guidance and monitoring mechanisms, policy design and evaluation. An EU working definition of sustainable social development should focus on the question of how social development could support environmental and economic sustainability, as well as how ecological and economic sustainable development could, in turn, complement social development. Putting this integrated perspective into practice at EU level has the potential to add value beyond existing EU social policy, focusing on inter-linkages and trade-offs between the three pillars and related policy areas.

The fundamental challenge of designing social sustainability indicators is that social sustainability is a multidimensional concept whose core substance and added value is only fully revealed in its interrelationships with other sustainable development pillars and dimensions. A key lesson is that multidimensional benchmarking in the form of composite indicators is required, as well as targets to be reached within an overall EU strategic approach to sustainability.

1. INTRODUCTION

The 'Social Sustainability - Concepts and Benchmarks' study is intended to clarify the main dimensions and perspectives within the concept of social sustainability in the wider framework of sustainable development. Sustainable development is a fundamental objective of the European Union (EU), laid down in Article 3(3) of the Treaty on European Union (TEU). This concept is expected to play a central role in the debate and narrative for the future of Europe: Commission President von der Leyen identified the implementation of the United Nations (UN) Sustainable Development Goals (SDGs) as the cornerstone of the EU's overarching long-term economic model to follow the current Europe 2020 strategy.

The cross-cutting challenges Europe will face in the future require the holistic and integrated response that the 2030 Agenda for Sustainable Development (United Nations, 2015) has the potential to deliver. Emerging challenges call for a far more integrated perspective and cross-sectoral policy initiatives:

- **Increasing inequality between generations**, which calls for renewed attention to be paid to the planet that will be delivered to young people in the context of diminishing social, health, economic and environmental opportunities and resources;
- **Climate change, diminishing resources, food insecurity in less developed countries increase forced migration towards** more developed countries, which for their part, are facing a substantial demographic imbalance, as well as growing skill shortages and mismatches;
- **Territorial disparities**, not only within the EU and between EU countries and the rest of the world but also within each EU Member State, put the future of the continent at risk. Access to fundamental social and health services, jobs and business opportunities, and infrastructure (transport, broadband, etc.) is unequally distributed among the population. Remote, rural and deprived regions are left behind, with a consistent proportion of their children, working age and elderly people not accessing the essential services that ensure a decent quality of life and acceptable health conditions.

The 2030 Agenda on Sustainable Development offers the opportunity to strengthen the EU's overall commitment to the promotion of social, economic and environmental cohesion. It has the potential to reduce disparities between the levels of development of the various regions (in accordance with Article 174 of the Treaty on the Functioning of the European Union (TFEU)¹). In this context, the concept of social sustainability seems the most promising means of tackling territorial disparities and promoting the regeneration of deprived or vulnerable areas, by addressing the well-being of citizens while combining social, growth and environmental objectives.

1.1. Aim

In her opening statement in the European Parliament Plenary Session, Commission President-Elect von der Leyen affirmed that 'The European way is also about using all of our potential: our people, our talent, our diversity. It is about creating a fairer and more equal Union'. She asked all Commissioners-Designate to ensure the delivery of the SDGs within their mandates and in each of their policy areas, while the College as a whole will be responsible for overall implementation of the Goals.

¹ 'In order to promote its overall harmonious development, the Union shall develop and pursue its actions leading to the strengthening of its economic, social and territorial cohesion. In particular, the Union shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions. Among the regions concerned, particular attention shall be paid to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and island, cross-border and mountain regions'.

This study aims to provide the European Parliament’s Committee on Employment and Social Affairs (EMPL) with expert insight into the concept of social sustainability and how it can be addressed in policy-making and legislation, by gathering a clear understanding of the state of play, challenges and gaps in the definition and measurement of the concept of social sustainability, and providing an overview of its integration in practice through existing tools, instruments and spending programmes.

The main determinants of social sustainability – employment, inclusion, equality and others – are crucial for future well-being in the EU. They are key concepts in current EU strategy and are reflected in high-level policy goals and political commitments. Despite this, in recent decades, social sustainability has received comparatively less focus than other dimensions of sustainable development. With reinforced commitments to social sustainability from the new European Commission and the Council Presidency, as well as the launch of a new multiannual financial framework (MFF) that presents opportunities to reinforce the mainstreaming of social issues across EU development, policy-makers need a clearer understanding of the concept and its practical application.

1.2. Methods

The study comprises five main tasks:

1. Defining the concept and context of social sustainability;
2. Measurement of social sustainability and benchmarking initiatives undertaken at EU level;
3. Implementation of social sustainability in EU policy-making;
4. Presentation of practices of social sustainability developed in EU member states;
5. Conclusions and recommendations.

The **first task** reviews understandings of what is meant by social sustainability, describing similarities and differences in definitions and their relative strengths and weaknesses in relation to the UN and EU definitions.

The research is based on academic documents and on policy documents and reports. It includes critiques of the various definitions of social sustainability adopted by international institutions and organisations, starting with the UN and the Organisation for Economic Co-operation and Development (OECD). It looks at whether their perspectives are shared by other literature or if alternative definitions are more fitting. The opportunities and threats for EU social policy-making posed by these additional definitions are also analysed.

The conceptualisation phase is intended to clarify the scope of social sustainability and to support the other tasks by providing the framework and criteria to be considered.

Principal research questions considered are:

1. What is meant by social sustainability?
2. Is there agreement on a definition?

The **second task** is focused on benchmarking and measuring social sustainability. The aim is to give a clear indication of how social sustainability benchmarking can be aligned with the SDGs, and if it is possible to build a Social Sustainability Index at EU level.

The starting point is the analysis of the differences in the indicators used in policy and academic documents for measuring social sustainability, including the SDG indicators covering social dimensions

and the benchmarking exercises carried out by Eurostat and international organisations such as the OECD.

After reviewing the indicator frameworks adopted by international institutions and organisations, the strengths and challenges of existing social sustainability indicator systems and indexes are discussed. This analysis includes the indicators and their underlying data, evidence gaps and parts that can be improved, paying attention to those indicators that are particularly useful in policy-making and can be streamlined to make them coherent with the social sustainability approach. Specific attention is paid to their adequacy and relevance for EU policy-making and their links with EU policies and indexes.

The main research question is: How can social sustainability be measured or benchmarked?

The first and second tasks are presented in **Section 2**.

The **third task** concerns social sustainability in EU policy. It provides an overview of how social sustainability is considered in EU-level policies from high-level strategies through to the policy-making process and instruments for implementation, monitoring and coordination. It looks in particular at:

- Recent high-level EU strategies aimed at setting overall objectives and frameworks;
- The EU's Better Regulation approach and the process for review and assessment in EU policy-making;
- Monitoring and coordination work under the European Semester;
- EU funding instruments available to drive the implementation of policies and progress towards social targets.

Following a brief historical overview of the concept of sustainability and EU strategic policy frameworks, the more recent evolution of EU policy-making clearly linked to goals and approaches dealing with social sustainability is analysed in depth. Brief background information is included for each document analysed, as well as its relevance for social sustainability and how it reflects social issues.

The Better Regulation agenda is analysed in terms of its relevance and potential as a tool for integrating sustainability into policy-making. Of particular importance is the in-depth analysis of the role of the European Semester as a key monitoring and coordination tool in relation to social sustainability and its evolution over time.

Finally, the study reviews the alignment of the EU Structural and Cohesion Funds with social issues and with the wider concept of social sustainability, and addresses implications for social sustainability of the legislative proposals for the new MFF (2021-2027).

Methodologically, this task is based on a wide overview of literature and policy papers on integrating social issues to the European Semester (European Social Network, European Social Observatory, the European Economic and Social Committee (EESC), the European Trade Union Institute for Research (ETUI), Solidar, etc.). The recommendations drawn from this literature review have been discussed and validated with several relevant stakeholders from the European institutions².

The third task is presented in **Section 3**.

The objectives of the **fourth task** concern how social sustainability is developed in practice and how to learn from experience to achieve more effective implementation of social sustainability in EU policies and instruments.

² Interviews were conducted with the European Commission (DGEMPL) and the Committee of the Regions.

A number of illustrative examples at European, national, and company level were identified and reported (see Annex 2 for individual fiches). These practices were drawn from literature on sustainability, the Commission Reflection Paper and Urban Innovative Actions funded under EU Funds. The practices were analysed in depth through documents and/or interviews with the organisations involved and then considered from a transversal and cross-cutting perspective, summing up key lessons and their potential to be shared.

The fourth task is presented in **Section 4 and Annex 2**.

The **final task, presented in Section 5** synthesises the findings from the research and draws conclusions with regard to the current level of social sustainability and remaining gaps, highlighting challenges and missed opportunities for or gaps in further mainstreaming social sustainability at EU level. It also identifies opportunities and recommendations for further action.

2. WHAT IS SOCIAL SUSTAINABILITY?

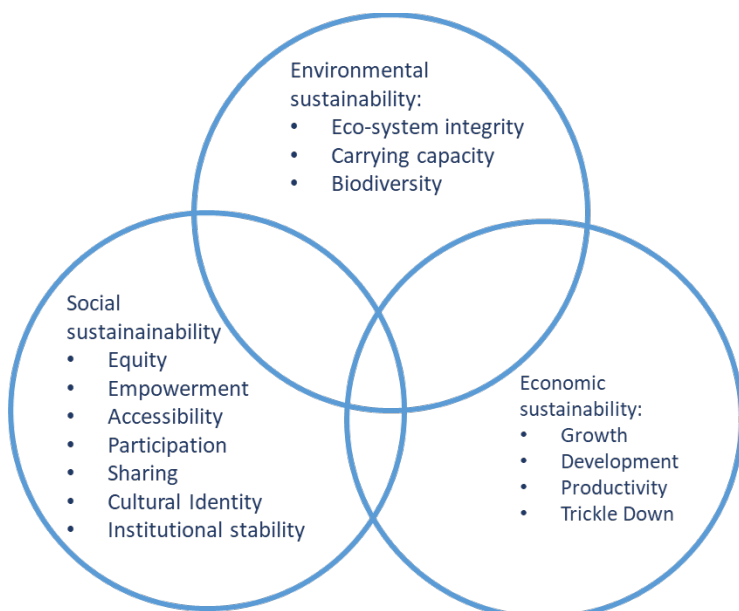
2.1. Sustainable development

The original concept of ‘sustainable development’ was developed in the so-called Brundtland Report published in 1987 by the World Commission on Environment and Development (WCED). Broadly speaking, it defines sustainable development as ‘development that meets the needs of the present without compromising the needs of future generations to meet their own needs’ (WCED, 1987). The WCED had been tasked by the UN General Assembly (UNGA) to develop a ‘global agenda for change’. While that call focused on environmental matters and concerns, the report highlights that sustainable development should not be limited to environmental protection nor to ‘development’ in the traditional sense of economic growth. The report - and indeed the concept defined - has been the cornerstone for many subsequent discussions on sustainable development.

In most conceptualisations of sustainable development, social sustainability is one of three key pillars, alongside environmental sustainability and economic sustainability. Sustainable development integrates those concerns and challenges faced by humanity concerning the carrying capacity of natural systems and socioeconomic and political conditions.

The UN Conference on Environment and Development in 1992 stressed the importance of the integration of environmental and social concerns into all development processes to achieve socially inclusive and environmentally sustainable economic growth (Sachs, 2015).

Figure 1: Sustainable development in UN Agenda 21



Source: Kahn (1995)

Sustainable development is also one of the cornerstones of EU development planning. The EU Sustainable Development Strategy calls for the ‘integration of economic, social and environmental considerations so that they are coherent and mutually reinforce each other’ (European Commission, 2001). It offers the European Union a positive long-term vision of a society that is more prosperous and more just, and which promises a cleaner, safer, healthier environment – a society which delivers a better quality of life for us, for our children, and for our grandchildren’. The key elements of social sustainability are social progress, improving welfare and living conditions, social cohesion, and

competitive social market economy in general, and advancing Europe’s social model in a sustainable way for present and future generations.

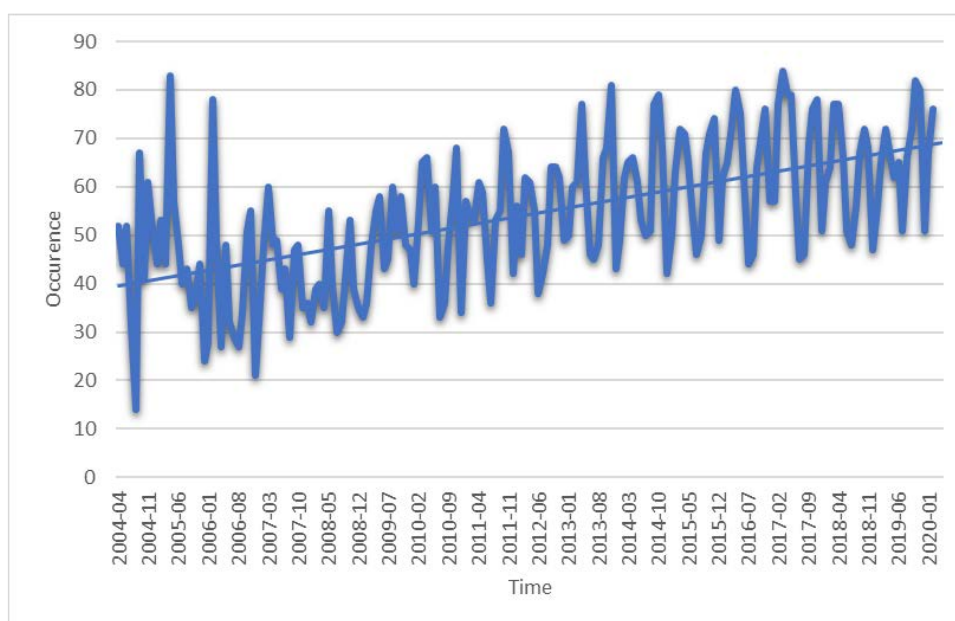
Social sustainability is crucial in a sustainable development policy agenda, yet there is little consensus as to what it is or how it could be applied in EU social policy-making. On the one hand, the UN conceptualisation of sustainable development raises critical questions about the extent to which sustainable development as social development could be considered relevant for the more economically developed countries (Vallance et al., 2011). On the other hand, it is argued that social sustainability in the EU should not simply be an exercise in ticking off the Millennium Development Goals achieved by the EU, and that EU social sustainability has been underdeveloped compared to its environmental and economic counterparts (Polomarkakis, 2019). The next section discusses the state of affairs in understanding what social sustainability is and how to apply it in the context of social policy-making.

2.2. The missing definition of social sustainability

The roots of the sustainable development discussion can be found in the emergence of environmental awareness in the 1960s, with some claiming that the concept of social sustainability has changed more during the last 30 years than either environmental and economic notions of sustainable development (Foladori, 2005). The extensive body of literature on the social dimension of sustainability discusses the concept from diverse aspects, including society and social policy, urban development, company and organisation performance, product design and lifecycle (e.g. Weingaertner and Moberg, 2014). The current study focuses on social sustainability from the perspective of macro-level social development, with crucial content from other perspectives taken into account where necessary.

The importance of the concept of social sustainability comes from its frequent use in both policy documents and public discourse. Recent decades have seen the concept feature heavily in general sustainable development discussions (Figure 2).

Figure 2: Search trend of social sustainability in Google



Source: Google Trends; see also Lee and Jung (2019)

Despite its frequent use in academic literature and public discourse, there is no common definition and conceptualisation of the term ‘social sustainability’. The main challenge and criticism of the concept is

that it is not clear how it relates to the other dimensions of sustainable development or other social development issues (Boström, 2012). It has been argued that the concept of social sustainability is neither an absolute nor a constant, but, rather, a dynamic concept that changes over time and place (Dempsey et al., 2011). Boyer et al. (2016) explain the challenge of the all-encompassing concept: social priorities are diverse and context-specific; different conceptualisations result from numerous legitimate meanings; shortcomings in cross-disciplinary communications; and research is based on diverse local understanding and knowledge. A number of authors (e.g. Boström, 2012) have also claimed that the social dimension in the sustainable development framework has been marginalised and the discourse around sustainable development often neglects the social nature of economic and ecological development.

The authors of synthesis studies tend to agree on the lack of a uniform definition, although they evaluate its impact differently. Vallance et al. (2011) conclude that the concept of social sustainability is in chaos, severely compromising its importance and utility. McKenzie (2004) notes that the lack of a definition risks influential stakeholders setting their agendas under the guise of social sustainability. By contrast, Boström (2012) points out that the inherent vagueness and interpretative flexibility of the concept cannot be fully overcome, but that it is precisely this feature that has facilitated communication among stakeholders with a common interest, making it the conceptual tool that brings various stakeholders together. Shirazi and Keivani (2019) argue that social sustainability operates as an empty signifier – it performs an organising duty within social discourse but lacks any definitive content itself. More analytically, Lee and Jung (2019) add that tracking the changing scope and interests of people and society could be more important for discussion and action than determining how to define social sustainability.

The difficulty in having an absolute and constant definition of social sustainability raises the original philosophical question of what constitutes a good life and good society. Shirazi and Keivani (2019) believe this to be beyond the conceptualisation of social sustainability, arguing that the discourse falls into a circular inquiry: ‘when we want to make society sustainable, we make it a requirement to identify what type of society we want, yet when we do this, there is no guarantee that we come close to knowing if it is sustainable or worth sustaining’ (p. 31). Vallance et al. (2011) summarise the concept confusion as stemming from three pairs of questions:

- What people need vs. what is good for the bio-physical environment?
- What people need vs. what people want?
- What is good for the bio-physical environment vs. what people want?

Despite the vagueness in understandings of social sustainability, traces of the concept are found in policy programmes, with many recent programmes formulated around it (Shirazi and Keivani, 2019). The next section focuses on how the concept has developed in policy discourse.

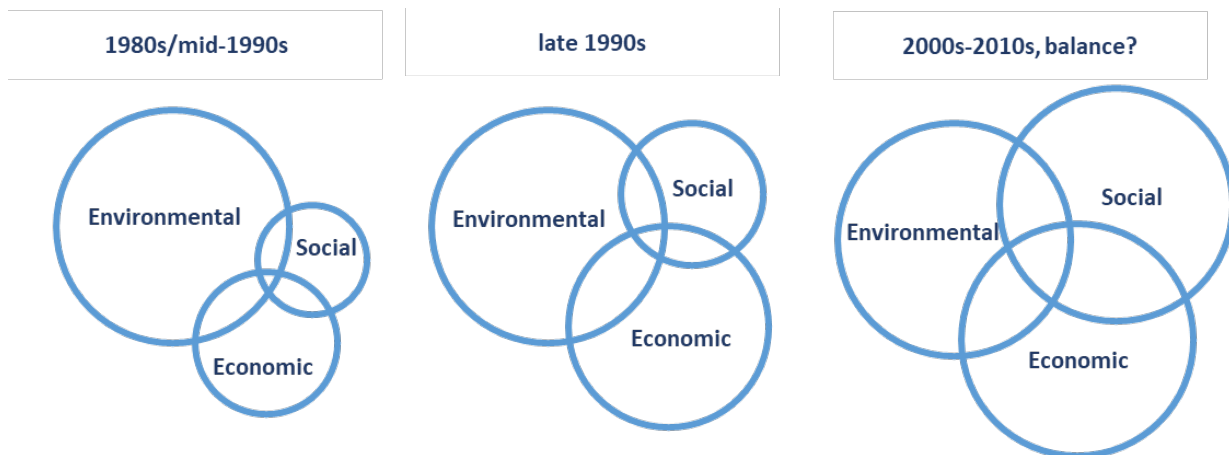
2.3. The story of the concept

The interlinkage of social and human development and Earth’s supporting ecosystems has interested researchers and policy makers for centuries. Social conditions and processes are at the heart of human development, including sustainable development. As early as the eighteenth century, Malthus (1798) discussed whether exponential population growth and burgeoning consumption patterns are compatible with the Earth’s limited natural resources that provide life support for human society.

The exact concept of ‘sustainable development’ first appeared in the UN policy discourse in 1980. Academics studying the genealogy of the sustainable development concept (e.g. Colantonio, 2011)

have argued - though, contested by other authors – that the social pillar of sustainable development has gained importance in recent decades and that the content of the social dimension has also changed (see Figure 3).

Figure 3: The evolving importance of social sustainability



Source: Colantonio (2009)

At first, sustainable development focused on environmental trends and developments, albeit with a strong ethical imperative that links it to the social pillar of development. In 1987, the WCED declared that 'even the narrow notion of physical sustainability implies a concern for social equity between generations, a concern that must logically be extended to equity within each generation' (p.43).

The concept was further refined at the UN's Conference on Environment and Development in 1992, where the sustainable development policy of the 21st century was framed and 27 principles of the declaration 'define the rights and responsibilities of nations as they pursue human development and well-being' (Rio Declaration on Environment and Development). In its conceptualisation of sustainable development, the declaration accorded equal importance to environmental, economic and social development. It follows that human beings are the centre of concern for sustainable development and that human development is considered a precondition for achieving a sustainable ecosystem, although debates about the number of pillars and their relationships is ongoing (see Box 1).

Box 1: More than three pillars of sustainable development

The mainstream UN conceptualisation of sustainable development is a three-pillar model. This, however, is often contested, with disagreement about what the pillars cover and indeed whether three are sufficient. The academic literature also sees proposals to focus sustainable development on fewer pillars. For instance, Missimer et al. (2010) argue for integrating economic sustainability with social sustainability, as demarcating economy from society is arbitrary and neglecting the social nature of economies is not useful.

Åhman (2013) notes that different authors have debated that **culture as a sustainability entity** should be treated either as a fourth equal pillar or a dimension that penetrates the three original pillars. In other frameworks, **institutional sustainability** with a focus on interpersonal processes is separated from the social and economic pillars (Colantonio, 2008). Similarly, in some conceptualisations, **political sustainability** is also stressed as a key dimension for moving towards sustainable development (Sachs, 1999).

Source: Authors' compilation

The story of the social sustainability concept encompasses a change in its content. According to Axelsson et al. (2013), the social pillar of sustainable development in the Brundtland report focused on issues such as poor health and the income gap. The Rio conference in 1992 then added the right to live a decent life, intergenerational, intragenerational and international social justice, and local participation in sustainable development processes. Foladori (2005) states that two sub-dimensions were the focus of the discussion on social sustainability until the 1990s - poverty and the population boom - and international organisations such as the UN did not consider these non-sustainable in themselves but, rather, as the cause of ecological non-sustainability. He sees the later evolution of the concept as more concerned with the importance of social participation and increases in people's capacity to build their future. Lee and Jung (2019) track the change of interest and scope of the concept in recent decades and conclude that two periods can be discerned:

1. Between 1988 and 2000, social sustainability is based on sustainable development rooted in economic growth. The general idea of social sustainability is of social factors that must be considered in addition to environmental or ecological factors in sustainable development;
2. Between 2001 and 2018, social sustainability becomes the most highly ranked element and is considered an independent sustainability rather than solely part of sustainable development. Various social issues and topics define social sustainability, including unemployment, education for sustainable development, separate waste collection, and sustainable retrofit.

Over time there have been different approaches to understanding and valuing the social pillar in the concept of sustainable development. The next section explores multidimensionality, focusing on how the social pillar is constituted in the sustainable development framework.

2.4. Sustainable development and the social pillar

Discussions of social sustainability are largely multidimensional, seeing the social dimension of development as one among other dimensions (like ecology and the economy), while itself being a composite of social subdimensions. This has led to different conceptualisations of social sustainability and a fundamental lack of clarity on whether the concept means the social precondition for sustainable (ecological) development or the need to sustain specific social qualities, structures or customs (Sachs, 1999).

Griessler and Littig (2005) distinguish single and multi-pillar models of sustainable development and social sustainability. In the one-pillar model, the focus is on ecological sustainability, with social matters considered important insofar as they are the cause of environmental problems that should be mitigated to support ecological sustainability (i.e. it is important to preserve an ecological system for future social life, and social institutions are required to govern towards an environmentally friendly way of life). The multi-pillar model, by contrast, stresses equally legitimate economic and social needs, raising the question of whether the primary focus should be the environment or whether that framing could be extended to examine social processes in a way that goes beyond the ecological dimension.

The interaction of the three pillars and the question of social development in the context of ecological development has prompted other authors to propose separate concepts. Pieper et al. (2019) suggest two different concepts³ – social sustainability and societal sustainability. The former should be reserved for analysis within society and understood as part of a general concept of social change, as it refers to the capacity of social systems or societies to deliver social integration. The latter, however, refers to the

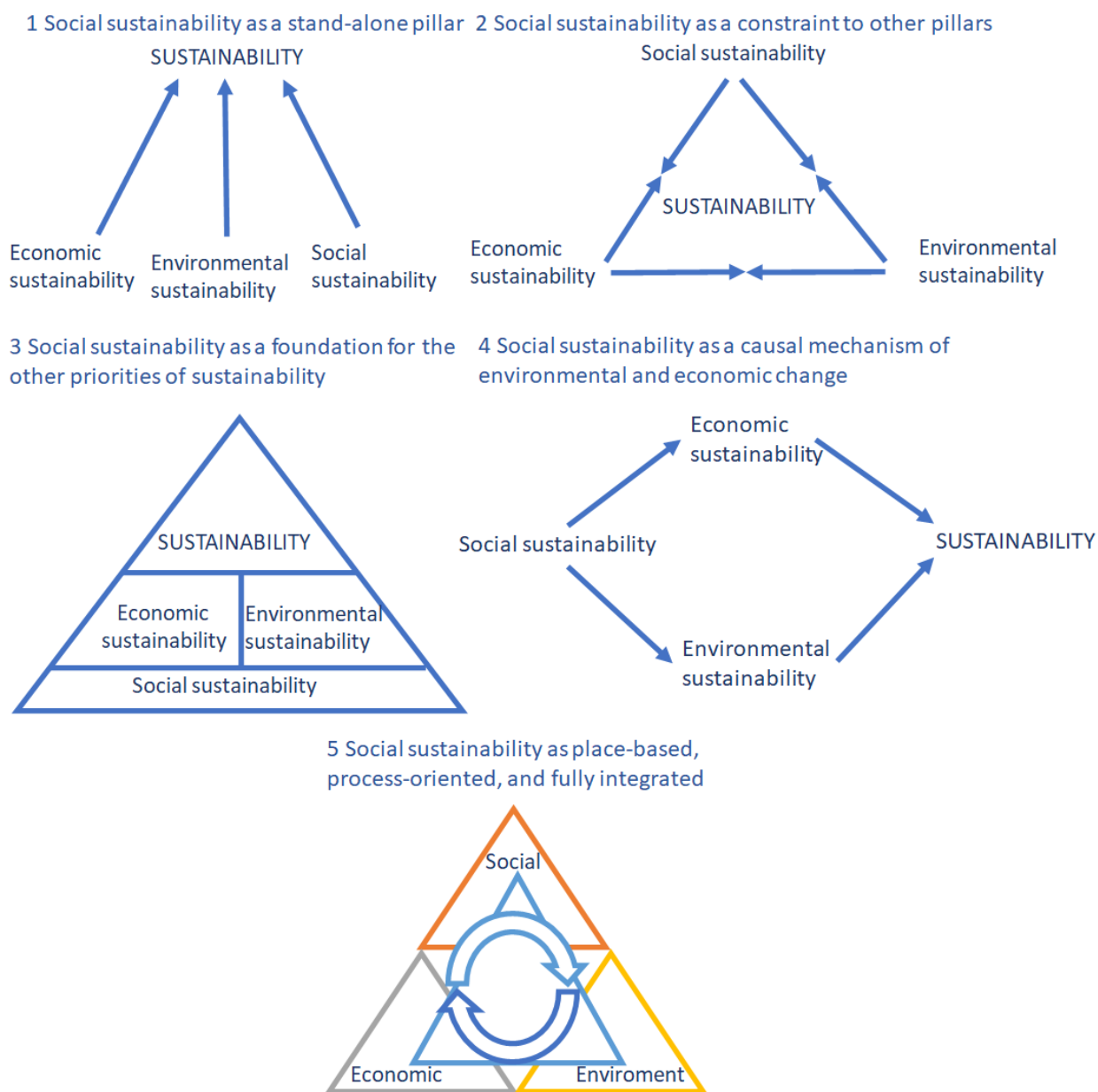
³ Ketschau (2017) addresses the terminological dualism differentiating sustainable social development - the idea of a socially sustainable society - and social sustainable development - the implementation of sustainability in the structure of society.

capacity of a society to co-exist with the ecological environment, guided by objective knowledge and justified values essential for human growth.

The literature on **social sustainability** is rich in approaches to the social pillar. Focusing on the social dimension in the sustainable development framework, Boyer et al. (2016) point to five different ways in which the concept of social sustainability has been applied in literature and practice:

1. **Social sustainability as a standalone pillar**, separate from environmental and economic sustainability concerns. Social sustainability has a meaning independent of other pillars and can exist either alongside other pillars or separately as a one-pillar model;
2. **Social sustainability as a constraint on economic and environmental pillars**. Social sustainability has a meaning dependent on other pillars, and sustainable development should be considered as a process of reconciling competing social equity, economic development and environmental protection priorities;
3. **Social sustainability as a foundation for the other pillars of sustainability**. Social sustainability forms the stock of social capital required for economic and environmental development, it could compensate for shortcomings in economic or ecological capital, and investments in social development could improve the economy and physical environment;
4. **Social sustainability as a causal mechanism of environmental and economic change**. It is not a precondition, but rather a stimulus for economic and environmental progress. From this perspective, environmental progress is stimulated by social changes such as alternative modes of thinking, interacting, or governing;
5. **Social sustainability as place-based, process-oriented and fully integrated**. Here, values and entities that have been historically separated into different disciplines are fully integrated.

Figure 4: Approaches to social sustainability



Source: Boyer et al. (2016)

These various approaches to social sustainability also serve to explain the existence of different definitions of social sustainability. In the next section, those definitions are analysed and the scope of the social dimension further outlined.

2.5. Definitions of social sustainability

Despite its long history, social sustainability remains a fuzzy concept, with no blueprint conceptualisation in either policy documents or academic papers. These different conceptualisations are rooted in various contextual, theoretical, methodological, and measurement contingencies. Nevertheless, looking at some of the definitions sheds light on the concept of social sustainable development and its application in policy-making (see Box 2).

Box 2: Some definitions of social sustainability

Definitions that stress social sustainability as a standalone objective

Social sustainability is ‘the set of policies, rules and principles laid down in the EU legal order, which aim to reinforce the social dimension of the EU as a long-term solution, ring-fencing it from any relapse into a position of hierarchical subordination to the markets, so that Social Europe can unequivocally be perceived an equal counterpart to the economic constitution’ (Polomarkakis, 2019, p. 4).

Social sustainability includes achieving a fair degree of social homogeneity, equitable income distribution, employment that allows the creation of decent livelihoods, and equitable access to resources and social services, a balance between respect of tradition and innovation, and self-reliance, endogeneity and self-confidence (Sachs, 1999, pp. 32–33). A strong definition of social sustainability must rest on the basic values of equity and democracy, the latter meant as the effective appropriation of all human rights – political, civil, economic, social and cultural – by all people (*ibid.*, p. 27).

Social sustainability aims to determine the minimal social requirements for long-term development (sometimes termed ‘critical social capital’) and to identify the challenges to the very functioning of society in the long run (Biart, 2002, p. 6).

Definitions that stress integration with ecology

Social sustainability is a threefold concept comprising: (a) ‘development sustainability’, addressing basic needs, the creation of social capital, justice; (b) ‘bridge sustainability’, concerning changes in behaviour so as to achieve bio-physical environmental goals and; (c) ‘maintenance sustainability’, referring to the preservation – or what can be sustained – of sociocultural characteristics in the face of change, and the ways in which people actively embrace or resist those changes (Vallance et al., 2011).

Social sustainability is a quality of society. It signifies the relationship between nature and society, mediated by work, as well as relationships within society. Social sustainability is achieved if work within a society and the related institutional arrangements (1) satisfy an extended set of human needs and (2) are shaped such that nature and its reproductive capabilities are preserved over a long period of time and the normative claims of social justice, human dignity and participation are fulfilled (Griessler and Littig, 2005).

Social sustainability concerns how individuals, communities and societies live with one another and set out to achieve the objectives of the development models they have chosen for themselves, while taking into account the physical boundaries of their homes and Earth as a whole (Colantonio, 2011).

Social sustainability is development (and/or growth) that is compatible with the harmonious evolution of civil society, fostering an environment conducive to the cohabitation of culturally and socially diverse groups, while at the same time encouraging social integration, with improvements in the quality of life for all segments of the population (Polese and Stren, 2000).

Source: Author’s compilation

Åhman (2013) states that, rather than examining theoretical definitions of social sustainability, discussion should focus on the core themes and issues by which social sustainability is operationalised. Those vary from general themes such as human well-being and equity (Dillard et al., 2009) to more precise concepts, like working conditions and fair wages (e.g. Murphy, 2012) and other aspects suggested by Boström, 2012 (see Table 1).

Boström (2012) summarises the social pillar of sustainable development as including both substantive aspects - the social goals of sustainable development - and the procedural aspects that are instrumental for achieving development goals (see Table 1).

Table 1: Substantive (What) and procedural (How) aspects of social sustainability

Substantive aspects: What social sustainability goals to achieve?	Procedural aspects: How to achieve sustainable development?
<p>Basic needs such as food, housing, income, and extended needs such as recreation and self-fulfilment</p> <p>Inter- and intragenerational justice for gender, race, class, and ethnicity dimensions</p> <p>Fair distribution of income</p> <p>Fair distribution of environmental ‘bads’ and ‘goods’</p> <p>Equality of rights, including human rights, land use and tenure rights, and indigenous people’s rights</p> <p>Access to social infrastructure, mobility, local services, facilities, green areas, etc.</p> <p>Employment and other work-related issues</p> <p>Opportunity for learning and self-development</p> <p>Community capacity for the development of civil society and social capital</p> <p>Security (e.g. economic, environmental)</p> <p>Health effects among workers, consumers and communities</p> <p>Social cohesion, inclusion and interaction</p> <p>Cultural diversity and traditions</p> <p>Sense of community attachment, belonging and identity</p> <p>Social recognition</p> <p>Attractive housing and public realm</p> <p>Quality of life, happiness and well-being</p>	<p>Access to information about risks and the sustainability project</p> <p>Access to participation and decision-making in different stages of the process and over time</p> <p>Proactive stakeholder communication and consultation throughout the process</p> <p>Empowerment for taking part in the process (e.g. awareness, education, networking, economic compensation)</p> <p>Participation in the framing of issues, including defining criteria, scope, and subjects of justice</p> <p>Social monitoring of the policy, planning and standard-setting process</p> <p>Accountable governance and management of the policy, planning and standard-setting process</p>

Source: Boström (2012), p. 6

Another approach is to summarise the most influential (frequently discussed) suggestions of the conditions and processes social sustainability covers. Yet another approach is to synthesise different aspects of social sustainability under the larger themes of physical well-being, quality of life and equity and governance (Rasouli and Kumarasuriyar, 2016):

1. Macro-level: basic level of physical well-being: housing, food, clothing, health, sanitation;

2. Micro-level: quality of life and equity:
 - 2.1. Social: social and cultural life, social homogeneity and cohesion, integration, diversity, sense of place, communication and participation, social justice and equity, social amenity, social security, social capital and well-being;
 - 2.2. Services: access to goods, service and employment, education, training, equitable income;
 - 2.3. Governance: democracy, engaged governance, system for citizen engagement.

The lack of a blueprint definition of social sustainability creates challenges for benchmarking progress. The next section reviews the different initiatives in measuring social sustainability that also operationalise several crucial sub-dimensions.

2.6. Benchmarking social sustainability

A society committed to making progress towards sustainable development will have to determine both its current status and any required change to sustainability. Such benchmarking is contingent on the conceptualisation of social sustainability. Due to the lack of consensus (Griessler and Littig, 2005), however, social sustainability indicators remain contentious (Hicks et al., 2016). It has been noted that the lack of a coherent, clear and utilisable conceptualisation means that the selection of indicators is often grounded in the availability of indicators and the political agenda (Griessler & Littig, 2005) rather than in theory. In addition, the concept of social sustainability has multiple, diverse dimensions, some of which are not easily quantifiable (e.g. social equity), leading to a tendency to use a subsection of the broader social development indicators that are available rather than rigorously defining the key indicators that specifically measure the social sustainability aspect of social development.

More optimistically, Hale et al. (2019) agree that while social sustainability indicators may be contested, this does not necessarily mean that the indicators lack value or are inherently social constructions co-opted by a political/economic process. They argue that the simplification of complex social realities into shorthand symbols is a fundamental human process necessary for communication and democratic decision-making, especially when using the indicators to move towards a better future.

Arguably the greatest challenge in benchmarking social sustainability is that it must be conceptualised in relation to the economic and environmental pillars of sustainable development. As Partridge (2014) puts it, social sustainability cannot be considered in isolation and sustainability must be conceptualised in relational terms. While simplification is much needed, the fundamental interconnectedness of the concepts measured should not be underplayed. The following sections outline how international policy makers have tackled this conceptual and methodological challenge.

2.6.1. Indicator systems for social sustainability

International organisations have considered various existing social indicators as a means of measuring social sustainability. The most comprehensive indicator system for measuring sustainable development - including its social dimensions - has been developed and adopted by the UN - the Global indicator framework for the Sustainable Development Goals (2017) ([A/RES/71/313](#)). The framework of indicators was developed as a follow-up and review mechanism for the implementation of the 2030 Agenda for Sustainable Development to monitor progress, ensure accountability of policy stakeholders and inform policy-making processes. The SDGs consist of 17 main goals (dimensions) and 169 targets, measured through 232 individual indicators (see Figure 5). Documentation on the indicator system does not explicitly outline which of the sub-dimensions or indicators measure the social dimension of sustainable development, although the social dimension is prominent in the framework and embodies the greatest number of goals and indicators. Nor does the documentation

explicitly describe the relationships between the sub-dimensions of social, economic and environmental development.

Figure 5: Dimensions of UN SDGs and indicators



Source: United Nations, <https://sustainabledevelopment.un.org/?menu=1300> (accessed 20 March 2020)

As the EU and its Member States have committed to implementing the SDGs, the UN indicator framework has been used since 2016 to report EU progress towards sustainable development.

Preliminary work to develop a framework for sustainable development indicators comparable across EU countries has been carried out by UNECE, OECD and Eurostat in 2008 and 2014 (United Nations Economic Commission for Europe, 2014). In their 2014 report, the concept of sustainable development is widened to go beyond the notion of different forms of capital, which were mainly used to measure potential impacts on future generations. The aim of the 2014 report was to define sustainable development indicators that ‘pay due attention to current human well-being, including its distribution across and within countries, as well as to the intergenerational aspects of human wellbeing’. In this sense, a conceptual distinction was made between human well-being ‘here and now’, the well-being of future generations (‘later’), and the well-being of people in other countries (‘elsewhere’). 60 indicators were defined to cover these three dimensions. In addition, 90 indicators were selected according to 20 themes which was considered to make them more policy-relevant. The themes were: ‘environmental, social and economic aspects of sustainable development: subjective well-being, consumption and income, nutrition, health, housing, education, leisure, physical safety, trust, institutions, energy resources, mineral resources, land and ecosystems, water, air quality, climate, labour, physical capital, knowledge capital, and financial capital. Population has been added as a contextual indicator’. Additionally, a shortlist of 24 key indicators was selected. This work fed into the definition of a Eurostat SDI set (see the following paragraph), although not all ideas seem to have been kept – notably, the three dimensions (‘here and now’, ‘later’ and ‘elsewhere’) and the notion of capital do not seem to be explicitly mentioned anymore.

Since 2017, the reports on progress towards the SDGs are based on a specific EU sustainable development indicator set (Eurostat and European Commission, 2019). The set includes 100 indicators, 42 of which are multi-purpose (i.e. used to monitor more than one sustainable development goal). The set measures progress across the social, economic, environmental and institutional dimensions of sustainability. Neither the framework nor the indicator system sets development targets. However, 16 of these indicators have associated quantitative EU policy targets defined in the specific policy

strategies, and progress is analysed in relation to these targets (climate, energy, education, poverty, employment).

Table 2 below presents an overview of those EU indicators that can be considered to correspond to the social dimensions of the SDGs. While the UN does not attribute SDGs to specific dimensions of sustainable development, the definitions presented in Section 2.5 suggest that the most relevant SDGs for social sustainability are poverty, health, education, gender equality, inequality, economic growth and employment, and justice and institutions. In the EU indicator set, these goals have six main indicators each (42 main indicators in total), with 12 multi-purpose indicators (10 for social dimension goals and two for other goals). Ten additional multi-purpose indicators from other goals also feed into the social dimension.

Overall, developments in the social dimension are measured by 52 indicators. Progress towards ending poverty in all its forms is monitored through indicators such as social exclusion, income poverty, low work intensity, material deprivation and housing conditions. Health goals include indicators such as life expectancy, perceived health, smoking, disease and unmet need for medical care. The education goal is measured through participation and/or leaving education at all levels and age groups (including adult learning), as well as underachievement, and employment rates of recent graduates. Gender equality covers violence, the gender pay gap, employment gap, caring responsibilities and women in decision-making and management. Economic growth and employment includes (un-)employment rate, numbers of young people not in education, employment or training (NEETs), deaths through work accidents, real gross domestic product (GDP) per capita and investment share of GDP. This SDG (arguably) also covers aspects of economic sustainability and illustrates the operational challenge in clearly separating the two concepts. Inequality is measured through purchasing power, gross disposable income, income distribution and asylum applications. Justice and institutions' indicators include death rate due to homicide, occurrence of crime, violence and vandalism, government expenditure on law courts, independence of the justice system, corruption perception and confidence in EU institutions.

Table 2: Social dimension of sustainable development indicators

UN SDG - social dimension	Eurostat SDG indicator – social dimension
Goal 1. End poverty in all its forms everywhere	People at risk of poverty or social exclusion People at risk of income poverty after social transfers Severely materially deprived people People living in households with very low work intensity In work at-risk-of-poverty rate Population living in a dwelling with a leaking roof, damp walls, floors or foundation or rot in window frames or floor Additional: Population having neither a bath nor a shower nor indoor flushing toilet in their household Population unable to keep home adequately warm Overcrowding rate

UN SDG - social dimension	Eurostat SDG indicator – social dimension
<p>Goal 3. Ensure healthy lives and promote well-being for all at all ages</p>	<p>Life expectancy at birth Share of people with good or very good perceived health Smoking prevalence Death rate due to chronic disease Death rate due to tuberculosis, HIV and hepatitis Self-reported unmet need for medical care Additional: Obesity rate Population living in households considering that they suffer from noise People killed in road accidents Exposure to air pollution by particulate matter</p>
<p>Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p>Early leavers from education and training Tertiary educational attainment Participation in early childhood education Underachievement in reading, maths and science Employment rate of recent graduates Adult participation in learning</p>
<p>Goal 5. Achieve gender equality and empower all women and girls</p>	<p>Physical and sexual violence to women experienced within last 12 months Gender pay gap in unadjusted form Gender employment gap Inactive population due to caring responsibilities Seats held by women in national parliaments and governments Positions held by women in senior management</p>
<p>Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>Investment share of GDP Young people not in education, employment or training (NEET) Employment rate Long-term unemployment rate People killed in accidents at work Additional: Resource productivity and domestic material consumption (DMC)</p>
<p>Goal 10. Reduce inequality within and among countries</p>	<p>Purchasing power adjusted GDP per capita Adjusted gross disposable income of households per capita Relative median at-risk-of-poverty gap Income distribution</p>

UN SDG - social dimension	Eurostat SDG indicator – social dimension
	Income share of the bottom 40% of the population Asylum applications Additional: EU financing to developing countries EU imports from developing countries
Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Death rate due to homicide Population reporting occurrence of crime, violence or vandalism in their area General government total expenditure on law courts Perceived independence of the justice system Corruption Perceptions Index Population with confidence in EU institutions

Note: Additional = multi-purpose indicators that are the main indicators for SDGs other than social field

Source: Author compilation

Discussions about the measurement of social development in the EU should consider recent social policy developments and monitoring, and pay attention to the similarities and differences in sustainable (social) development monitoring. The main EU social development policy initiative in recent years is the European Pillar of Social Rights (EPSR), proclaimed by the European Parliament, the Council and the Commission in 2017. It is expected to 'serve as a guide towards efficient employment and social outcomes when responding to current and future challenges which are directly aimed at fulfilling people's essential needs, and towards ensuring better enactment and implementation of social rights' (European Commission, 2017a, p 8). In short, the EPSR sets out the big picture of the way forward for a social Europe but does not address sustainable social development either in principle or directly.

Unlike the SDGs, no specific targets are set for the EPSR. Instead, Member States' overall progress in relation to the Pillar is monitored, with the Social Scoreboard introduced as part of the Joint Employment Report in 2018. Member State performance is compared to the EU average, with Member States then classified into seven groups (from best performers to critical situation) (European Commission, 2017b).

Like the EPSR, the Scoreboard is structured in three main categories, 12 sub-categories⁴, and 43 specific indicators. Similar to the EU sustainable development indicator set (EU SDIS), existing Eurostat social indicators are used for monitoring. There are several similarities between the EU SDIS' social dimension and the Social Scoreboard categories, covering poverty, equality, health, employment, and income (see Table 3 for comparison).

⁴ The EPSR contains 20 key principles and rights structured into three categories: (1) Equal opportunities and access to the labour market, (2) Fair working conditions, and (3) Social protection and inclusion.

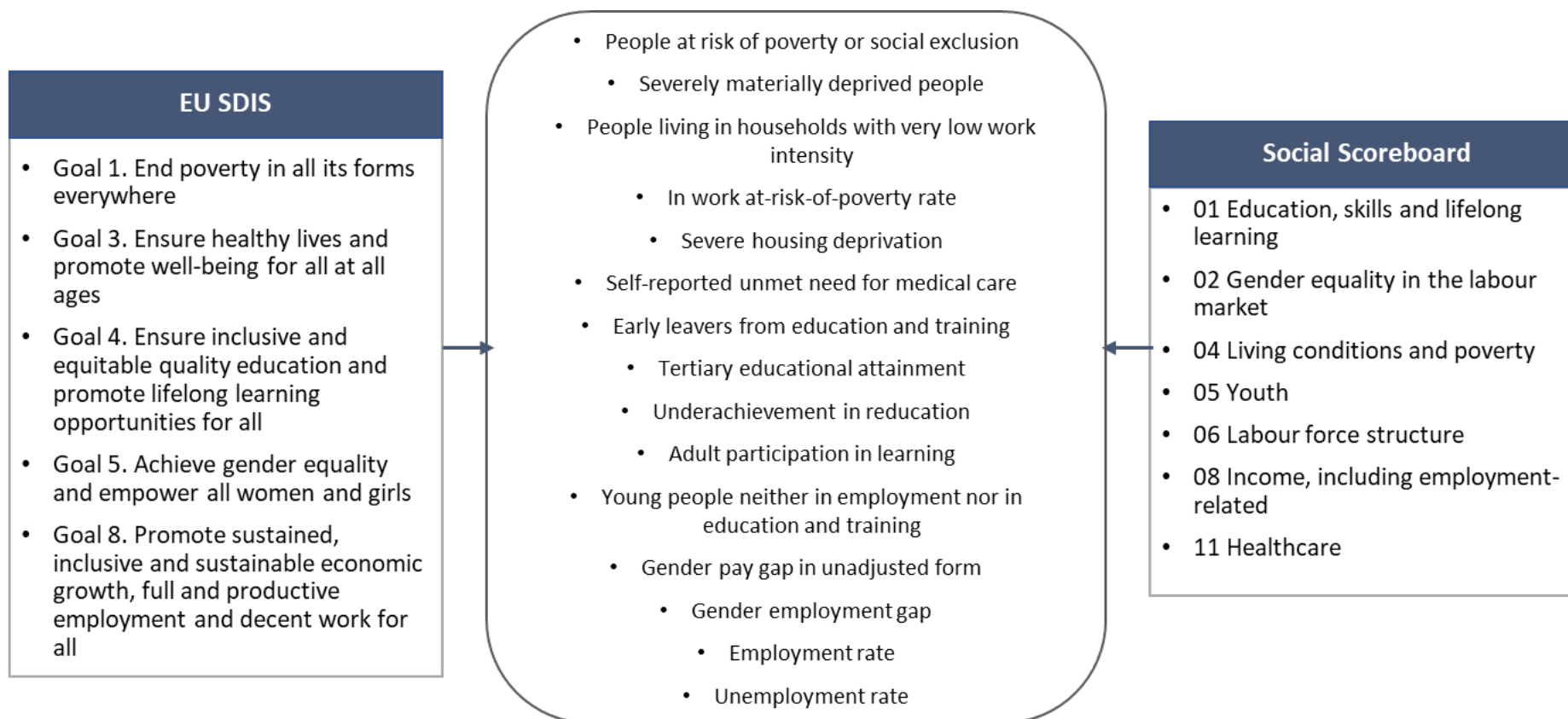
Table 3: Goals of the EU SDIS and sub-categories of the Social Scoreboard

EU SDIS	Social Scoreboard
<p>Goal 1. End poverty in all its forms everywhere</p> <p>Goal 3. Ensure healthy lives and promote well-being for all at all ages</p> <p>Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> <p>Goal 5. Achieve gender equality and empower all women and girls</p> <p>Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <p>Goal 10. Reduce inequality within and among countries</p> <p>Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<ol style="list-style-type: none"> 1 Education, skills and lifelong learning 2 Gender equality in the labour market 3 Inequality and upward mobility 4 Living conditions and poverty 5 Youth 6 Labour force structure 7 Labour market dynamics 8 Income, including employment-related 9 Impact of public policies on reducing poverty 10 Early childhood care 11 Healthcare 12 Digital access

Source: Authors' compilation

In principle, the EU SDIS and the Social Scoreboard aim for similar results in terms of social conditions and progress. Nevertheless, while both indicator systems use Eurostat social indicators, there are only 15 identical indicators among the EU SDIS 52 indicators and the Scoreboard's 43 indicators. These cover education, gender equality, employment, poverty, income and unmet needs for medical care (see Figure 6).

Figure 6: Differences and overlaps between the EU SDIS and the Social Scoreboard



Source: Author's compilation

The main differences between the indicator systems are:

- Social Scoreboard includes topics not covered in the SDGs, such as:
 1. some employment-related matters in more detail, e.g. employment duration and activation measures;
 2. general government expenditure on health, social protection and education;
 3. digital skills.
- EU SDIS includes topics not covered by the Social Scoreboard, such as:
 1. asylum applications;
 2. occurrence of crime, violence and vandalism;
 3. corruption;
 4. confidence in EU institutions;
 5. expenditure on law and independence of justice system.

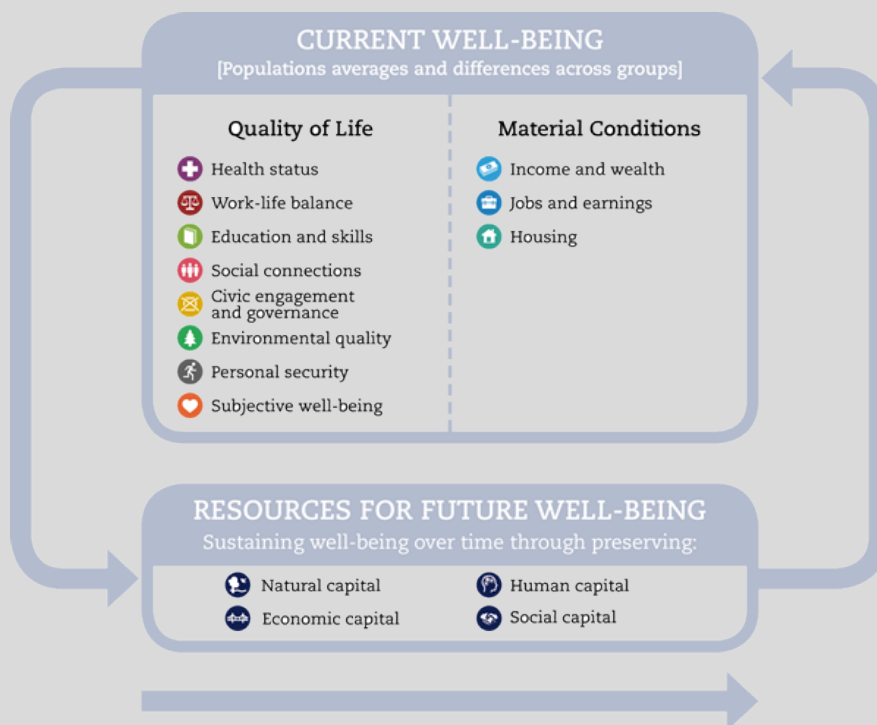
It is evident that both indicator sets monitor the progress of social development and in a rather similar way, i.e. both cover poverty, equality, education and health. These fields are included in different social sustainability definitions. However, the EU SDIS tackles additional topics (e.g. institutional dimension) or explores the topics more deeply (e.g. gender equality, health). Matters such as activation measures, digital skills and government expenditure are not covered by the EU SDIS (but these are not necessarily covered in the various definitions of social sustainability), nor do the indicators explicitly discuss the expected relationship between social and ecological development goals.

Box 3: Social sustainability benchmarking by other international organisations

In recent decades, most international organisations have adopted the UN framework in discussing sustainable development policy and benchmarking progress. The OECD approach to measuring social development is – arguably – the most interesting example of an interaction that could add value to the mainstream UN approach.

One of the OECD's priorities is to measure well-being and progress, which it pursues as part of the Better Life Initiative. The framework of its well-being research encompasses the idea behind social development but also takes account of environmental contingencies. It is built on three domains: quality of life, material conditions and resources for future well-being (see Figure 7).

Figure 7: OECD framework for measuring well-being and progress



Source: OECD, 2019

Through the Better Life Initiative, the OECD commits to contributing to sustainable development benchmarking. It has developed a methodology to measure the distance of each OECD country from the SDG targets (OECD, 2019) and aims to serve as a support to countries for understanding their progress and the most critical areas of focus.

The UN global indicator list is taken as a basis for the methodology, while the UN global database and OECD databases are used to gather indicators.

UN global indicators were selected, with the aim of providing comparable results and ensuring data availability across countries. Altogether, 132 indicators were selected (out of 244) - 59 of which are available for all 36 OECD countries, 47 indicators are available for between 30 to 35 countries, and 26 indicators are available for fewer than 30 countries.

What stands out in the OECD methodology is that each indicator has a numeric end-value, a specific quantitative target that enables measurement and monitoring of progress towards the SDG targets. For 52 indicators, it was possible to derive these targets directly from the wording of the SDGs. For the other 80 indicators, the targets are based on international agreements and expert opinions (21)

or using top-performing OECD countries as benchmarks (36). Where no consensus was available and the indicator had no clear normative direction, no target was set (23).

However, it still uses existing social indicators that have a clear normative definition in the context of social development but might lack power to benchmark progress towards social sustainability.

Source: Authors' compilation

The rich social indicator system that has developed in the EU provides a measurement for the social dimension and - arguably - the social pillar of sustainable development. Nevertheless, connecting the sub-dimensions of social development to social sustainability (the interaction with economic and environmental development) remains a challenge. The next section discusses composite indicators as a potential step in that direction.

2.6.2. Composite indicators

The multidimensionality of the sustainable development and social sustainability concepts and measurement have prompted index development, i.e. compound measurements that aggregate multiple indicators of social conditions and development. Today, a social sustainability index that would cover the three interlinked pillars of sustainable development and all the sustainable development goals does not exist. While a number of development indices comprise environmental and social development concerns (see Box 4), most do not aim to measure sustainable development in the classical three-pillar conceptualisation or extensively cover the subdimensions of the social pillar as outlined in the SDGs.

Box 4: Composite indicators that include the social and environment dimension

Inclusive Wealth Index - measures wealth using countries' natural, manufactured and human capital rather than GDP and the Human Development Index (HDI). It was proposed by the UN University's International Human Dimensions Programme (IHDP) on Global Environmental Change and the UN Environment Programme (UNEP) in 2012. The social pillar is represented by indicators of human capital (i.e. health, education, employment). The index has not been in active development or usage since 2014.

Equal Measures 2030 SDG Gender Index (Equal Measures 2030, 2019) – measures progress on the gender equality aspects of the majority of the SDGs. It aggregates the 14 gender-related SDGs into a single measure. The environmental pillar is represented by Clean Water and Sanitation (SDG6), Affordable and Clean Energy SDG7, and Climate Action (SDG13). The pilot version was launched in 2018 and the 2019 (current) version covers 129 countries.

Social Progress Index (Social Progress Imperative, 2019) – measures the capacity of a society to meet the basic human needs of its citizens, establish the building blocks that allow citizens and communities to enhance and sustain the quality of their lives, and create the conditions for all individuals to reach their full potential. A comprehensive social pillar is represented through 12 components focusing on actual life outcomes in areas from shelter and nutrition to rights and education. The single component of environmental development focuses on greenhouse gas (GHG) emissions, biome protection, deaths attributable to outdoor air pollution. The foundation of the Index was laid in 2012, and the most recent report is from 2019.

Better Life Index (see OECD, 2020) – OECD initiative (since 2011) to measure well-being and quality of life of people and households. The Index is a web-based tool where people compare their well-being between countries. The index is based on 11 topics the OECD has identified as essential to well-being in terms of material living conditions (housing, income, jobs) and quality of life

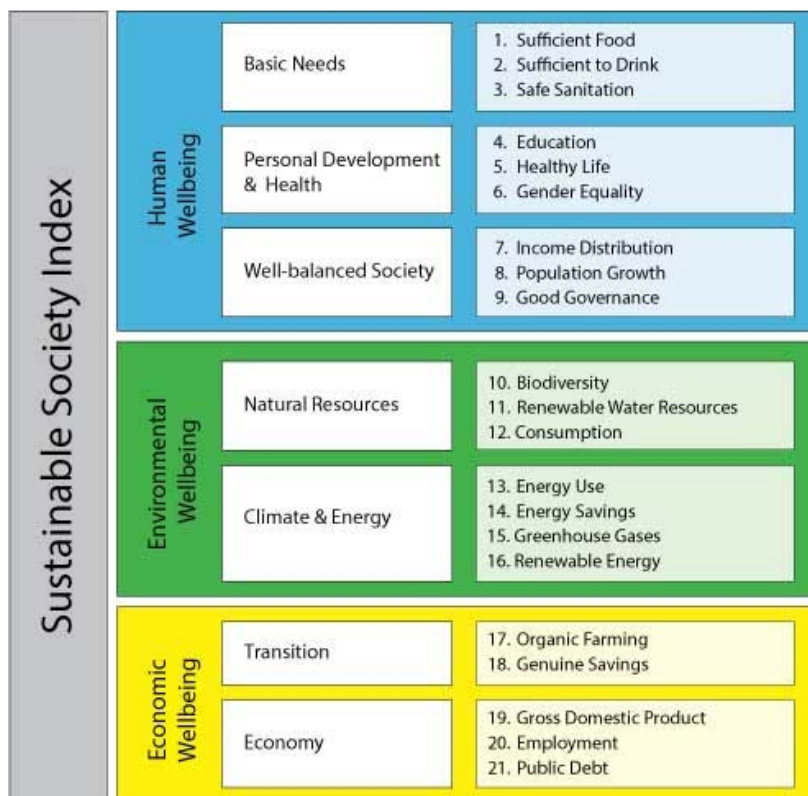
(community, education, environment, governance, health, life satisfaction, safety and work-life balance). The subdimension of environment covers air pollution and water quality. The Index and indices are updated annually.

Happy Planet Index (see New Economics Foundation (NEF), 2016) – was introduced in 2006 (latest data from 2016) to describe human well-being and environmental impacts. The Index combines four elements to show how efficiently residents of different countries are using environmental resources to lead long, happy lives. The social dimension includes subjective well-being, life expectancy, inequality of outcome and ecological footprint (the average amount of land needed, per head of population, to sustain a typical country’s consumption patterns).

Source: Authors’ compilation

More comprehensive examples that measure social sustainability in relation to the other two pillars in a more holistic way are the Sustainable Society Index⁵ and Sustainable Development Goals Index (SDG Index)⁶. The Sustainable Society Index was developed by the Sustainable Society Foundation (van de Kerk, 2014; Van de Kerk and Manuel, 2008). It covers sustainability broadly, based on the classical three-pillar model of human well-being, environmental well-being, and economic well-being. The three well-being dimensions have seven categories and comprise 24 indicators. The sub-dimension of human well-being (i.e. social pillar) covers basic needs, personal development and health, and a well-balanced society. It follows that the thematic coverage of the Index is considerably narrower than that of the EU SDIS.

Figure 8: Sustainable Society Index



Source: Sustainable Society Index

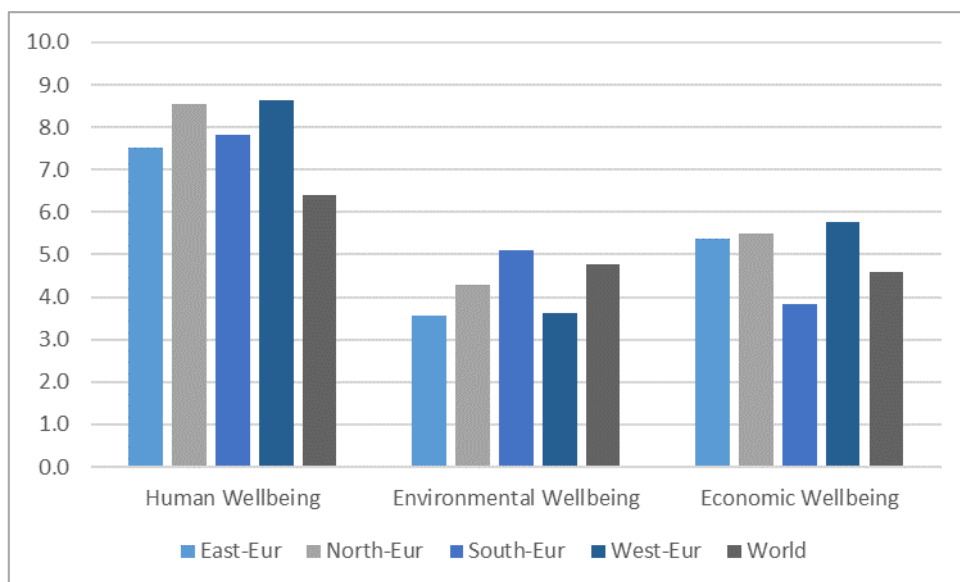
⁵ Sustainable Society Index, available at: <http://www.sfindex.com/>.

⁶ Sustainable Development Goals Index, available at: <https://sdqindex.org/reports/sustainable-development-report-2019/>.

The data have been presented since 2006 and are updated every two years. Aggregation represents a particular challenge in developing composite indicators (OECD, European Commission, Joint Research Centre, 2008). The Sustainable Development Index uses geometric averages to aggregate the scores of the indicators for the three well-being dimensions. Every indicator has the same weight for the aggregation into dimensions, due to gaps in evidence for the attribution of varying weights. In its audit of the Sustainable Society Index, the Joint Research Centre (JRC) of the European Commission concludes: 'i) that the revised SSI framework is conceptually coherent, ii) meets the statistical requirements set by JRC, and iii) it is well suited to assess nations' development towards sustainability in its broad sense: human, environmental and economic well-being' (Philippas et al., 2012)

The index aggregates the three pillars of sustainable development, and a separate human well-being index is calculated that could be used to estimate progress in social sustainability.

Figure 9: European Sustainable Society Index scores, 2016



Source: Sustainable Society Index

It has been argued that the different pillars - including the social pillar - cannot be considered in isolation, and that social sustainability should be examined in relation to the environment and economy (Partridge, 2014). One approach to move forward and build evidence of interlinkages is to analyse the relationships between the dimensions. Kaivo-Oja et al. (2014) analyse the interrelations between the different dimensions of sustainability as measured by the Sustainable Society Index. They find that there is a strong negative correlation between human and environmental well-being. In addition, the trade-off between economic and environmental well-being is decreasing and the dimensions are becoming less linked.

This analysis of interlinkages feeds back into index construction. For example, the identified negative correlation between human and environmental well-being is one reason why the Sustainable Society Index does not aggregate the three dimensions into a single overall index. The absence of scientific consensus on the quantitative relationship between the indicators is one reason why they are all given the same weight. Further research into the interlinkages and causalities between the different indicators and dimensions thus seems necessary.

Another promising composite indicator is the SDG Index, launched in 2019 within the framework of the 2030 Agenda for Sustainable Development by Bertelsmann Stiftung and the Sustainable

Development Solutions Network⁷. The composite measure of development synthesises 85 indicators across all 17 SDGs into a single aggregate sustainable development measure, and covers all 193 current UN Member States. Although the Index benchmarks developments across different sub-dimensions of social sustainability like poverty (SDG 1 Eradicating poverty), it does not specifically measure social progress via one single social sustainability composite indicator.

The overall composite indicator is calculated as the simple arithmetic average of the 17 goals. Firstly, the arithmetic average is used to aggregate indicators to SDGs, then the arithmetic average is used to aggregate goal indices to the overall index. In principle, different underlying components have the same weight, as all SDGs are afforded equal importance in the 2030 Agenda. However, as the number of indicators for each goal vary, some may have more weight in the overall score than others (when the number of indicators per goal is limited, the weight of each increases).

The Index was audited by the European Commission's Competence Centre on Composite Indicators and Scoreboards (COIN) at the JRC in 2019 (Papadimitriou et al., 2019). The audit concludes that i) the Index is based on reliable and available data, and the data coverage for the indicators included in the index are good, ii) and the Index ranks are sufficiently robust to allow meaningful conclusions to be drawn. Nevertheless, the auditors note the fundamental challenge of developing composite indicators, with the diversity of the SDGs creating statistical challenges in combining the aggregation into a single measure. As described above, the aggregation relies on arithmetic means. The authors are concerned that this method allows different indicators and goals to compensate for one another – a high score on one variable can offset a low score elsewhere. As a result, high social development could come at the cost of low environmental development, or vice versa.

The two composite indices point to the conclusion that social sustainability benchmarking would benefit from developing sub-indices that cover all SDGs related to social development and aggregating the social development indicators and sub-dimensions of sustainable development in a non-compensatory form.

2.7. Conclusions/outlook

The social pillar has gained importance in the concept of sustainable development. However, researchers do not have a blueprint conceptualisation of social sustainability that policy makers can use. Different definitions in the literature emphasise several aspects of social development and link that development to ecological development in a variety of ways.

The UN and the EU have defined various measurable sub-dimensions of social sustainability, but without explicitly referring to them as such, and without suggesting agreed approaches to conceptualise or measure the linkages with the environmental and economic pillars.

The lack of consensus on a definition might have hampered development and implementation of policy interventions to ensure that social development programmes comply with the SDGs. On the other hand, the European social model has always been unique in the global context, and high social development standards similarly require the EU to define social sustainability from its unique perspective and requirements. The EPSR aspires to deliver new and improved social rights and conditions for EU citizens. Literature on social sustainability points to one crucial challenge – the conceptualisation of social sustainable development should demarcate it from social development in general. A prospective EU working definition of social sustainable development (or, social

⁷ For an in-depth description of the methodology, see Lafortune et al., 2018 and Sachs et al., 2019). EM2030 Sustainable Development Goals Gender Index (SDG Gender Index).

sustainability) should focus on the question of how social development could support environmental and economic sustainability, as well as how ecological and economic sustainable development could, in their turn, tackle social development opportunities and challenges.

The EU has developed a valid, reliable statistical system to measure social conditions and development. The system has also been used to measure progress towards the UN SDGs. The advantage of the approach is that the indicators allow comparative analysis across the EU Member States. However, it risks overlooking the elements that differentiate social sustainable development from social development in general. Good development indicators have both clear and accepted normative interpretations that identify the essence of the problem and are responsive to effective policy interventions designed to improve conditions. Discussion and a fresh interpretation are required to benchmark social sustainability using the existing social development indicators. Agreeing on social sustainability goals and designing respective policy targets would also allow for normative interpretations of social sustainability indicators in the context of a modern dilemma - what is good for the people might not be good for the bio-physical environment and vice versa.

The fundamental challenge of designing social sustainability indicators is that social sustainability is a multidimensional concept whose core substance and added value is only fully revealed in its interrelationships with other sustainable development pillars and dimensions. However, benchmarking is held back by the lack of scientific consensus on the quantitative relationship between the pillars of sustainable development and sub-dimensions of those pillars. Efforts to close the gaps using multivariate analysis is required to find the evidence-based balance between different social dimensions and the economic and ecological pillars of sustainable development.

Benchmarking the multidimensional and relational concept of social sustainability could make good use of compound measurements that aggregate multiple indicators of social conditions and social development. The SDG Index is a good example, combining 17 UN SDGs (including social development goals) into a single sustainable development aggregate measure, but without benchmarking social sustainability separately. Another good example is the Sustainable Society Index, which does benchmark social sustainability separately but covers only limited social (sustainable) development sub-dimensions and goals and does not provide for an aggregation of the different dimensions. A step forward would be to develop a social sustainability index that covers all of the SDGs crucial for EU sustainable development policy-making. Likewise, interpretation of a compound social sustainability index could benefit from grounding weights of the social, economic and ecological pillars, in terms of its usefulness in setting policy targets. Finally, a non-compensatory form of aggregation is required if high social development is not to come at the expense of low environmental development or vice versa.

3. SOCIAL SUSTAINABILITY IN EU POLICY

This section provides an overview of how social sustainability is considered in strategic, high-level policies and in selected policy instruments, namely, the European Semester, the Better Regulation Agenda and the Structural Funds. These instruments were chosen for their importance in the design and implementation of EU policies.

Given the absence of a clear definition of social sustainability (see Section 2), this analysis examines the issue from several angles.

Firstly, it looks at the weight and space given to the ‘social pillar’ in strategic EU policy and in each of the three instruments mentioned above, generally and relative to the environmental and economic pillars. In policy-making terms, the ‘social pillar’ can be translated into:

- Social sustainability goals, such as the substantive goals (see Table 1) and the social dimension of the SDGs (see Table 2);
- Policies to achieve those goals.

This study focuses on sectoral employment and social policy - which might be subsumed under ‘social investment’ policy - and looks at its weight relative to other policies. Since the social objectives largely correspond to the principles of the EPSR, the Pillar is given particular attention. Whether the analysis below looks at the integration of social sustainability at the level of objectives or of concrete policies depends on the instrument in question.

Secondly, it looks at how the procedural aspect of social sustainability is taken into account at the different stages of policy-making. The procedural aspect refers largely to participation in decision-making and empowerment of a wide range of actors who pursue the social sustainability goals mentioned above (see Table 1). Where relevant, the analysis looks at the different ways in which various political actors are involved in EU decision-making.

Thirdly, it examines how the linkage between social, environmental and economic goals is envisaged at the different stages of policy-making. Have any steps been taken to strategically align these goals and prevent any trade-offs?

The analysis looks at recent developments (the time span depends on the instrument in each case) and explores pathways for future action. The research includes a review of primary sources (legislation, policy documents) and secondary sources (studies, academic articles, stakeholder statements). Sources were searched for explicit and implicit references to developments that would shed light on the three angles outlined above.

3.1. Social sustainability - the EU’s strategic approach

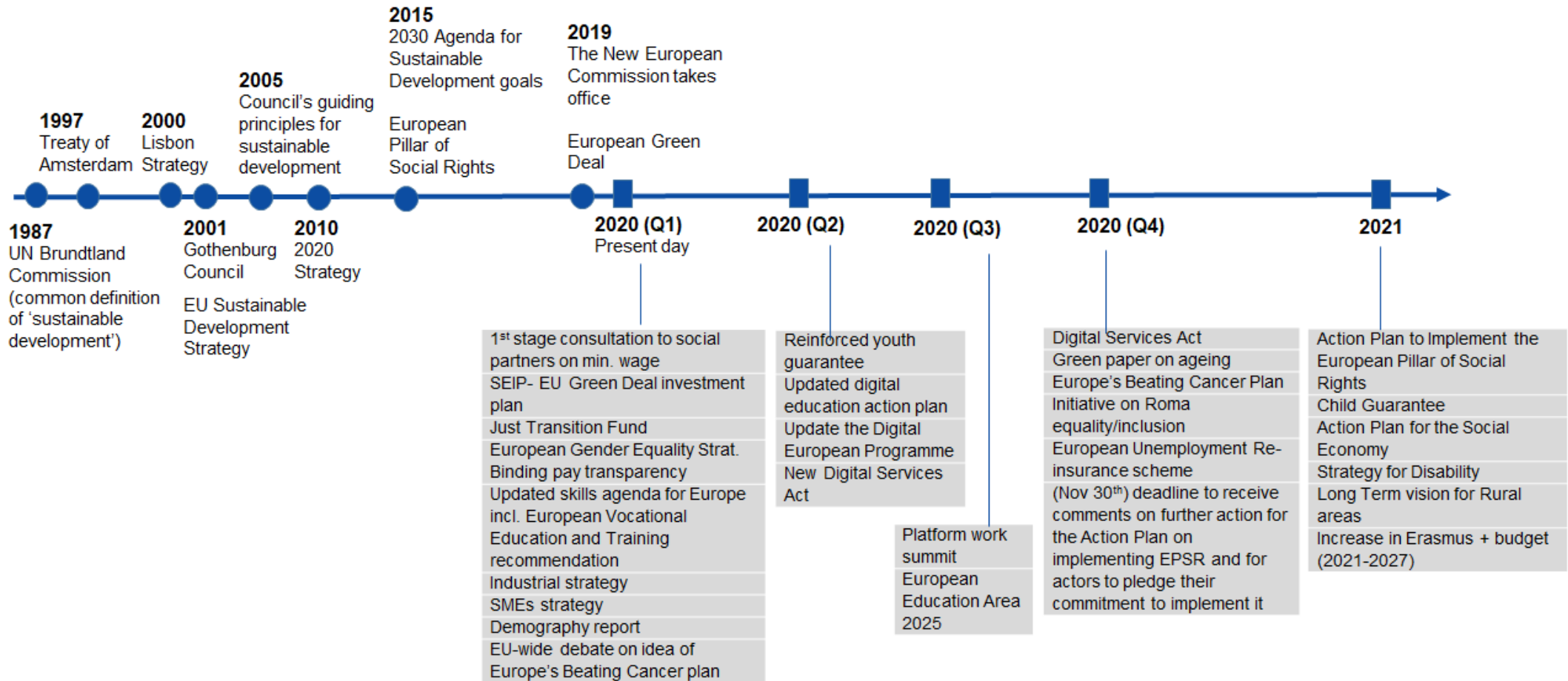
3.1.1. Overview

The EU’s strategic-level commitment to the concept of sustainability has evolved considerably over the past several decades, stemming from its inclusion in the 1997 Treaty of Amsterdam up to today’s commitments to implement the globally designed SDGs at EU level. This section of the study reviews key EU-level development plans or strategies from the perspective of sustainable development and, more specifically, social sustainability.

Figure 10 summarises this section by mapping the evolution of sustainability in the EU, from the end of the 20th century through to 2021. Earlier EU strategy documents remained high-level, strategic and, at times, theoretical, in respect of the pillar of social sustainability, with action more closely focused on

environmental and economic pillars. However, since 2015, the EU has given social sustainability more weight and credence. Looking at current and future policy actions, social sustainability is now given more equal footing with the environment and the economy. As Figure 10 shows, from 2020, there will be several concrete opportunities to implement social sustainability as part of the Action Plan to implement the EPSR. While many of the EU strategic policy frameworks prioritise social developments, the Council Conclusions on the Economy of Well-being and the Communication on a Strong and Social Europe for Just Transition are the most comprehensive and detailed in considering how the EU will tackle social issues and ensure social progress in practice.

Figure 10: Evolution of sustainability in the EU - a timeline



Source: Author's compilation

3.1.2. Early developments

The concept of sustainability (meeting the needs of the present without jeopardising the ability of future generations to meet their needs (UN, 1987)) is included in the **Treaty of Amsterdam** (Council of the European Union, 1997) as an overarching goal of EU policy. Though its precise origins are unknown (Purvis et al., 2019), sustainability has been widely accepted in academic literature and policy agendas - including the EU - to comprise economic, environmental and social pillars.

The EU Charter of Fundamental Rights 'seeks to promote balanced and sustainable development'. First proclaimed in 2000, the Charter combines in a single document, all rights, including social, economic and environmental rights, of those residing in the EU. The Charter became officially binding in 2009 when annexed to the TFEU via the Lisbon Treaty (European Commission, n.d.).

In March 2000, the Lisbon Strategy sought to have the EU become the world's most competitive knowledge-based economy by 2010, with a key focus on economic sustainability. At the same time, the Millennium Development Goals were established at the UN Millennium Summit.

The 2001 EU Sustainable Development Strategy was the first EU policy document detailing ways for the EU to use resources efficiently, and calling for better coordination between competing economic, environmental and social sustainability policies (European Commission, 2001). The Strategy included seven key priority challenges in the period from 2001-2010, chiefly focused on the environmental pillar. It followed from the 2001 Gothenburg European Council Conclusions, which recognised sustainable development as a fundamental objective of the EU Treaties and promoted consideration of each of the three pillars in a mutually enforcing way (Council of the European Union, 2001). In 2005, the European Council adopted guiding principles for sustainable development to help reignite and renew the EU's Sustainable Development Strategy at EU and Member State level. It focused on three objectives that mirror the three pillars: environmental protection, social equality and cohesion, and economic prosperity (European Commission, 2005). In 2010, the EU 2020 Strategy (successor to the Lisbon Strategy) took into account the global financial crisis of the time, with the idea that making progress in environmental and social sustainability would ultimately reinforce the EU's economic recovery and sustainability (Stec and Grzebyk, 2018). This is a clear example of social sustainability based on sustainable development that is rooted in economic growth (see Section 2.4).

3.1.3. 2015 – The SDGs and the EPSR

While social sustainability has been acknowledged by the EU for over two decades, it was only in 2015 that the EU began to enact more tangible social policies and legislation.

In September 2015, the 2030 Agenda for Sustainable Development was adopted at a UN summit, placing the three pillars on an equal footing and acknowledging their interlinkages by making the 17 SDGs indivisible and requiring them to be implemented in tandem (European Commission, 2019b). The EU not only helped to shape this Agenda but was, and remains, fully committed to its implementation (European Commission, 2016a). That implementation started by integrating the SDGs into the EU policy framework and European Commission priorities, as well as thinking of more long-term plans (after 2020) for implementation (European Commission, 2016a). Of the 17 SDGs, many reflect social sustainability concepts such as reducing poverty (SDG 1), increasing well-being (SDG 3), bettering education (SDG 4), achieving gender equality (SDG 5), guaranteeing decent and inclusive work (SDG 8),

promoting inclusive industrialisation and innovation (SDG 9), reducing inequalities (SDG 10) and promoting peaceful and inclusive societies (SDG 16) (UN, n.d.).

The EPSR was introduced in September 2015 by then-Commission President, Jean-Claude Juncker, although it was not unanimously supported by the EU institutions until November 2017 (European Commission, 2018). The impetus for the EPSR was outlined in the July 2014 political guidelines, which sought to put a new focus on social fairness and social dialogue that was believed to be lacking when dealing with the economic crisis (Juncker, 2014). The EPSR aims to provide new and more effective rights for citizens, and consists of 20 key principles in three categories:

- Equal opportunities and access to the labour market;
- Fair working conditions;
- Social protection and inclusion.

The 20 key principles of the EPSR cover the socially relevant SDGs mentioned above. Overall, the EPSR is the single biggest EU policy framework focused exclusively on social rights and policies. Since its establishment, concrete steps have been taken to put the 20 principles into practice at EU level, such as the entry into force of the EU Work-life Balance Directive⁸, the Transparent and Predictable Working Conditions Directive⁹, the Council Recommendation on access to social protection¹⁰, and the establishment of the European Labour Authority¹¹ to ensure proper enforcement of labour mobility and rights of mobile workers. This momentum is expected to continue, with the start of the new European Commission (European Commission, 2020).

3.1.4. Looking ahead: the von der Leyen Commission

The start of the new European Commission on 1 December 2019, brought with it a new growth strategy that sees the EU aim to be the first climate-neutral continent in the world by 2050. This **European Green Deal** will focus on creating new businesses, jobs and investments by prioritising the following policy areas (European Commission, 2019d):

- Clean, affordable and secure energy;
- Sustainable industry;
- Building/renovating;
- Sustainable mobility;
- Biodiversity;
- Sustainable food systems (Farm-to-Fork Strategy);
- Elimination of pollution.

⁸ Directive (EU) 2019/1158.

⁹ Directive (EU) 2019/1152.

¹⁰ Council Recommendation of 8 November 2019 on access to social protection for workers and the self-employed (2019/C 387/01).

¹¹ Regulation (EU) 2019/1149.

The Commission has stressed that *how* the Green Deal is accomplished is just as important as *what* is accomplished. Every aspect of the Green Deal transition must be just and inclusive, leaving no one behind and remaining ultimately focused on the well-being of people. The Green Deal is a socially sustainable EU policy that acknowledges that its climate neutrality goal is only attainable if social policies are taken into account. For example, the Commission clearly states that the transition to clean energy 'should involve and benefit consumers' and that issues such as energy poverty should be addressed 'to ensure a basic standard of living' for households in need (European Commission, 2019c).

To ensure a just and inclusive transition to climate neutrality, the EU will rely on the EPSR (European Commission, 2019c). This is discussed in the Communication on a Strong and Social Europe for Just Transitions (see later in this section).

Another tool to ensure a just and inclusive transition is the Just Transition Mechanism. This mechanism will include a Just Transition Fund (JTF) focused on those regions and sectors most affected by the transition, such as those that depend on fossil fuels and other carbon-heavy processes. From a social sustainability perspective, it will strive to protect workers and citizens by funding re-skilling programmes, access to energy-efficient housing, and/or access to jobs in new sectors (European Commission, 2019c). The JTF is planned to have a budget of EUR 7.5 billion, sourced from the EU budget. A Just Transition Platform (composed of staff from the European Commission) will manage this fund/mechanism, building on and expanding the pre-existing Platform for Coal Regions in Transition (European Commission, 2020a). Some stakeholders argue that the European Green Deal needs to go beyond the JTF and consider other transition challenges above and beyond coal, in order to include the inequalities tied to climate disasters and how they can be overcome (E3G, 2019). Time will tell whether or not the Just Transition Platform indeed takes these types of matters into consideration.

The Just Transition Mechanism is part of a larger Sustainable Europe Investment Plan (SEIP). The SEIP is the investment arm of the Green Deal and is set to mobilise EUR 1 trillion over the next decade, yet it is expected to cover less than half of the funding needed to implement the Green Deal (European Commission, 2020a).

Private companies and households will be expected to provide the bulk of sustainable investments. Further information on this is expected to be available towards the end of 2020.

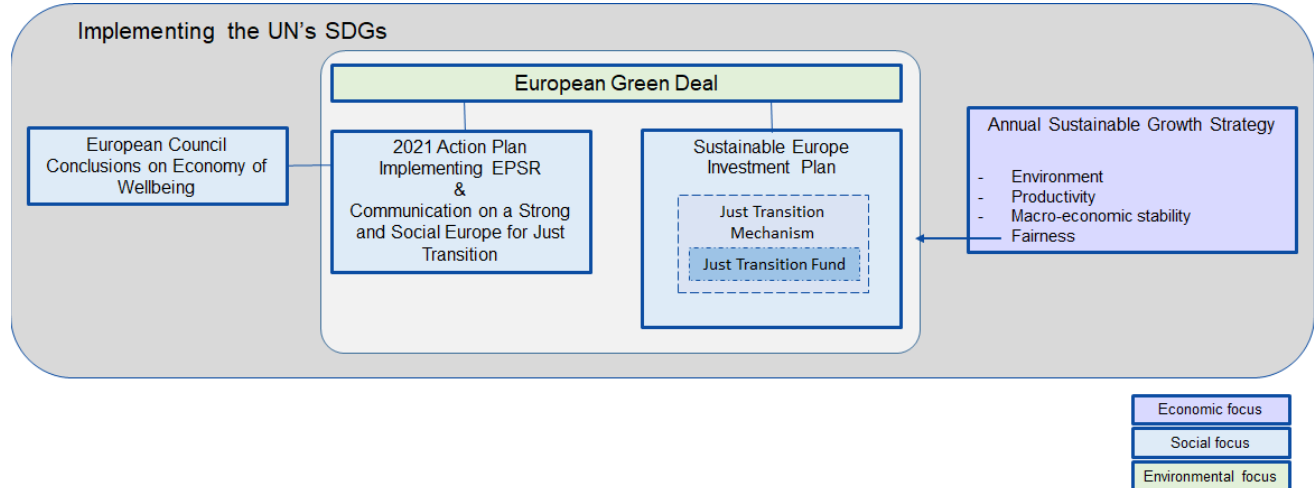
Part of the Green Deal includes a Key Actions Roadmap, which details key policies and measures needed to achieve the Deal. Those relevant to social sustainability include:

- Integration of the SDGs into the EU Semester (from 2020) (see Section 3.3.3);
- The Just Transition Mechanism, including the JTF and the SEIP.

In addition to the Green Deal and its social sustainability elements, the European Commission developed the European Annual Sustainable Growth Strategy as part of the European Semester. Replacing the Annual Growth Survey, this strategy outlines the economic and employment policy priorities for the EU and focuses on four dimensions of EU economic policy: environmental sustainability, productivity gains, macro-economic stability and fairness. Social sustainability ties into the fairness dimension, which will pay particular attention to regions, industries and workers. The Just Transition Mechanism and implementation of the EPSR are mentioned in this dimension, along with skills investment, health, fighting poverty, gender equality, fair taxation, social/territorial cohesion and job quality.

The new European Commission seems dedicated to the continued propulsion of social sustainability into EU policy. Figure 11 below illustrates how social sustainability is now being incorporated at a strategic level in the EU.

Figure 11: Sustainability from an EU strategic level- 2020 and beyond



Source: Author’s compilation

3.1.5. EU policies directly focused on social sustainability

As a reaction to the Euro-crisis, in 2012, the EU began to consider the possibility of introducing a minimum unemployment allowance or a sort of unemployment insurance to bolster EU social protection, especially for those most at risk of falling into poverty when losing their job. Better known as a European Unemployment Benefit Scheme (EUBS), the concept is a marriage of economic and social sustainability, designed to ensure that the EU could more easily recover from another financial crisis or recession, as well as protecting citizens and further reducing inequalities. Research has shown that most of the EU population is in favour of a EUBS (EESC, 2019). The new European Commission is now considering establishing such a principle across the Member States (European Parliament, 2019a).

In July 2019, at the end of the Juncker Commission - and thus presumably directed towards the new Commission due to take office in December - the European Council published its conclusions on the Economy of Well-being (Council of the European Union, 2019). The Economy of Well-being is a policy approach that seeks to put people’s well-being at the centre of decision-making, with the goal of fostering EU economic growth, productivity, stability and sustainability in the process. In short, this approach puts social sustainability at the heart of policy-making across all sectors. In the communication, the Council calls on Member States and the Commission to better coordinate and improve existing structures and competences rather than creating entirely new ones. For each category of decision-makers (i.e. Member States, the European Commission, EMPL and the Social Protection Committee), the communication offers specific objectives and guiding principles to integrate this people-centred approach.

On January 14, 2020, the European Commission published a Communication on a Strong and Social Europe for Just Transition. Its purpose is to take the first steps towards an Action Plan to implement the EPSR by presenting EU-level initiatives and launching discussions with the European Parliament,

European Council, social partners, civil society and authorities at EU, national, regional and local levels. These stakeholders will have until November 2020 to share their views on possible further actions needed and to pledge their commitment to implementing the EPSR. Once the Commission has taken these additional views into consideration, the Action Plan will be officially launched in early 2021. By implementing the EPSR through this Action Plan, the Commission hopes to upgrade Europe’s social market economy and to ensure a just transition for all, linking to the philosophy of the Green Deal. The bulk of the Communication lists the Commission’s plans and priorities for concrete social policies in 2020 and 2021. While the policies themselves, as well as the EPSR, cannot be *directly* tied to environmental or economic pillars - and thus cannot be outright considered socially sustainable - the fact that the EU is using these policies to implement the Green Deal is, in itself, an example of social sustainability. A concrete policy initiative that the new Commission would like to set in motion is the minimum wage proposal, which seeks to reverse the growing in-work poverty and wage inequalities seen in several Member States. This proposal would not oblige Member States to impose a single EU-wide minimum wage, but would require Member States to ensure a minimum wage of 60% of their national average salary (Valdivia, 2020). Table 4 details other planned actions to implement the EPSR.

It is clear from this Communication that the Council Conclusions on the Economy of Well-being are being taken seriously. Table 4 highlights the specific objectives of the Economy of Well-being Council Conclusions and the correlating actions planned by the Commission, largely taken from the Communication on a Strong and Social Europe for Just Transition. These are further enforced by the latest European Commission Work Programme, which highlights an overall purpose to benefit citizens and businesses, without unnecessary burdens (European Commission, 2020e).

Table 4: Social sustainability- from Council suggestions to Commission action

Economy of Well-being Council suggestions to the European Commission - July 2019	Upcoming European Commission policy measures/initiatives ¹²
Establish a long-term strategy so that the EU is the most socially cohesive economy in the world	The Commission is planning to launch (in 2021) an Action Plan to implement the EPSR In 2021, it will also launch the Action Plan for the Social Economy to boost social investment and innovation
Review the EU Strategic Framework on Health and Safety at Work (2014-2020) to take into account the changing world of work	A review of the Occupational Safety and Health strategy is planned to account for new work patterns and technology ¹³
Adopt a high-level Gender Equality Strategy which cuts across all policy areas	The European Gender Equality Strategy is set to launch in Q1 2020

¹² A Strong and Social Europe for Just Transitions, COM (2020)14 final.

¹³ While the Commission mentions its intention to review the occupational safety and health strategy, as yet there is no mention of when or how this will be accomplished.

	The Commission has, for the first time in history, established an Equality Commissioner to ensure that equality (including gender equality) stretches across all policy areas
Effectively implement the closing of the Gender Pay Gap and the gender gap in pensions beyond the current EU Action Plan on Tackling the Gender Pay Gap	The upcoming European Gender Equality Strategy will include the introduction of binding pay transparency measures to assist in closing the gender pay gap and the pension gap
Address disability policies beyond the current EU Disability Strategy 2010-2020	The Commission will present a new and improved strategy for disability in 2021 which builds on the results of the current evaluation of the European Strategy for Disability 2010-2020
Develop childcare measures that build on the Report on the Barcelona objectives on childcare	The expected 2021 Child Guarantee would ensure free access for every child in poverty to quality early childhood care and education, as well as health, housing and nutrition (Wutz, 2019)
Review the post-2020 EU Framework for National Roma Integration Strategies	In Q4 of 2020, the European Commission will work on a follow-up initiative on Roma that builds on the existing EU Framework for National Roma Integration Strategies
Issue a Communication on the Economy of Well-being	Nothing to-date
Strengthen the assessment of impacts on well-being of legislative and major policy initiatives, including in economic policy	<p>The Commission intends to improve the way its Better Regulation Guidelines and supporting tools address sustainability issues, including a specific section in the explanatory memorandum accompanying all legislative proposals and delegated acts (European Commission, 2019c)</p> <p>The Commission promises to provide regular assessment of the environmental and socioeconomic impacts of the transition to climate neutrality and related investment needs (European Commission, 2020a)</p> <p>Pre-existing EU Sustainable Development Indicator set from Eurostat (Eurostat 2017)</p>
Issue Communication on cross-sectoral impacts on mental health and establish a Mental Health Strategy for the EU post 2020	Nothing to-date

Source: Author’s compilation

There have been important evolutions in the inclusion of sustainable development, social policies and the concept of social sustainability as an essential pre-condition for the future of Europe. This sentiment also underpins the purpose of the Green Deal – ‘The European Green Deal is about improving the well-being of people’ (European Commission, 2019d). The Commission sums it up well when it says, ‘Europe can only move forward if it uses all of its assets, talents and potential. This means creating a fair society in which those who share the same aspirations have the same opportunities to fulfil them’ (European Commission, 2020).

3.2. EU policy-making – the Better Regulation Agenda

3.2.1. Introduction

Strategic documents like the Green Deal and the 2030 Agenda set ambitious goals at a high level. However, the legislative and policy-making process within the European Commission and other EU institutions is another matter. At a practical level, it is the EU’s Better Regulation Agenda that guides the policy-making cycle within the EU institutions, from problem identification to development, and assessment of the impacts of policy options, the rationale for their adoption and (eventual) monitoring and evaluation of policy implementation. Today, EU policy-making is firmly rooted in the concepts and procedural requirements that stem from the Better Regulation Agenda, which has important implications for social sustainability.

The Better Regulation Agenda was formally launched in 2002. It followed a period of rapid development of EU legislation and policy in the 1990s and early 2000s, leading to concern from stakeholders about the costs and quality of EU legislation and how its preparation could be made more coherent and rigorous (Golber, 2018). Key driving forces were the perceived need to reduce unnecessary regulatory demands, primarily on business, along with a focus on subsidiarity and proportionality issues, ensuring that EU-level regulation did not overstep its competence with respect to the Member States. While the emphasis was on simplification and reduction of burden, the approach also took into account the push for sustainable development. The 2001 Goteborg Council Conclusions noted that the Commission would include mechanisms to ensure that all ‘major policy proposals include a sustainability impact assessment covering their potential economic, social and environmental consequences’ (Council of the European Union, 2001).

Over time, the Better Regulation Agenda has gradually been developed in practice, with the introduction of a policy cycle and procedures for the evaluation of policy performance and policy areas (the REFIT programme), refining the impact assessment process, setting quantitative reduction targets for administrative burden and the establishment of an independent scrutiny function. This culminated with the 2015 introduction of the Better Regulation Guidelines and Toolbox, which included methodologies for policy impact assessment, monitoring and evaluation, as well as specific requirements for public consultation and involvement of stakeholders in policy-making (see Figure 12). The Toolbox was updated in 2017, and a stocktaking exercise was carried out last year, reaffirming the overall approach and the Commission’s commitment to transparent and evidence-based law-making (European Commission, 2019 and 2019f).

The system set out in the Better Regulation Guidelines and Toolbox complies with the 12 recommendations for regulatory quality established by the OECD in 2012 and has been ranked highly

by the OECD Regulatory Policy Outlook, which assesses stakeholder engagement, impact assessment and *ex post* evaluation (OECD, 2015).

Figure 12: EU policy cycle, as shown in the Better Regulation Guidelines



Source: Better Regulation Guidelines and Toolbox (European Commission 2017)

3.2.2. Stakeholder perceptions of Better Regulation – cost-cutting agenda or opportunity for strategic coherence?

Stakeholder perceptions of the Better Regulation Agenda and its outcomes have varied over time. For some, the focus on costs and simplification raised concerns that economic issues dominate the policy agenda. While increased transparency and public consultation are positive aspects, the procedures have been criticised as being too friendly to those who are well-placed to respond to public consultations (in particular, experts and professional lobbyists) at the expense of those who may be more directly impacted by policies, such as workers' organisations, civic groups and individual stakeholders.

'Social' stakeholders (e.g. trade unions, social, consumer and environmental NGOs) have raised concerns that the focus on costs, simplification and reduction of administrative burden within the Better Regulation Agenda mean a disproportionate emphasis on economic priorities over social and environmental issues (Golberg, 2018; Garben and Govaere, 2018). This was noted more broadly in the JRC's 2019 literature review, which found multiple mentions of a narrow focus on cost reduction rather than cost-efficiency. It also pointed out that the emphasis on quantified cost-benefit analysis poses problems for the valuation of certain benefits and may disadvantage initiatives aiming at non-market

objectives (Listorti et al., 2019). The trade union sector went so far as to refer to the ‘supremacy of the competitiveness agenda over social and employment issues’ (Van den Abeele, 2019). In 2015, a group of trade unions and civil society organisations united to form a ‘Better Regulation Watchdog’, claiming the Better Regulation approach posed risks to the EU’s efforts to ‘meet many of the social, consumer, environmental and civil society challenges of today’ (Better Regulation Watchdog, 2015). In addition to efforts to scale back the burden of existing legislation, the administrative resources required to carry out evaluations and impact assessments may deter the development of new proposals from the start, especially in non-economic policy areas (Garben and Govaere, 2018).

The Commission, however, proposes a much broader view. It sees the Better Regulation Agenda not as a cost-cutting initiative *per se*, but, rather, as something that serves longer term public policy goals. Its 2019 stocktaking exercise refers to the pressing need to achieve the SDGs and to have regulation that ‘fosters and at the same time, harnesses innovation to the benefit of the environment, the economy and EU citizens’ (European Commission, 2019). The Green Deal underlines this, presenting the Commission’s Better Regulation tools as a ‘solid basis’ for enabling EU actions and policies to achieve a ‘just transition towards a sustainable future’. It cites public consultations, the identification of environmental, social and economic impacts, and the systematic evaluation of the coherence between current legislation and new priorities as among the key means of ensuring that policy choices are in line with the objectives of the Green Deal. The Commission has directly committed to improving the way the Better Regulation Guidelines and Toolbox address sustainability issues in order to ensure that EU initiatives live up to the ‘do no harm’ promise - referred to as a ‘green oath’ (European Commission, 2019c, p. 19). The Commission’s 2020 Work Programme confirms this intention, while simultaneously presenting plans to develop an instrument to ensure that any newly introduced administrative burdens are offset with the removal of equivalent administrative costs in the same area of EU policy, consistent with the image of the Better Regulation Agenda as a cost-cutting mechanism (European Commission, 2020e).

If the policy assessment procedures conducted in line with the Better Regulation Agenda are indeed able to foster improved coherence with strategic EU policy goals, then there is considerable potential for positive impacts on mainstreaming social sustainability into legislation, policies and other EU-level initiatives and action. Firstly, the impact assessment procedure is designed around assessment of the three commonly recognised pillars of sustainable development. The social impacts listed in Better Regulation Tool #19 (European Commission, 2017) largely mirror the substantive aspects of social sustainability goals presented earlier in this study (see Table 5). In the tool’s overview of key impacts to be screened, sustainable development is listed as an additional type of impact, separately from the three ‘pillars’ (economic, social and environmental). No specific guidance is given anywhere in the Toolbox for assessing the collective impacts on sustainable development, however, or how this assessment might compare with economic, social and environmental impacts.

Table 5: Social sustainability in the Better Regulation Toolbox

Substantive aspects of social sustainability	Social impact main categories, Better Regulation Toolbox
Basic needs such as food, housing and income and extended needs such as recreation, self-fulfilment Inter- and intragenerational justice along gender, race, class, and ethnicity dimensions Fair distribution of income Fair distribution of environmental ‘bads’ and ‘goods’ Equality of rights, including human rights, land user and tenure rights, and indigenous people’s rights Access to social infrastructure, mobility, local services, facilities, green areas, etc. Employment and other work-related issues, facilitating for local small and medium enterprises Opportunity for learning and self-development Community capacity for the development of civil society and social capital Security (e.g. economic, environmental) Health effects among workers, consumers and communities Social cohesion, inclusion and interaction Cultural diversity and traditions Sense of community attachment, belonging and identity Social recognition Attractive housing and public realm Quality of life, happiness and well-being	Employment Working conditions Effects on income distribution, social protection and social inclusion Governance, participation and good administration Public health and safety and health systems Crime, terrorism and security Education and training Culture Social impacts in third countries

Source: Boström (2012), p. 6 (see Table 1), Better Regulation Guidelines Tool #19. (European Commission 2017)

Another point to consider is the fact that all major policy initiatives in the EU are subject to policy assessment procedures under Better Regulation rules. This differs from comparable federal systems (e.g. the US), where federal regulations alone are subjected to regulatory impact assessment (Renda, 2017). This broader scope of application means that EU legislative and policy initiatives (e.g. directives) that set the framework for many rules and regulations (e.g. Commission implementing regulations, decisions) are in fact subject to rigorous assessment and, potentially, improved coherence with key EU strategic agendas. There is, however, concern about the consistency in application of the impact assessment procedure to all legislative proposals in the EU, with Impact Assessment Institute (2017) noting that it is not always carried out.

3.2.3. Conclusions/outlook

Ultimately, the Better Regulation Agenda can only encourage the development of more socially sustainable EU legislation and policy if social sustainability itself is given sufficient weight on EU strategic agendas, and if high-level political commitments are broken down into actionable policy frameworks. In a paper on mainstreaming SDGs into the EU Better Regulation Agenda, Renda (2017) suggested that while the EU 2030 Agenda remains faithful to the UN idea of sustainable development, the SDGs themselves are not an operational set of goals that the EU or national governments could adopt as a policy framework. The paper proposes building a set of 'EU SDGs' that would be broken down into more specific targets. The new Commission President, Ursula von der Leyen, has given Commissioners a mandate to ensure the delivery of the SDGs in their own policy areas and collectively as a college. At present, although recent strategic documents such as the 2030 Agenda and the Green Deal (see Section 3.1.4) give importance to sustainable development and social issues, there is no dedicated strategy for implementation of the SDG priorities in the EU. The possibility of developing such a strategy was raised by the Juncker Commission in its SDGs Reflection Paper (European Commission, 2019e), and the Parliament has called for a joint declaration by the EU institutions that would 'anchor' the SDGs in policy priorities (European Parliament, 2019).

Looking again at the Better Regulation Agenda and procedures, the definition of an EU-specific strategy for implementation of the SDGs would allow policy assessment procedures to more easily align with sustainable development, although, as Renda (2017) suggests, some changes would be required. At present, the problem definition in *ex ante* impact assessments is geared towards market or regulatory failures as underlying problem drivers (Tool #14, European Commission, 2017). An alternative approach would be to consider lack of alignment with one or more of the SDGs and their targets as the starting point for problem assessment - this could also apply to the definition of objectives to be addressed. As discussed in Section 2.6.1, Eurostat already collects data for many of the indicators that would be relevant to social sustainability although it remains to be seen if these data could be useful in impact assessments. Finally, there is the issue of methods used for comparing alternative policy approaches. The current approach relies heavily on cost-benefit analysis, but this could be supplemented with an additional assessment or ranking of the extent to which alternative options contribute to the SDGs. This would also be in line with the Commission's commitment in the Green Deal to ensure that the Better Regulation tools provide a basis for helping the EU to accomplish its Just Transition Mechanism.

3.3. European Semester

3.3.1. Relevance of the European Semester for socially sustainable governance

The annual European Semester is at the core of the political action of the Commission and the Council. The decision taken by the von der Leyen Commission to orient this process towards the 2030 Agenda could lead to a radical shift in the European Commission's approach to sustainable development.

The European Semester was set up in 2010 at the height of the economic crisis with the aim of tying Europe's and particularly the Eurozone's economies into a monitoring and coordination process. Previously, economic and fiscal policy of EU Member States, including in Member States with the common currency, were not formally coordinated. In 2011, the 'Six Pack' was adopted, a set of measures (five regulations and one directive) laying down new rules for fiscal and economic national policies and giving surveillance power to the EU. This Six Pack set of legislative measures also provides the legal

framework for the European Semester¹⁴. The Semester is based on an annual procedure that assesses each Member State against various performance indicators, and then gives recommendations to the Member State for fiscal, macroeconomic and structural reforms to promote upward convergence. The process gave the EU institutions new powers in monitoring and guiding Member State economic policy, particularly in Eurozone countries, including the possibility to sanction Member States deemed to be excessively deviating from the Institutions' recommendations.

The relationship between the European Semester and social sustainability in the EU can be seen from two angles. Firstly, the Semester can be conceived as a fiscal coordination tool with a knock-on effect on social sustainability. This goes back to the Semester's original role as a tool for macroeconomic governance. Recommendations on fiscal, macroeconomic and structural reforms are likely to impact any number of the elements listed as substantive aspects of social sustainability (see Section 2.5), such as social infrastructure, economic security or social cohesion. This is particularly the case if the recommendations involve cuts in public spending. This knock-on effect was observed in the aftermath of the financial crisis, when cuts in public spending had adverse effects on access to healthcare and education, for example, in several crisis-affected countries. Such reforms arose, at least partly, from the Semester process (Ivanković, Tamamović, 2015).

The European Semester can also be a tool to address aspects of social sustainability directly. In this sense, the Semester would integrate social sustainability as an objective rather than simply something impacted by the Semester. Historically, the Social Open Method of Coordination (Social OMC) has been used to address issues relating to social protection and social inclusion at EU level. This form of governance uses mutual guidance and soft-law mechanisms to coordinate social policy. While having the advantage of including a range of policy actors in the process, it does not have the same weight as the Semester process, partly due to the lesser powers of the EU in social policy compared to economic policy. The political weight of the Semester process thus has potential to transfer additional importance to EU coordination of policies with social objectives, leading some to call for the introduction of tools such as a Social Imbalances Procedure (SlmP, see Section 3.3.3). Recent developments in the architecture of the Semester process, such as the Social Scoreboard and the integration of an SDG annex to country reports, suggest a political will to move in this direction.

3.3.2. The European Semester over time: criticism and evolution

This section first looks at how the European Semester has traditionally functioned and why this has faced criticism from a social perspective.

The European Semester process starts in November with an Autumn Package, where a set of reports detail priorities for the coming year and set out points to guide the Semester process. The package includes a report, the *Annual Sustainable Growth Strategy (ASGS)* recently rebranded from the *Annual Growth Survey*. The package also includes the *Joint Employment Report*, which gives an overview of employment and social issues in the EU. The other documents that make up the package are recommendations and a report for the Euro area, and the *Alert Mechanism Report*, which is the basis for the annual Macroeconomic Imbalances Procedure (MIP).

¹⁴ In particular, Regulation (EU) 1175/2011 amending Regulation 1466/97 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies.

After discussion of the Annual Sustainable Growth Strategy, the European Commission publishes country reports in February, presenting its analysis and assessment of each Member State's macroeconomic and social situation, including efforts to tackle previous recommendations and priorities for reform. In-depth reviews are issued for countries identified in the Alert Mechanism Report as being of particular concern. Countries are able to react to this analysis through the National Reform Programmes, presented in April, where they set out specific policies for addressing the problem areas identified. They are accompanied by Stability (for Euro area countries) and Convergence (non-Euro area) Programmes, which present budget plans for the following three years. After analysing the National Reform Programmes, the Commission issues Country-Specific Recommendations (CSRs) in May. These are discussed, reviewed and agreed by the Council in June. The Excessive Imbalance Procedure may be used where a Member State is deemed to have a particularly problematic imbalance and Member States that do not comply with agreed actions can be fined. The Economic and Financial Affairs (ECOFIN) Council formally adopts the CSRs in July. The process begins again the following November. Figure 13 presents a timeline of the steps of the European Semester in its most recent incarnation, with its new focus on integration of SDGs (discussed in more detail below).

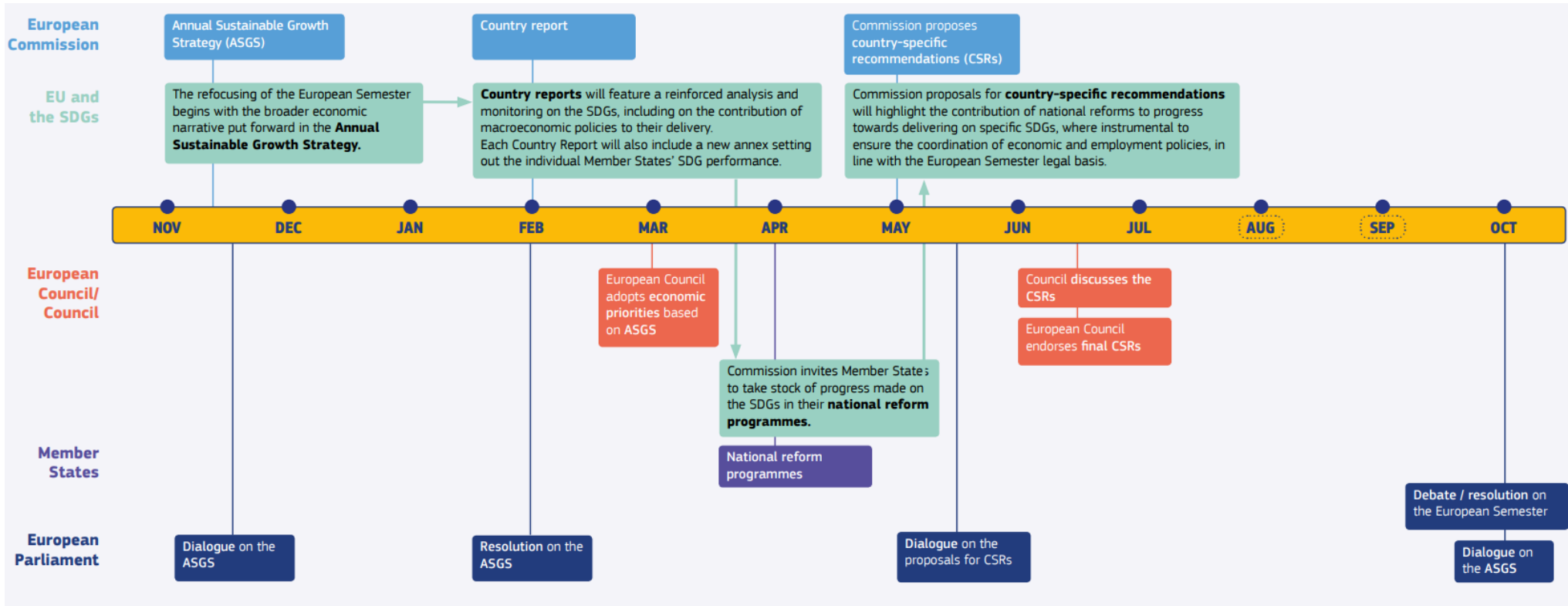
While the Semester was originally envisaged as a means of redressing macroeconomic imbalances between the Member States, there has been a gradual move towards incorporating sustainability concerns into the process, the result being the recent renaming of the Annual Growth Survey and the wider thematic scope and explicit reference to sustainability in the ASGS (see Section 3.3.3.a.i below). This stems in part from pressure from civil society and politicians to promote a more social Europe to counterbalance the austerity measures imposed in the years following the crisis, and attempts to counter the rise of populism across Europe. The degree to which the EU has been successful in integrating a social element into the Semester continues to be widely debated.

Criticism of the Semester process from a social perspective hinges on the accusation that social objectives are subordinate to fiscal and economic issues. In their in-depth study of the 'progressive but partial' socialisation of the Semester, Zeitlin and Vanhercke (2017) identify three principle criticisms of the integration of social issues into the Semester:

- A policy hierarchy that puts social policy below macroeconomic imbalances and competitiveness in the EU pecking order, where social policies are secondary to competitiveness and fiscal discipline;
- Greater importance given to economic policy actors over social and employment policy actors, which reflects greater power of the EU in economic areas compared to social areas;
- Use of CSRs to impose structural reforms that encroach on national competences and differences, under the shadow of potential sanctions through the Stability and Growth Pact (SGP) or the MIP.

NGOs have called for the Semester to be reviewed and re-oriented towards supporting the transition to sustainable development. In December 2018, an 'Appeal to European Leaders' was prepared by SDG Watch and presented to the European Council. The document notes the need to rebuild the Semester so that it is a means of coordinating Member State attempts to implement sustainable development (SDG Watch, 2018).

Figure 13: The European Semester and the SDGs

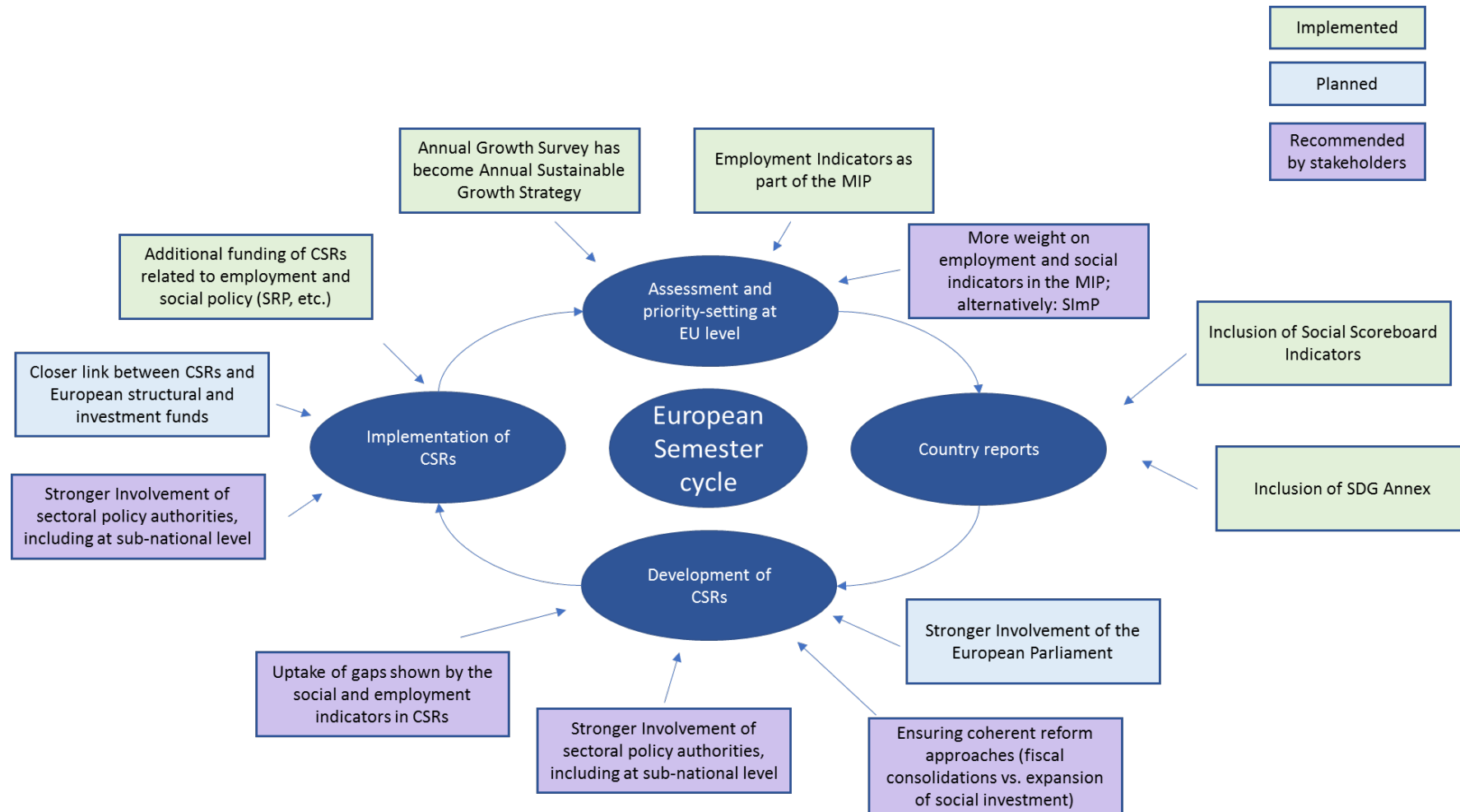


Source: European Commission (2020f)

3.3.3. Making the European Semester a tool for socially sustainable governance

This section looks at the possibilities for integrating social sustainability into the different mechanisms of the Semester. For simplification purposes, it differentiates between four stages of the Semester process: 1) assessment and priority-setting at EU level; 2) country reports; 3) CSRs; 4) implementation of CSRs. For each of these stages, this section shows where social sustainability has already been integrated, where there are established plans to implement it, and the additional steps recommended by stakeholders and experts. Figure 14 gives an overview of the integration of social sustainability into the four stages.

Figure 14: Integration of social sustainability into the European Semester



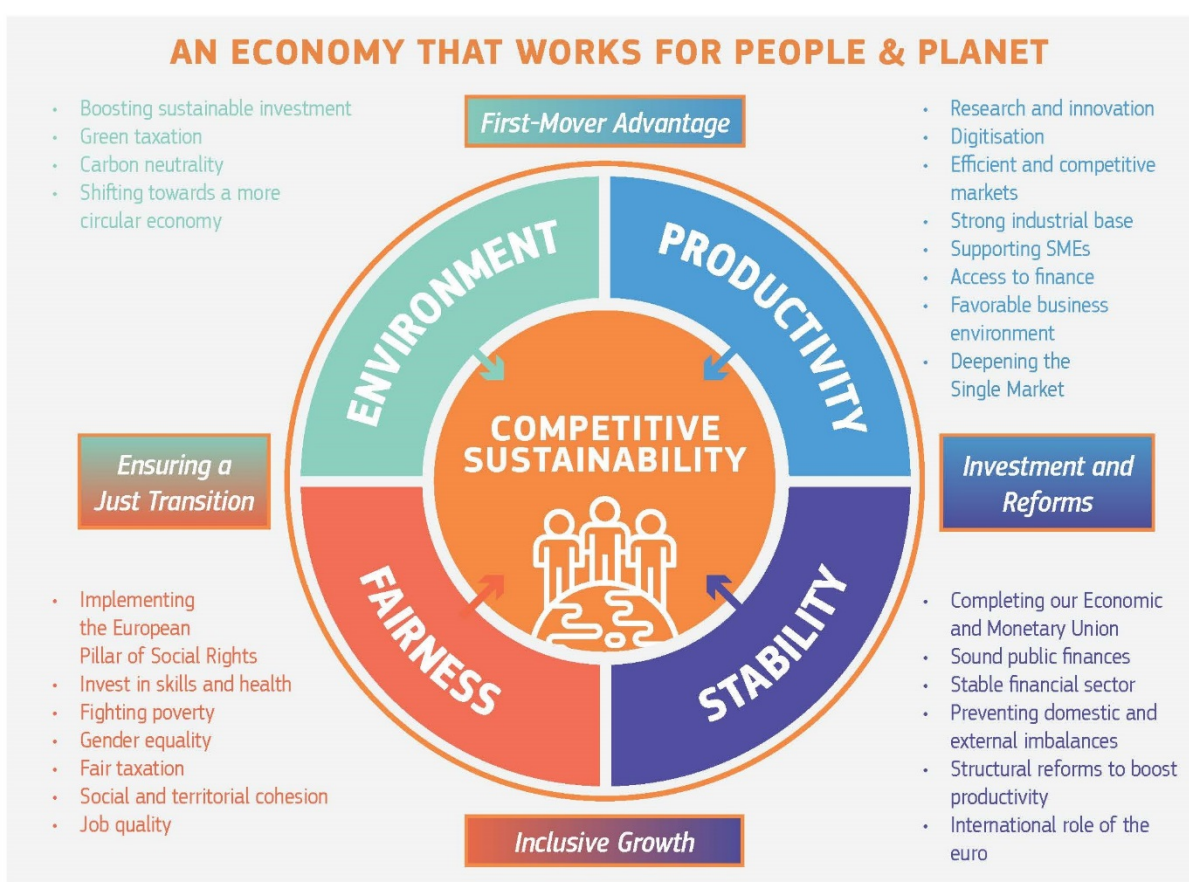
Source: Authors

a. Assessment and priority-setting at EU level: the ASGS (implemented) and a Social Imbalances Procedure (recommended)

i. Annual Sustainable Growth Strategy (ASGS)

In 2019 the European Commission replaced its Annual Growth Survey with the revamped ASGS. An integral part of the Autumn Package that kicks off the Semester cycle, this document has traditionally set out the economic and social priorities for the EU and its Member States for the year ahead. The new version broadens the scope of the European Semester to four dimensions necessary to implement the SDGs: environmental sustainability, productivity gains, macro-economic stability and fairness (European Commission, 2019a), from investment, structural reforms and fiscal consolidation. Linkages between these four new dimensions are anticipated to come mainly from the green transition (which will provide jobs and improvements to health and quality of life) and a better labour market (more people working), which will bring long-term productivity gains.

Figure 15: The four dimensions of the ASGS



Source: European Commission, 2019a, p. 4

The ASGS integrates the social pillar of sustainability in several ways (European Commission, 2019a):

1. The Strategy adopts a more integrated definition of sustainability by recognising the importance of all three sustainability pillars. It explicitly recognises the social and environmental pillars as objectives in themselves, with economic growth a means to achieve them. The ASGS's introduction begins with: 'Economic growth is not an end in itself. An economy must work for the people and the planet' (European Commission, 2019a). This addresses one point of critique by stakeholders that social policy

reform within the European Semester is first and foremost ‘a tool for achieving growth in macroeconomic terms’, even if it is often phrased as ‘inclusive growth’ (Social Platform, 2019, p.6).

2. The ASGS explicitly states that its objective is to achieve the SDGs. To track the progress of the four dimensions and their ties to reaching the SDGs, the country reports analyse and monitor SDG progress. A separate section on environmental sustainability was added to those on economic and societal challenges. The reports are expected to ‘identify synergies and trade-offs between environmental, economic and social policies’ (European Commission, 2019a). A new annex to the reports includes the Member State’s SDG performance, using the Eurostat SDG indicator set. The European Commission will build on these reports when proposing its 2020 CSRs in May.

3. Social sustainability is addressed through the dimension of ‘fairness’, essentially a reaffirmation of the EPSR, highlighting the need for fair working conditions, gender equality in the labour market, social inclusion and integration of vulnerable groups, cohesion across regions and Member States, investment in skills, health and job quality and fair taxation. This, at a very general level, covers the topics of the social pillar of sustainable development (see Tables 1 and 2).

4. The ASGS foresees making the European Semester a more democratic process. Participation in decision-making is seen as a key procedural aspect of social sustainability (see Table 1, Section 2.5). The Commission Staff Working Document on the ASGS mentions that it should give the European Parliament ‘a stronger voice in EU economic governance’. To start this initiative, the European Commission intends on coming to the European Parliament before each key step of the European Semester in an effort to enhance democratic accountability, ownership and implementation of reforms. While this has been welcomed by some stakeholders, some argue that the European Parliament’s involvement remains imprecise (Social Platform, 2019). Some have requested that national sectoral policy officers and experts from professional bodies be included to a greater extent in drafting the CSRs (see Section 3.3.3.c. i) but this is not mentioned in the ASGS.

ii. Social Imbalances Procedure

In 2012, the MIP was introduced into the European Semester. By detecting macroeconomic imbalances between Member States, the MIP has sought to be a tool to prevent economic destabilisation of a Member State or the EU as a whole (Sabato et al., 2019). However, the MIP does not take social performance into consideration.

Social actors in the EU policy process, notably the Employment and Social Affairs Council (EPSCO), and its advisory bodies such as the Employment Committee (EMCO), in turn developed monitoring systems to provide a base for assessing countries on social issues. These mirrored the indicator-based system used for economic policy areas in the Semester, notably for the MIP.

The MIP makes use of headline indicators, which compose the so-called MIP Scoreboard – they are the most important indicators and have defined thresholds which allow early warnings on macroeconomic imbalances, competitiveness, and adjustment issues; and auxiliary indicators for which no thresholds are defined and which support the interpretation of the headline indicators. In 2013, social and employment indicators were added to the MIP as auxiliary indicators. This was then formalised by the Juncker Commission, during which four social indicators were advanced or included among the MIP’s headline indicators. As of the 2016 cycle, four of the 14 MIP headline indicators related to social imbalance: activity rate, unemployment rate, long-term unemployment rate, and youth unemployment rate (European Commission, 2015).

In line with the definition of sustainable development that foresees a strong link between the three pillars (see Section 2.5), some experts and stakeholders argue that social divergence is as threatening

to stability as economic divergence (Sabato et al., 2019; Eurodiaconia, 2018). This, however, is not reflected in the MIP, where there is a 'de facto subordination of the social to the economic dimension of the E(M)U' (Sabato et al., 2019, p.35). Even if the social indicators were given more weight, it has been argued that a) adding other social indicators necessary to reflect all aspects of social policy would overload the MIP Scoreboard, and b) social policies would risk remaining a means to achieve the primary macroeconomic and fiscal objectives.

An alternative would be to complement the MIP with a Social Imbalances Procedure (SImp). Studies commissioned by the EESC (Sabato et al., 2019) and the Foundation for European Progressive Studies and the Renner Institut (Adranghi et al., 2018) suggest the following procedures for the SImp:

1. Social imbalances would be identified in five policy areas: poverty and social exclusion, unemployment, education, healthcare, and housing. The identification of imbalances would be based on the indicators included in the Social Scoreboard. One critique is that there are more indicators contained in the dataset used to monitor the SDGs than in the Social Scoreboard, some of which may also be of relevance. For example, the Social Scoreboard does not include indicators on housing. The Scoreboard should include data on longer time trends, not only annual changes.

2. Countries experiencing 'social imbalances' would be identified in a 'Social Alert Report' that could be annexed to the 'Alert Mechanism Report'. Stakeholders suggest that this selection would not only be based upon imbalance *between* Member States, but also based on 'lack of cohesion *within* Member States' (Sabato et al., 2019, p.42). To this end, the Committee of the Regions (CoR) would be asked for input to the SImp at several points. For those Member States selected, multiannual action plans would be developed, highlighting EU interventions. These would consist mainly of technical and financial support through the EU Funds, e.g. the Reform Support Programme (see Section 3.3.3.d), the refocusing of Member State Operational Programmes (OPs), or an increase of the EU co-financing rate for the European Structural and Investment (ESI) Funds.

3. Implementation of the actions would be monitored through the European Semester's country reports.

In order to ensure that the SImp would not be subordinate to the MIP, responsibility for it would lie entirely with the EPSCO Council.

b. Country reports

i. Social Scoreboard

The European Semester has become increasingly evidence-based, with more and more indicators included as a basis for an assessment of the Member States' situation. Since 2010, indicators on social and employment issues have been gradually integrated into both the country reports and the MIP (see also section 3.3.3.a.ii above). At first, indicators originally developed in 2010 under the Europe 2020 Joint Assessment Framework (JAF; to assess development related to the Employment Guidelines and healthcare) were used for the European Semester process. Over 20 labour market indicators (mainly on employment and unemployment of different groups) as well as 11 indicators on social inclusion and a few on social benefit expenditure were included in the Annex to the Country Reports; some employment and social inclusion indicators were also used for the MIP Scoreboard (see 3.3.3.a.ii. above). The indicators of the JAF were also used for the Employment Performance Monitor and the Social Protection Performance Monitor, set up and monitored tangentially by EMCO and the Social Protection Committee (Sabato et al., 2019; European Commission, 2013). In 2017, the Social Scoreboard was developed to monitor the implementation of the EPSR. It is made up of 14 headline and 21 auxiliary indicators (see also section 2.6.1), divided into the three dimensions of the EPSR: equal opportunities

and access to the labour market; dynamic labour markets and fair working conditions; and public support/social protection and inclusion (European Commission, 2017d). The exact role envisaged for the Social Scoreboard was met with some confusion, given its overlap with the existing monitoring tools for social indicators at EU level mentioned above (Galgoczi et al., 2017). However, the Scoreboard immediately became an important element of the Joint Employment Report which was an indication that this monitoring tool was seen as the most important by the European Commission (Sabato et al., 2019). Today, the 14 headline indicators of the social scoreboard are presented in the main text of the Country Reports including their classification based on a seven-point scale which indicates their performance compared to an EU average¹⁵. Furthermore, each of the three dimensions of the Social Scoreboard is visually related to one or more SDGs (see Table 6 below). This enhanced prominence in the reports is one sign of increasing weight of employment and social aspects in the European Semester, as well as, of the social sustainability goals.

¹⁵ The seven categories are: Critical situation; to watch; weak but improving; good but to monitor; on average; better than average; best performers.

Table 6: Social Scoreboard Headline Indicators and associated SDGs in the Country Reports

Social Scoreboard		SDGs
Equal opportunities and access to the labour market	Early leavers from education and training	<ul style="list-style-type: none"> ➤ Goal 4: Quality education ➤ Goal 5: Gender equality ➤ Goal 10: Reduced inequalities
	Youth NEET	
	Gender employment gap	
	Income quintile ratio	
	At risk of poverty or social exclusion	
Dynamic labour markets and fair working conditions	Employment rate	<ul style="list-style-type: none"> ➤ Goal 8: Decent Work and Economic Growth
	Unemployment rate	
	Long-term unemployment rate	
	GDHI per capita growth	
	Net earnings of a full-time single worker earning AW	
Social protection and inclusion	Impact of social transfers (other than pensions) on poverty reduction	<ul style="list-style-type: none"> ➤ Goal 1: No Poverty ➤ Goal 3: Good Health and Well-Being
	Children aged less than 3 years in formal childcare	
	Self-reported unmet need for medical care	
	Individuals' level of digital skills	

Source: European Semester Country Reports 2020, for example, European Commission (2020 g)

ii. *SDG monitoring and Annex*

The arrival of a new Commission in late 2019 brought renewed political enthusiasm for refocusing the European Semester on sustainability, notably by integrating the SDGs into the Semester process. There is now an annex to country reports, evaluating Member States' SDG performance according to

Eurostat's SDG indicators. Analysis of how macroeconomic policies contribute to the delivery of the SDGs and identification of 'synergies and trade-offs between environmental, social and economic policies at national level' are included in the main body of the Reports (European Commission, 2019a, p. 14). In addition, the SDGs will be integrated into the CSRs (European Commission, 2020). The ASGS acknowledges that Member States have different starting points and more or less work to do to achieve the SDGs. The National Reform Programmes then explain how their policies will address these observations.

The Social Scoreboard and the EU Sustainable Development Indicators have 14 identical indicators, while each has a series of additional indicators relating to social policy or social development (see Section 2.6). The ASGS does not explain whether or not the SDG indicator set would replace the Social Scoreboard or whether both would be used to assess social and employment policies. In the latter case, this would mean taking into account a large number of indicators. Stakeholders have flagged that duplicating monitoring systems and indicators should be avoided (SME United, Business Europe and CEEP, 2019).

c. Development of CSRs

CSRs have developed over time in terms of their social content. In 2011, only three of the first round of CSRs related to poverty and social inclusion (Zeitlin and Vanhercke, 2017) but research shows that the proportion of CSRs relating to social investment compared to social retrenchment increased from 2011 to 2016 from 50/50 to 64/36. This points to a greater focus on policies promoting social concerns (Crespy and Vanheuverzwijn, 2016). Nevertheless, gaps in several aspects of the 'socialisation of the Semester' have been identified and raised by stakeholders and experts, suggesting several areas for potential improvement:

i. *Involvement and responsibility of actors in decision-making*

Even if social objectives have gained importance in the Semester process and the ASGS foresees giving them equal weight to economic stability, the decision on *HOW* to achieve those and where to set priorities when trade-offs cannot be avoided will remain the result of a political process. This concerns decisions, for example, on whether to cut or increase public expenditure on social protection and social investment measures, the types of measures the budget shall be spent on, whether budgets could be cut but systems still remain effective (e.g. health), whether to allow labour market flexibility in order to create or save jobs.

As these specifications are ultimately based on a political decision-making process, the CSRs eventually adopted depend on the power of actors in charge of different policy areas. At EU level, DG Employment, Social Affairs and Inclusion (DG EMPL) puts forward the social CSRs, which are then prioritised and redrafted by the Secretariat General. The political climate can thus influence the degree to which the country officers in DG EMPL can suggest 'market-correcting' social policies¹⁶ and how much nuance is needed to comply with efficiency goals and economic arguments (Copeland et al., 2018). Social CSRs were reportedly already proposed in a watered-down form in order to get any proposed changes accepted. These findings are corroborated to some extent by a study that examined CSRs in respect of industrial relations and concluded that those continue to be dominated by a pro-business policy paradigm, especially during the economic crisis (Jordan et al., 2019).

¹⁶ In contrast to 'market-making' social policies, 'market-correcting' social policies are defined as those that 'aim at ameliorating market outcomes (or negative externalities) and call for redistributive intervention in line with standards of adequate income, social protection and even social justice' (Copeland et al., 2018).

When it comes to the Council of the European Union, EPSCO is increasingly involved in the Semester process and coordination with the ECOFIN Council has improved. Nevertheless, responsibility for the MIP still lies entirely with the ECOFIN Council (Zeitlin and Vanhercke 2017). The EPSCO Council could be given more power to select countries with social imbalances and propose solutions (Sabato et al, 2019).

In order to incorporate the procedural aspect of social sustainability (see Table 2), involving stakeholders and civil society in the Semester process becomes relevant. Increased democratisation of the Semester process is foreseen, signalled by the Commission's intention to involve the European Parliament to a greater degree, as laid down in the ASGS. Some stakeholders have criticised this approach as too little (see Section 3.3.3.a.ii), however. Another suggestion is to include the authorities in charge of sectoral policies, as well as sub-national and civil society actors, especially in the development of the implementation of the CSRs and in the preparation of the country reports (EuroHealthNet, 2018). This would address several issues. Firstly, those actors have to hand the evidence necessary to develop good recommendations. Secondly, it would raise awareness about the European Semester among this group - which is currently extremely low. Thirdly, it would help to clarify the rationale behind the CSRs and the responsibilities for implementation. For employment and social policies, such responsibility often rests with regional and local actors (EuroHealthNet, 2018). In 2017, the CoR conducted case studies in several Member States to explore the involvement of local and regional authorities (LRAs) in the Semester process. It found that while the LRAs are involved to different degrees in different Member States, their involvement is not sufficiently regulated. The CoR therefore proposed a Code of Conduct for systematic involvement of the LRAs in 2017. It argues that if the LRAs are fully involved in the process, and not limited to providing information and implementing recommendations, they can support a 'better analysis and formulation of policy measures', as well as 'ownership/commitment to reforms and targets' (European Committee of the Regions, 2017, p.3). However, the European Commission has yet to take any approach to encourage Member States to involve LRAs more systematically in the Semester process.

Where different actors are in charge of different policy areas of the Semester, coordination needs to be increased to ensure coherence. The risk of inconsistent reform approaches has been pointed out, for example, in the health sector, particularly with respect to recommendations to reduce spending in a certain sector while at the same time improving access to social services (EuroHealthNet, 2018; Social Platform, 2019).

ii. Gaps identified in the review and by the indicators not reflected in the CSRs

Stakeholders highlighted that low performance shown by social and/or employment indicators is not always reflected in the preambles to the CSRs or in the recommendations themselves (Social Platform, 2019). Similarly, the gaps on which recommendations are based are not always explained in the preamble. Doing so would allow stakeholders to better understand the rationale behind the recommendations (EuroHealthNet, 2018).

iii. CSRs not taking into account longer cycles of reform

Stakeholders highlight that one reason for the lack of implementation of CSRs is the fact that reforms - especially in the fields of social and health policy - take longer than the current implementation period of 12-18 months (EuroHealthNet, 2018; Social Platform, 2019). One proposed solution is to change the European Semester process to a biannual process (Social Platform, 2019). Another approach that might be more politically viable would be to tailor the CSRs to account for the length of time that a reform needs, including impact assessments and evaluations. In this sense, CSRs would not always suggest

new reforms *per se*, but could instead include those recommendations that have already been made in the past (EuroHealthNet, 2018).

d. Implementation of CSRs

While the increase in CSRs related to social issues indicates a movement on the part of the EU towards greater emphasis on social sustainability, if the CSRs are to bear fruit, they must be implemented by Member States. Al-Kadi and Caluwaert (2019) studied the implementation of socially orientated CSRs by Member States and found that implementation had decreased over time between 2014 and 2018, with a slight upturn in the most recent set of recommendations. This mirrors the implementation rate for all types of CSR¹⁷. The authors use this to question the usefulness of the Semester for implementing the EPSR, in a context where national governments want to demonstrate that they are maintaining their authority over the EU in areas that should be national competences.

Other studies have also found that implementation of CSRs worsened between 2014 and 2017 (Beck and Gath, 2017; EuroHealthNet, 2018; Konstantinos and Wolff, 2018; European Committee of the Regions, 2017). Depending on the source, the implementation rate of health-related CSRs for the period 2013-2017, for example, was 36%¹⁸ to 55%¹⁹. Reasons for low implementation vary but one way in which this issue could be addressed (in addition to point c.i. above) may be a closer tie between the CSRs and the EU Structural Funds.

i. Closer link between CSRs and EU funds

The EU budget provides for several ways in which reforms recommended in the CSRs may be financed. The ASGS highlights the following (European Commission, 2019a):

- The Just Transition Mechanism and its JTF of EUR 7.5 billion;
- The InvestEU Programme of EUR 650 billion;
- Cohesion Policy funds (European Regional Development Fund (ERDF), European Social Fund (ESF+), Cohesion Fund (CF)) of EUR 374 billion;
- Reform Support Programme and within that, the Budgetary Instrument for Convergence and Competitiveness;
- Horizon Europe, containing EUR 98 billion for research and innovation.

Of these, the Reform Support Programme is specifically designed for the implementation of structural reforms, providing both technical and financial support. Its predecessor, the Structural Reform Support Programme (SRSP), already supported specific actions to implement the CSRs and improve Member States' capacities. Launched for the period 2017-2020, the SRSP offers tailored support to Member States for the preparation, design and implementation of reforms in the form of technical assistance. It is demand-driven and can support countries with reforms taken on their own initiative or those related to economic adjustment programmes and the CSRs (European Commission, 2020a).

The new Reform Support Programme (RSP) is expected to offer not only technical but also financial support for reforms identified as part of the European Semester and the CSRs. It will be separate but

¹⁷ The degree to which a CSR is implemented is based on the Commission's assessment in the annual country reports.

¹⁸ EuroHealthNet (2018), quoting Eurofound (2014). *Access to healthcare in times of crisis*. Publications Office of the European Union, Luxembourg.

¹⁹ EuroHealthNet (2018), quoting European Centre of Expertise (ECE) in the field of labour law, employment and labour market policies (2018). *The European Pillar of Social Rights and European Semester as tools for delivering Social Europe – a reflection with civil society*. Summary Report, p.9).

complementary to the ESI Funds and will comprise three pillars, with a total budget of EUR 25 billion. The largest pillar (with a proposed budget of EUR 22 billion) will be the Reform Delivery Tool that offers financial incentives across Member States for key reforms identified in the CSRs. The focus will be on reforms with positive spillover effects, such as reforms in product and labour markets, education, tax reforms, the development of capital markets, reforms to improve the business environment, as well as investment in human capital and public administration reforms. A Technical Support Instrument will further support Member States in the design and implementation of reforms and the improvement of their administrative capacity (European Commission, 2018d; European Commission, 2018f).

The European Structural and Investment Funds (ESI Funds) and the ESF+ shall be increasingly tied to implementation of the CSRs, as laid down in a Commission proposal on provisions of the funds from 2018 (European Commission, 2018c). Details on these ties are described in Section 3.4.2 below.

Some stakeholders and experts have welcomed this direction, as support through EU funds is seen as a tool to promote the implementation of CSRs, which might otherwise be low. Especially for reforms which will yield benefits only in the long term (e.g. social and health sector), financial support from the EU could incentivise Member States to make the investments (Beck and Gath, 2017). In the health sector, for example, the possibility of using EU funds for the implementation of CSRs is seen as a potential way to steer reforms towards prevention and to alleviate potential adverse effects of recommendations on cost efficiency (EuroHealthNet, 2018).

A stronger tie between funds and the European Semester would also be foreseen under a Social Imbalances Procedure (Sabato et al., 2019).

Others have argued against this stronger link between the Semester and funds on the basis that it risks politicising Cohesion Policy. A study from Bruegel (Darvas et al., 2019) argues that if low implementation rates of CSRs reflect the desire by national governments to demonstrate their autonomy from Brussels in policy-making, linking potentially unpopular CSRs with the funds could worsen the situation. The study also points out that CSRs do not generally tackle regional problems and cite interviews with national authorities saying that CSRs do not always match the real needs of countries.

3.4. Economic, social and territorial cohesion: the EU Structural Funds

Article 174 of the TFEU obliges the EU to strengthen 'economic, social and territorial cohesion' by reducing disparities between levels of development of the various regions in order to promote overall harmonious development. Article 175 of the TFEU also mandates the use of the Structural Funds²⁰, among other financial instruments, as a key mechanism to support cohesion. Over time, the focus of the Structural Funds has evolved from 'cohesion' more generally to targeted strategic EU policy goals, from the 2007 Lisbon Strategy focus on growth and competitiveness to the EU2020 Strategy for smart, sustainable and inclusive growth, and, more recently, as a tool for strengthening economic governance as defined by the European Semester process. As the funds typically represent around one-third of the EU budget, and spending is decentralised and determined by national and regional authorities and stakeholders in the Member States through a clearly defined but elaborate set of procedures, the extent to which the EU funds serve wider EU strategic goals can be difficult to determine. This section looks at how social priorities have been addressed by the funds over the current and past two EU budget cycles, in terms of direct spending but also more horizontally across all types of programmes.

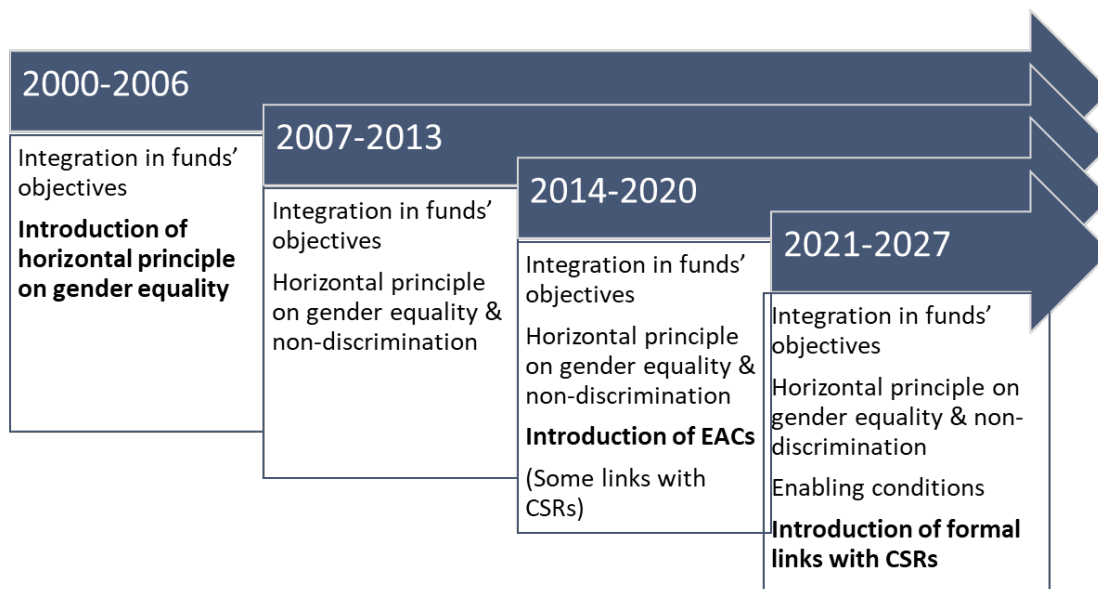
²⁰ The three main Structural Funds considered here are the European Regional Development Fund (ERDF), the Cohesion Fund (CF) and the European Social Fund (ESF).

It then reviews proposals for MFF 2021-27 and their prospects for sustainable development overall, and social issues more specifically.

3.4.1. Sustainable development and social issues throughout the financing periods

Social issues have always been directly addressed in Cohesion Policy through the ESF and some elements of the ERDF and the CF through direct social objectives. These have evolved over time but remain essentially focused on employment, social inclusion, education and training. The introduction of horizontal principles in 2000 and, later, *ex ante* conditionalities (EACs), aimed to pursue priorities across all areas of spending while ensuring that key policy conditions for spending are met. Figure 16 summarises these approaches over the different financing periods.

Figure 16: Approaches to mainstreaming social objectives in the EU Structural Funds over time



Source: Authors' analysis

a. 2000-2006 financing period

In the 2000-2006 financing period, the Structural Funds supported the economic and social conversion of less developed regions, as well as the modernisation of education, training and employment systems. The ESF focused on social issues through interventions in unemployment, social inclusion and equal opportunities for women and men, lifelong education, and adaptation to economic and social change (European Commission, 1999).

The concept of sustainable development was considered through the introduction of horizontal principles to be taken into account across all spending objectives and priorities. Two horizontal principles – 'environmental protection' and '*equal opportunities between men and women*' became formal regulatory requirements of the 2000-2006 Structural Funds (Wells et al., 2004). The Regulation on general provisions of the funds²¹ made several references to the need for operations to be consistent with EU policies, including those on gender equality and environmental protection, and to promote 'sustainable development' (but without providing further details or requirements).

²¹ Council Regulation (EC) No 1260/1999 laying down general provisions on the Structural Funds.

In this financing period, social objectives were supported mainly through ESF interventions. In terms of specific investments, the *ex post* evaluation of the 2000-2006 ESF (LSE Enterprise et al., 2010) found that the ESF expenditure, including national co-financing, amounted to EUR 120 billion (of which the EU contribution was EUR 62 billion). Overall, ESF support tended to focus on the unemployed and less on enterprises. The majority of the spending went to labour market and adaptability activities (28% of total ESF spending each), followed by investments in lifelong learning, social inclusion and gender equality. Even though social objectives were not the main target of ERDF investments, the fund supported social infrastructure through separately developed spending programmes (IRS & CSIL, 2009).

Research after the funding period found that experiences of gender mainstreaming in the ESF and the ERDF differed. For instance, initial research on the UK Structural Funds programmes suggested that the application of the horizontal principle on gender equality remained mixed due to a lack of understanding of the links between these horizontal principles and vertical thematic priorities, among others (Wells et al., 2004). The *ex post* evaluation of the 2000-2006 ERDF found a general lack of awareness among authorities on the importance of gender equality in local development and an understanding that such issues should be targeted by the ESF instead (IRS & CSIL, 2009). Gender equality was mentioned in most regional strategies and ERDF programmes, but it had limited integration in intervention design, implementation or evaluation systems (e.g. in selection criteria for projects). Although projects were not usually designed with gender in mind, some ERDF interventions resulted in positive effects on women's employment. ERDF investments that indirectly supported gender equality included development of local systems for entrepreneurship and employment, improvement of local infrastructure for childcare and healthcare, and development of local transport infrastructure (IRS & CSIL, 2009).

Nonetheless, the *ex post* evaluation of the 2000-2006 ESF concluded that the fund was successful in raising the importance of gender issues, especially compared to previous programming periods, and that without its support, policies on equal opportunities might not have been possible in some Member States. For instance, the ESF supported measures to address the under-representation and unequal treatment of women in the workplace, create employment opportunities and improve family policies so that women's access to the labour market is facilitated (LSE Enterprise et al., 2010).

b. 2007-2013 financing period

In the 2007-2013 financing period, the Cohesion Policy funds (or 'cohesion instruments')²² had three general objectives: to support convergence of the least-developed EU regions; regional competitiveness and employment; and European territorial cooperation. In this context, social objectives were the focus of the ESF, which could support similar activities as in the previous period, i.e. increasing workers' and enterprises' adaptability to economic change, enhancing access to employment, reinforcing social inclusion of disadvantaged people, aiding the development of human resources and strengthening institutional capacity²³. The ERDF could complement these with investments in infrastructure, such as health, social, education and transport facilities²⁴.

The requirements for the horizontal principles were reinforced and became more concrete. Article 16 of the Regulation on general provisions of the funds²⁵ specifically referred to '*equality between men and*

²² In the 2007-2013 period, the Cohesion Policy funds comprised the ERDF, ESF and CF.

²³ Regulation (EC) No 1081/2006 on the European Social Fund and repealing Regulation (EC) No 1784/1999.

²⁴ Regulation (EC) No 1080/2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999.

²⁵ Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999.

women and non-discrimination', stating that gender equality and the integration of the gender perspective should be promoted throughout the implementation of the Cohesion Policy funds. Actions should be taken to prevent any discrimination during the funds' implementation, while accessibility for disabled persons should be a criterion for defining operations co-financed by the funds. The horizontal priority on 'sustainable development' remained focused on the promotion of environmental protection.

Like the previous period, investments in social objectives came primarily from the ESF and, to a certain extent, from the ERDF. The support of these funds remained sectoral and divided between 'soft' measures (e.g. awareness-raising, capacity-building, training) and 'hard' measures (i.e. infrastructure development). According to the *ex post* evaluation of the 2007-2013 ESF (Panteia, Fondazione Giacomo Brodolini and Metis, 2016) the ESF expenditure, including national co-financing, was EUR 116 billion (of which the EU contribution was EUR 77 billion). The actions supported were similar to those in the previous period, with the majority of the ESF spending directed towards human capital and adaptability activities (46% of the overall budget), followed by investments in access to employment, social inclusion and institutional capacity, partnerships and technical assistance. Overall, the ESF made important contributions to national employment and social policies and helped to expand the reach of existing national interventions. Requirements for alignment of ESF support with EU policies resulted in the design of ESF programmes that were generally in line with national priorities, the European Employment Strategy and the CSRs (Panteia, Fondazione Giacomo Brodolini and Metis, 2016). Relevant interventions funded by the ERDF included business and entrepreneurship promotion, investments in infrastructure such as transport, childcare and social care facilities, and investments in services for target groups (Public Policy and Management Institute, Net Effect and Racine, 2009).

In general, application of the horizontal principles improved in this financing period but differences persisted between the funds. For instance, the majority of the ERDF programmes made reference to the horizontal principle for gender equality, non-discrimination and accessibility for persons with disabilities. In some programmes, gender (and to a lesser extent non-discrimination and accessibility) was integrated into the project selection criteria (e.g. with more points given to applicants that addressed the issue), indicators and management/governance practices (e.g. through the involvement of gender-promoting organisations in the monitoring committees). Overall, however, the horizontal principle was rarely mainstreamed into priorities, specific interventions or evaluation of the majority of the programmes. Like the previous period, this did not prevent the ERDF from indirectly supporting female employment, racial and ethnic minorities or people with disabilities through various investments in infrastructure (Public Policy and Management Institute, Net Effect and Racine, 2009). Gender equality was included as a horizontal principle in the ESF programmes, together with some targeted actions. However, the *ex post* evaluation found that the ESF support needed to better target specific groups, including the young, elderly and women (Panteia, Fondazione Giacomo Brodolini and Metis, 2016). Progress in the implementation of the horizontal principle on gender equality, compared to the previous financing period, suggests this was a good approach and that it could be broadened to cover the mainstreaming of support for other social issues and groups.

c. 2014-2020 financing period

In the current MFF, the Structural Funds finance 11 thematic objectives aiming to support the EU 2020 strategic priorities. Social issues are a particular focus of three thematic objectives, funded by the ESF and the ERDF:

- Promoting sustainable and quality employment and supporting labour mobility;
- Promoting social inclusion, combating poverty and any discrimination;

- Investing in education, training and vocational training for skills and lifelong learning.

Eligible activities for ESF support are similar to those in previous periods and include access to employment and integration in the labour market (e.g. of unemployed young persons, unemployed persons over 50 years old), gender equality in employment, enhancing access to services for different marginalised groups, improving access and the quality of education, training and lifelong learning²⁶. The focus of the ERDF is on the development of infrastructure and the improvement of access to such social services, health or education infrastructure²⁷.

Although the general approach to supporting social issues remains sectoral and divided between targeting 'soft' measures through the ESF (e.g. human resources, training, awareness-raising) and 'hard' measures through the ERDF (e.g. infrastructure, buildings, equipment), the Commission has recognised the need to blend both approaches to more effectively target social goals. Consequently, the different guidance documents²⁸ for these three thematic objectives highlight the importance of implementing an integrated approach to ERDF and ESF spending and promoting integrated use of both funds. Blending both types of investment into a single project is particularly suited to interventions seeking to undertake structural reforms that require both infrastructure (e.g. new community-based facilities, schools, childcare centres) and supporting measures such as education and training. Experience to date shows that the blending of both funds and sectoral objectives works better in OPs that cover different funds at national or regional level rather than thematic-oriented programmes (McGuinn et al., 2019).

The horizontal principle on the '*equality between men and women and non-discrimination*' has been strengthened compared to previous periods, with specific requirements as defined in the Common Provisions Regulation²⁹ (specifically Article 7 and Annex I). In particular, Member States should describe actions to ensure that the horizontal principle is respected in the selection of operations, the development of objectives for interventions, monitoring and reporting, and specify arrangements for ensuring participation of actors promoting gender equality, non-discrimination and accessibility in the governance of the funds. The horizontal principle on 'sustainable development' is again focused on environmental protection.

Legislation governing the 2014-2020 ESI Funds introduced the concept of EACs. They refer both to general and thematic requirements that Member States must meet in order to receive funding. The purpose of the EACs is to address regulatory, strategic and administrative capacity conditions for ensuring effective ESI Funds investments and to motivate Member States to implement relevant EU acquis and reforms, including those from the CSRs (Berkowitz, Catalina Rubianes and Pienkowski, 2017). Several of the EACs are relevant for EU social objectives and these are summarised in Table 7 below.

²⁶ Regulation (EU) No 1304/2013 on the European Social Fund and repealing Council Regulation (EC) No 1081/2006.

²⁷ Regulation (EU) No 1301/2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006.

²⁸ The Commission published a series of guidance documents on different aspects of the preparation and implementation of the ESIF 2014-2020. All documents are available at: https://ec.europa.eu/regional_policy/en/information/legislation/guidance/.

²⁹ Regulation (EU) No 1303/2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006.

Table 7: *Ex ante* conditionalities (EACs) related to social objectives in ESI Funds 2014-2020

Social objective	EAC
Anti-discrimination (general EAC)	Administrative capacity for the implementation and application of Union anti-discrimination law and policy
Gender (general EAC)	Administrative capacity for the implementation and application of Union gender equality law and policy
Disability (general EAC)	Administrative capacity for the implementation and application of the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD)
Promoting sustainable and quality employment and supporting labour mobility (thematic EAC)	<ul style="list-style-type: none"> • Design of active labour market policies in the light of the employment guidelines • Existence of a strategic policy framework for inclusive start-up (for self-employment, entrepreneurship and business creation) • Modernisation of labour market institutions in light of the employment guidelines • Design of active ageing policies in light of the employment guidelines • Existence of policies aimed at favouring anticipation and good management of change and restructuring • Existence of a strategic policy framework for promoting youth employment
Promoting social inclusion, combating poverty and any discrimination (thematic EAC)	<ul style="list-style-type: none"> • Existence and implementation of a national strategic policy framework for poverty reduction aiming at the active inclusion of people excluded from the labour market in light of the employment guidelines • Existence of a national Roma inclusion strategic policy framework • Existence of a national or regional strategic policy framework for health
Investing in education, training and vocational training for skills and lifelong learning (thematic EAC)	<ul style="list-style-type: none"> • Existence of a strategic policy framework to reduce early school leaving • Existence of a national or regional strategic policy framework for increasing tertiary education attainment, quality and efficiency • Existence of a national and/or regional strategic policy framework for lifelong learning • Existence of a national or regional strategic policy framework for increasing the quality and efficiency of vocational education and training systems

Source: Annex XI of Regulation (EU) No1303/2013

The 2014-2020 period has seen gradual strengthening of the links between the European Semester and the ESI Funds. Initially, Member States were asked to address CSRs in the national strategies (i.e. the Partnership Agreements) and OPs for implementing the funds. However, the Commission's attention became increasingly focused on the CSRs during the period (Berkowitz, Catalina Rubianes and Pienkowski, 2017).

The planned budget for the three social objectives, including national co-financing, in the current financing period is around EUR 172 billion. The main sources of funding are the ESF³⁰ and the ERDF, contributing around EUR 150 billion to the objectives on employment, social inclusion and education (the EU contribution is approximately EUR 108 billion) (European Commission, 2020c). In the period 2014-2017, the spending on these three objectives was nearly EUR 23 billion, or 13% of the planned total budget of all ESI Funds (European Commission, 2018g). Further details about specific fund interventions are not yet available as the implementation of the funds is ongoing.

However, some evidence has emerged about the mainstreaming of social issues through the links with the European Semester and the EACs. The mid-term evaluation of the 2014-2020 MFF (European Commission, 2016) reported that over two-thirds of the 2014 CSRs were relevant for ESF and ERDF investments and had been integrated in the Member States' programme priorities, covering reforms in six areas, including healthcare, labour market participation, education and social inclusion. The implementation of the CSRs was further aided through the SRSP, whose budget was raised to nearly EUR 223 million since its introduction. To date, the SRSP has supported numerous Member States with the implementation of CSRs, including labour market, education, health and social policy reforms, through over 700 projects (European Commission, 2020b).

In addition, 75% of the EACs were fulfilled at the time of the funding programmes' adoption (European Commission, 2016). Member States had until 2016 to provide action plans for the fulfilment of the remaining EACs or trigger suspension of Commission payments, with compliance with the EACs reaching 86% by 2017 (European Commission, 2017b). In many cases, the EACs were a catalyst or sped up the implementation of structural reforms in line with the CSRs. Measures taken to meet the EACs targeted challenges identified through the European Semester process and facilitated reforms in many policy areas, such as education, labour market, health, social inclusion and non-discrimination (European Commission, 2017b). Most general EACs, including those on gender equality, non-discrimination and disability, were easy to implement. Of the thematic EACs linked to social issues, those on active ageing and early school leaving were most difficult to fulfil, while those on self-employment were easily met (Berkowitz, Catalina Rubianes and Pienkowski, 2017).

The linking of the CSRs and EACs to the ESI Funds, particularly their support to social objectives, has drawn some criticism. Most notably, it has raised concerns that associating programming with the European Semester and conditions for potential suspension of funding could subordinate social objectives to fiscal consolidation and/or reduce funding and ultimately worsen social conditions in the Member States (Sabato et al., 2019). As the economic and social dimensions have been traditionally perceived as conflicting in the Semester process, social protection has been seen as a cost, leading to many Member States weakening their social protection systems in the pursuit of deficit and debt containment (EuroHealthNet, 2019). Some stakeholders have also criticised the lack of involvement of relevant health and social stakeholders or local authorities in the European Semester process, which can result in the formulation of unrealistic recommendations that do not adequately represent national or local needs (EuroHealthNet, 2018a; European Trade Union Confederation (ETUC), 2018; Social

³⁰ The thematic objective on employment is also supported through the Youth Employment Initiative.

Platform, 2018; Darvas, Mazza and Midoes, 2019). Conditioning the funding support on unsuitable recommendations could jeopardise the achievement of specific local social needs.

3.4.2. Integration of social objectives in MFF 2021-2027

In the post-2020 period, the ESI Funds will target five policy objectives, with social issues covered by the objective *'a more social Europe - implementing the European Pillar of Social Rights'*. This objective will be predominantly funded by the updated ESF, or 'ESF+'³¹, and the ERDF. The proposed EU contribution for ESF+ and ERDF is around EUR 90 billion and EUR 201 billion (2018 values), respectively (European Commission, 2018d). The ESF+ proposal for the next MFF further specifies the concrete social objectives targeted, including many actions similar to those in the current MFF, such as improving access to employment, promoting gender equality in employment, improving access to education and social services, promoting lifelong learning and modernising labour market institutions (European Commission, 2018b). Some new actions that will be covered by ESF+ are the modernisation of social protection systems, promoting social integration of people at risk of poverty, and addressing material deprivation through food and/or basic material assistance. The ESF+ proposal also makes a reference to the horizontal principle of *'equality between men and women and equal opportunities, and non-discrimination'*.

In addition, the EACs will be replaced with simpler 'enabling conditions', which will be monitored and applied throughout the period so that Member States cannot declare expenditures until the enabling conditions have been fulfilled. This aims to ensure that all EU-funded operations are in line with the EU policy framework (European Commission, 2018c). Annexes III and IV of the proposal for a new Common Provisions Regulation (European Commission, 2018c) outline the horizontal and thematic enabling conditions for the next MFF, together with criteria for their fulfilment. These conditions remain generally similar to those in the current financing period (see Table 8).

Table 8: Enabling conditions related to social objectives in ESI Funds 2021-2027

Social objective	Enabling condition
Disability (horizontal enabling condition)	Implementation and application of the UNCRPD
Access to employment	Strategic policy framework for active labour market policies
Labour market and work-life balance	National strategic framework for gender equality
Education and training	Strategic policy framework for the education and training system at all levels
Active inclusion	National strategic policy framework for social inclusion and poverty reduction
Socioeconomic integration	National Roma Integration Strategy

Source: European Commission (2018c)

³¹ In the next MFF, five existing instruments will be merged under the umbrella of ESF+, namely, the ESF, Youth Employment Initiative, Fund for European Aid to the most Deprived, the Employment and Social Innovation (EaSI) and the Health Programmes.

As discussed in the previous section, the links between the European Semester process and the ESI Funds will be strengthened in the next MFF. The Commission proposes to issue specific investment-related guidance together with the annual CSRs in order to outline a roadmap for reforms that can be considered in the programming process of the CF. The CSRs will thus be considered twice during the 2021-2027 period – first, as a roadmap for the programming at the start of the period, and second, as a guide for the mid-term review of the programmes in 2024. Over the entire period, Member States will be asked to report on their progress in implementing the programmes that support the CSRs or to propose any adjustments to respond to new challenges (e.g. during the mid-term review) (European Commission 2018d; European Commission 2018e). Enhancing the links between the European Semester and the ESI Funds is expected to help mainstream the EPSR in the ESI Funds and thus better target the social needs of Member States (Sabato et al., 2019).

As discussed in Section 3.1, the SEIP (European Commission, 2020a) has introduced a Just Transition Mechanism based on three pillars, to support regions, industries and workers that are likely to face the largest transition challenges related to the low-carbon economy by, for instance, providing access to re-skilling programmes or jobs in new sectors. One of the pillars will be the JTF, which will include an allocation of EUR 7.5 billion from the EU budget and matching finance from existing funds. More specifically, its grants will be matched with transfers from the ERDF, ESF+ and national co-financing. Together with the financial instruments under the other pillars³², the JTF is expected to address social issues related to the low-carbon transition, such as the training of new skills or helping workers to adapt to new working conditions. Nevertheless, support from the Just Transition Mechanism will be conditional on the preparation of territorial Just Transition Plans for the period 2020-2030.

While most stakeholders have welcomed the proposed changes for the next MFF, especially the simplified rules, stronger links to the European Semester and the introduction of the new Reform Support Programme, some concerns have been raised over the reduced budget for the Cohesion Policy funds and the lack of an overall strategic framework. The enhancement of the ESI Funds-CSR links is seen as a good opportunity to ensure that fund investments target critical areas such as social inclusion, and prioritise investments that can help to implement the EPSR. The consideration of investment needs related to social policies in the CSRs and programming of the funds could help to make social investments more 'bankable' and attractive for investors in general, helping them secure additional financing from other sources, such as InvestEU (EuroHealthNet, 2018a). However, the implementation of this new process requires further specification.

For instance, guidance is needed to shed light on how the investment needs identified in the CSRs should be prioritised. To address the risk of 'sacrificing' the social dimension for fiscal consolidation in the CSRs and thus in the funds' implementation, some stakeholders have called for the development of a new narrative, one that reflects social spending as an investment in the long-term well-being of societies and not just a cost, to underpin the European Semester, for instance through stronger focus on the EPSR and the Social Scoreboard in the Semester and the CSRs (EuroHealthNet, 2019; ETUC, 2018; Social Platform 2018). In addition, the links between the EPSR and the funds can be further enhanced by reflecting the Social Scoreboard (especially the indicators on equal opportunities, social protection and inclusion) more strongly in the performance indicators of the ESI Funds (EuroHealthNet, 2018b). This would allow for a more suitable consideration of social objectives in the Semester and, through the CSRs, in the priority investments of the EU funds. To ensure that these recommendations adequately address the needs and capacities of the regions and policy areas where the programmes

³² The other two pillars include a dedicated transition scheme under the InvestEU proposal that will aim to mobilise additional private investments and a new Just Transition public sector loan facility from the European Investment Bank (EIB) that will aim to leverage public financing. Technical and advisory support will be provided through a special Just Transition Platform.

will be implemented, the Semester process should involve relevant stakeholders, such as sub-national bodies working on health and social policies, implementing authorities and civil society (EuroHealthNet, 2019; ETUC, 2018; Social Platform 2018). Involving LRAs in the European Semester process is also critical for ensuring that CSRs - with their national focus - are relevant and applicable at the lower levels of governance, where most spending programmes are implemented, and adequately take into account regional differences (Darvas, Mazza and Midoes, 2019).

Multiple stakeholders have criticised the overall reduction in the budget and co-financing rates for Cohesion Policy, pointing out that it puts at risk the achievement of territorial cohesion and may exacerbate disparities between more and less-developed regions (European Parliament, 2018; European Committee of the Regions, 2018; EESC, 2019). Some stakeholders have called for the establishment of a clear strategic framework for the next MFF, succeeding the Europe 2020 Strategy, and better integration of all SDGs in the EU funds (European Committee of the Regions, 2018; EESC, 2019).

3.4.3. Conclusions/outlook

Even though the concepts of sustainable development or social sustainability are not directly targeted by the EU funds, relevant objectives on equality, employment, education, health and social inclusion have been consistently supported by the EU Structural Funds. For each funding period, including the current and future periods, social themes have been directly targeted by the ESF, with some provisions in the ERDF and even the CF for social infrastructure such as public buildings, schools, health infrastructure. The latter has focused mainly on less-developed regions of the EU. Even though the support channelled through these EU funds to social objectives remains rather sectoral and divided between soft and hard measures, the inclusion of a common objective on 'social Europe' in the next MFF has the potential to facilitate the blending of the two funds. Horizontal priorities cutting across the funding objectives have focused on gender equality and discrimination issues, and have had some success in raising awareness and mainstreaming these dimensions into the spending programmes and projects. The 'sustainability' horizontal principle has focused on the integration of environmental concerns across the funds.

Over time, the focus on 'economic, social and territorial cohesion' envisaged in the TFEU has given way to a focus on EU strategic policy, starting with the Lisbon Agenda, giving way to the EU 2020 objectives and targets and close cooperation with the European Semester project, and targeting funds towards implementation of the CSRs in all Member States. For future Cohesion Policy, the five policy objectives represent a streamlined approach, with little change from the current and past funding programmes. Stronger linkages between the European Semester process and the ESI Funds programming could provide an opportunity to ensure that EU investments are directed to the areas most in need of support, including the implementation of the EPSR. Nevertheless, caution is needed to ensure that this formal subordination of EU spending to the European Semester process - which has traditionally focused on fiscal issues, deficit and debt containment - does not jeopardise the support for social investment. To this end, stakeholders have called for an update to the strategy underpinning the European Semester and development of a broader long-term EU strategy that could be a framework for the entire MFF. This could be an opportunity to enshrine the principle of social sustainability in EU policies and make sure that the EU funds have a clear mandate to support the SDGs, equity and social inclusion as a determinant for the success of many social interventions.

4. SOCIAL SUSTAINABILITY IN PRACTICE

The evolution of EU and national political agendas goes together with, and in many cases follows, the introduction of concrete practices of social sustainability. This is true in policy-making, business models, reforming our ways of living and working, and developing our cities and living contexts. This section examines how social sustainability is developed in practice, with a view to gathering experiences that may provide lessons for more effective implementation of social sustainability in Member States and companies alike.

The last two to three years have seen the concept of sustainability become the reference point for development and innovation in numerous sectors. This is not only because the theme has achieved political prominence, but because growing competitiveness means that sustainable practices are increasingly seen as a solution rather than a problem. The race to be more competitive in the use of natural resources and in meeting the needs of populations and communities is the driving force behind finding innovative solutions, to the benefit of business, the environment and well-being (Manca, 2019).

Sustainability is beginning to underpin development while simultaneously improving the living conditions of the planet and its inhabitants. In recent years, economic development has embraced new business models, new strategies in energy efficiency, the circular economy, and the reduction of the environmental impact of products and services. More recently, the issue of social sustainability has entered this new green development model, with growing awareness that a development path cannot fail to take into consideration 'how individuals, communities and societies live with each other' (Colantonio, 2011), 'achieving a fair degree of social homogeneity, equitable income distribution, employment that allows the creation of decent livelihoods, and equitable access to resources and social services' (Sachs, 1999), and including 'minimal social requirements for long-term development' (Bart, 2002).

Of the practices analysed here, the key element is the ability to design (and co-design, in a renovated participatory model) policies, products, opportunities, initiatives and living spaces from an ecological, social and self-sustainable perspective, while still producing significant economic revenues.

Over 30 practices have been analysed, eight of which were examined in greater detail. These practices tackle one or more of the following interrelated issues:

- Policy initiatives intended to promote economic, social and environmental sustainability;
- Green and inclusive urban and housing models able to promote social cohesion and social life in deprived neighbourhoods;
- Business initiatives that are green and sustainable, and at the same time capable of promoting equality and good-quality jobs;
- Participation and involvement of communities and organisations in development and growth processes, and in the promotion of the well-being of citizens.

The eight selected practices have been analysed using available documents and/or interviews with the organisations involved. They are presented in Annex 2 in fiches that describe the reason(s) for their implementation, the expected goals, their cross-sectoral and/or intergenerational perspective, tools to monitor and measure achievements, main strengths and weaknesses, and the primary solutions adopted.

4.1. Policy initiatives to promote sustainability policies

Across Europe, several initiatives are being promoted by public authorities at national, regional and local level to introduce the Agenda 2030 principles into policy-making. One example of a national strategy aimed at introducing SDGs into all topics at the highest political level is the Finnish National Commission on Sustainable Development (FNCSO).

The Finnish Commission was established in 1993. Its primary role is to design Finland's national strategy for sustainable development, and to speed up the implementation of that agenda across all areas. A road map has been introduced to monitor how Finland is achieving the SDGs. The Commission is chaired by the Finnish prime minister and it comprises high-level ministers, government officials, business and industry representatives, municipal governments, church groups, trade unions, NGOs and representatives from the scientific community. Its participatory approach is considered unique and is a key element of its activities. It is implemented through the 'Society's commitment to Sustainable Development'. Through this commitment, the government and local administration, in collaboration with companies, organisations, citizens, schools and NGOs, pledge to promote sustainable development in all its work and operations. The Society's Commitment includes mutually agreed objectives and practices that are required to secure a good life now and for future generations. The social pillar of sustainable development is given equal footing with the economic and environmental pillars: the challenge proposed by the Commission is to create a sustainable economy that generates well-being and contributes to the quality of life, while, at the same time, reducing detrimental impacts on the environment. The FNCSO has influenced the content of government programmes and helped to build mutual political understanding concerning sustainable development issues. In order to reach the eight objectives set, operational commitments have been established with administrative sectors and other societal actors, such as companies, municipalities, organisations, educational institutions and local operators. The operational commitments include concrete measures, changes in operating procedures and innovative trials that promote the shared goals. Progress in sustainable development is monitored through sustainable development indicators, which are developed and updated by the national indicator network in cooperation with the Commission. Progress is also assessed by experts and by every Finnish citizen through the citizens' panel, which allows individuals to personally evaluate the strategy, including gaps and suggestions for improvement.

At national level, the alignment of national budgeting with the SDGs is important. Paragraph 45 of the 2030 Agenda refers to the role and responsibilities of national parliaments in addressing the SDGs within national budgets, as this is the main way to influence the government agenda and policy-making, not only at national level, but also at regional and local level. The inclusion of the SDGs as principles in the national budget allows ministries to earmark funds to meet the targets set out within the SDGs. According to Hege and Brimont (2018), budgets aligned with the SDGs show higher overall policy coherence, reinforcing the overarching and intertwined nature of the SDGs.

Mulholland and Berger (2019) describe experiences implemented across Europe in this respect. Several Member States have already integrated implementation of the Agenda 2030 principles in their national budgeting, in particular the SDGs. Few, however, focus specifically on social sustainability, and those that do note that it is still being developed. In their 2019 report, Mulholland and Berger note the following:

- Austria has a kind of 'SDG-mainstreaming' approach, but without specific budget lines for the SDGs. It does, however, focus on the sustainability of budget expenses and revenues in the longer term;

- Czechia's national budget takes the SDGs into account, but only indirectly. The SDGs are mainstreamed into the budget process in quite a general way;
- Estonia is preparing a long-term strategy for 2035 that will integrate the SDGs in government development plans in various areas, including education and healthcare. This strategy will be linked to the budget planning process;
- In Finland, the promotion of sustainable development forms part of the annual report to the parliament, as well as featuring in government programmes, foresight activities and budget preparation. The connections between the 2030 Agenda and the budgeting process are still being developed but documents suggest that the focus is primarily on 'elements of public funding that are detrimental to the environment';
- In Germany, since 2015, all federal subsidies have to be assessed in terms of sustainability impact, which comprises their long-term economic, environmental and social impacts (on the basis of the National Sustainability Strategy). The attention paid to sustainable budgeting is growing, and the first steps are to be taken to promote a systemic and holistic approach;
- In Greece, there is a growing attention to budgeting for the SDGs within the available financial resources. The approach is to enhance cross-cutting issues and policies to allow 'a multiplier effect on more than one policy area and thus make budget spending more efficient';
- Italy has already taken concrete steps in reforming in its annual Economy and Financial Document to explicitly integrate the SDGs into its budget. The National Reform Programme, which includes the government programme, is not limited to economic measures. Rather, it defines broad guidelines for environmental, social and economic policies to achieve the SDGs. Targets are periodically monitored through indicators based on the project to measure equitable and sustainable well-being (BES), in addition to economic conditions. A specific fiche in Annex 2 details the inclusion of social elements in the Italian Budget Law 2020;
- Latvia is developing procedures to track all of its spending towards achieving the SDGs. The new system is expected to be in force in 2021;
- In Poland, the Strategy for Responsible Development was adopted in 2017 and is the key document to implement the 2030 Agenda and the SDGs. Funds to implement the Strategy will come from the state and territorial government budgets, as well as from national earmarked funds and EU funds;
- In Sweden, the approach to the SDGs is to achieve goals through many policy frameworks (sectoral strategies, such as the strategy to combat violence against women, or the strategy on human rights). According to Mulholland and Berger (2019), 'budgeting for the SDGs is integrated in the bigger budgeting process.

At a lower governmental level (e.g. municipal level), Germany's Municipality for Global Sustainability in NRW (Global Nachhaltige Kommune in NRW) is an interesting example (see the fiche in Annex 2). A multi-stakeholder initiative to develop impact-oriented municipal sustainability management, on the basis of the 2030 Agenda, it is implemented in 15 local authorities, ranging from small to large towns and rural districts in the German region of North Rhine-Westphalia. The strategy, implemented by a supporting agency, consists of providing participating municipalities with financial support, updated information to support sustainable development policies, lectures on the 2030 Agenda and on the role of local authorities, consultation, or even individual tips and lessons for citizens. The main activities are: knowledge transfer and the development of partnerships between municipalities, networking opportunities, professional exchanges of useful advice on the formalisation and implementation of

local sustainability strategies, and the support of projects oriented towards future local impacts. The expected result is the implementation of a sustainable development model at municipal level, in line with the 2030 Agenda and the 17 SDGs. German municipalities within the network are implementing local initiatives in line with the implementation of social SDG goals. For example, Gelsenkirchen (a city in the Ruhr Region with one of the highest proportions of children receiving social security benefits) is implementing new initiatives to improve children's opportunities for participation, in order to break the poverty spiral of lack of education, unemployment and receipt of social welfare (in line with SDG 1). Other examples include the City Council of Bremen introducing a health insurance card for asylum seekers and refugees (in line with SDG 3), Osnabrück approving a gender action plan (in line with SDG 5), and the Municipality of Nieder-Olm setting up an advisory board for people with disabilities (in line with SDG 10). The strength of the project comes from its exploitation of the interconnections between local entities. The project is characterised by a participatory approach, which sees the administration, political and social stakeholders involved in discussion of the strategy. The weakness of such a participatory approach is its length, however - the definition of the sustainability strategy may take two years, with the implementation phase following afterwards. This runs the risk that some of the indicators on sustainable development are no longer valid (e.g. current changes resulting from the coronavirus pandemic, that see every city putting its capacity into healthcare) or that the process itself is stopped.

Another interesting example is Milano 2046³³, a long-term laboratory implemented at municipal level and promoted by the Presidency of the Municipal Council to facilitate the participatory development of a vision for the future of the municipality, centred on citizen and community well-being. The aim of the initiative is to offer city government bodies plausible hypotheses for possible actions to increase urban quality. Milan 2046 aims to outline a long-term vision, a set of concrete short and medium-term actions, and a roadmap towards a desirable future.

4.2. Green and inclusive urban and housing models promoting social cohesion and social life in deprived neighbourhoods

Green and sustainable urban models are spreading throughout Europe, from prestigious buildings located in the centre of urban areas and to high-quality luxury apartments (the so-called vertical woods), to the redevelopment of peripheral districts or abandoned industrial areas into sustainable, inclusive and cohesive neighbourhoods accessible to all.

Examples range from public policy at national or local level, the revamping of brownfield sites to construct accessible social housing blocks, and participatory city planning to meet environmental, social and economic needs simultaneously.

The Swedish Platform for Sustainable Urban Development³⁴ is a joint commission that the Swedish government has assigned to the National Board of Housing, Building and Planning, the Swedish Energy Agency, the Swedish Environmental Protection Agency, the Swedish Agency for Economic and Regional Growth, and the Swedish Transport Administration. The aim of the platform is to increase cooperation, coordination, development and dissemination of knowledge, and the sharing of experiences concerning sustainable development principles as drivers for sustainable urban development. The platform is an important link between practice and policy at local, regional and national levels, and is intended to promote coordination within and between sectors and levels of

³³ Milano 2046 laboratorio per un futuro comune, il progetto, available at: <https://www.milano2046.it/il-progetto/>.

³⁴ URBACT in Sweden, available at: <https://urbact.eu/sweden>.

government. It provides support to access the regional Structural Fund programmes to implement projects on sustainable urban development. From a social sustainability perspective, specific attention is paid to gender equality (in 2019 with the Gender Equal Cities initiative), inclusiveness, and the right to housing, and the vitality of smaller cities. The UN has noted the platform as a good practice (2017).

Several interesting initiatives have been promoted through ESI funds. Urban Innovative Actions (UIA), an initiative promoted by the European Commission to provide urban areas throughout Europe with resources to test new and unproven solutions to address urban challenges, is funding several different solutions aimed at reconciling a greener, more sustainable, equitable and efficient way of living.

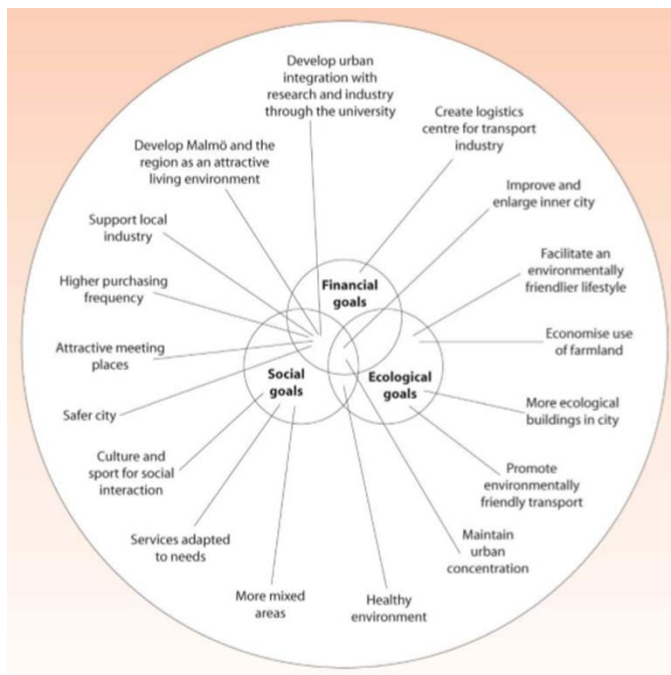
A number of examples concern a change in the response to the housing exclusion of vulnerable people. In Lyon, the project Housing Home Silk Road – Housing toward empowerment³⁵ ‘aims to change the housing paradigm by placing immediately vulnerable groups at the heart of the city, while demonstrating how they can bring societal and economic value to their district’. The project is a laboratory, gathering housing and non-housing business partners together with residents, in order to provide housing solutions for vulnerable groups, as well as services to support individual economic initiatives in renovated historical buildings of the local silk industry. Vulnerable families are supported with integration initiatives, employment opportunities and activities generated in the area, such as the community restaurant. Inhabitants are also trained to decrease their housing carbon footprint and to enhance circular economy activities by reusing material from the construction site. A similar project – albeit without UIA funding – is Smart Housing Småland³⁶. This was developed in Sweden to reduce rising tensions between social groups by promoting cost-effective built environments and more inclusive communities. The project also tackles sustainable use of energy and natural resources and enhances the use of renewable resources and sustainable transport. Another well-known Swedish project - considered the national showcase for sustainable urban development - is Western Harbour MALMÖ³⁷, one of Malmö’s largest residential construction projects. When complete, it will have 20,000 residents and a roughly equivalent number of workspaces. The Western Harbour redevelopment was launched in 2001, transforming the former docks into an urban area with an environmental, high-tech and sustainability focus (see Figure 17). It will be completed after 2030.

³⁵ Lyon Metropole, the project Housing Home Silk Road - Housing toward empowerment, available at: <https://uia-initiative.eu/en/uia-cities/lyon-metropole>.

³⁶ Smart Housing Småland (Sweden), available at: <https://smartcitysweden.com/best-practice/357/smart-housing-smaland/>.

³⁷ Western Harbour MALMÖ (Sweden), available at: <https://malmo.se/Nice-to-know-about-Malmo/Sustainable-Malmo-/Sustainable-Urban-Development/Western-Harbour.html>.

Figure 17: Western Harbour MALMÖ sustainability focus



Source: Western Harbour MALMÖ, sustainable urban development project, available at: <https://malmo.se/Nice-to-know-about-Malmo/Sustainable-Malmo/Sustainable-Urban-Development/Western-Harbour.html>

Several examples refer to **participatory planning of urban districts**, intended to develop urban areas that are more centred on residents' needs (e.g. Sweden's Vallastaden – a city district planned for and by its residents³⁸). Of particular interest, as it has been developed in an Eastern European country, is E-Co-Housing: Co-creating a regenerative housing project together with the community³⁹ in Budapest. It is a local public-private partnership (PPP) project developed in Hungary and funded under the UIA. Budapest, like many other cities in Europe, is facing the issue of housing affordability, especially for underprivileged residents who have to deal with long waiting lists for public housing and the low quality of buildings (inefficient energy use, significant CO₂ emissions). Apartments in subsidised housing are inadequate, with most being only one-bedroom apartments, unsuitable for families. The E-Co-Housing project tackles these social issues together with the environmental aspects, by creating a model that combines social housing with high standards of energy efficiency and smart environmental solutions. E-Co-Housing is a co-design project, focusing on a regenerative and collaborative social housing community co-created by residents that provides social housing for around 100 individuals drawn from different groups of residents. Low construction costs will enhance affordability and the regenerative use of land and recyclable materials (respecting circular economy principles) will contribute to climate resilience and a greener urban environment. This community is a way to enhance social sustainability among people, by making them key actors in urban planning. The space also allows people to start their own business or even to barter their products in difficult economic situations (see fiche in Annex 2).

³⁸ Sweden's Vallastaden – a city district planned for and by its residents, available at: <https://smartcitysweden.com/best-practice/352/vallastaden-a-city-district-planned-for-and-by-its-residents/>.

³⁹ E Co-Housing (Budapest, Hungary), available at: <https://uia-initiative.eu/en/uia-cities/budapest>.

The Belgian project *Brussels Capital Region – CALICO – Care and Living in Community*⁴⁰ is being funded within the UIA framework. Its participatory approach is described as collaborative housing construction for low-income households, bringing together different actors in society, such as tenant households, the voluntary sector and public authorities. Specific attention is paid to the intergenerational, intercultural and gender dimensions: co-housing clusters host initiatives with different population groups, bringing together children and the elderly, for example, with the aim of strengthening social cohesion in the neighbourhood.

A different perspective on renovating urban space in light of social sustainability and climate change is evident in France's Paris OASIS Project⁴¹. A project funded under the UIA, it presents an opportunity to respond to climate and social challenges. OASIS aims to create 'islands of freshness' in some Paris school playgrounds to revitalise dense urban spaces and protect the most vulnerable populations (in particular, elderly people), by using eco-innovative products. The project also aims to practice co-design and to mobilise the population living in the area to better manage local structures and to develop new governance and participatory management. The innovative technical solutions will provide opportunities to engage with neighbourhood communities. These challenges cannot be met without raising awareness and engaging citizens (from an early stage) in the design and management of their direct urban environment. The idea is to bring Parisian children closer to nature by transforming schools and increasing climate change awareness through specific education initiatives. Among the expected results of the OASIS project is the reduction of health risks associated with heatwaves among vulnerable people, and fostering social cohesion at neighbourhood level (see fiche in Annex 2).

4.3. Green and sustainable business initiatives with potential to promote equality and good-quality jobs

The UN programme SWITCH to Green initiatives⁴² aims to turn environmental and sustainability challenges into opportunities. It is based on the assumption that an inclusive green economy is at the core of sustainable development. According to the UN Assistant Secretary-General, Satya Tripathi, 'Greening the economy is not just about the environment. It also offers multiple benefits like job creation, poverty reduction, economic diversification and income generation'⁴³.

Several examples of businesses implementing sustainability principles, particularly social sustainability, were selected for analysis. These range from local circular economy initiatives to worldwide energy companies and a European private equity company, giving an overview of the potential for such initiatives across different business models, activities and territories.

The first example relates to the opportunities offered by a community-based circular economy approach. Based in Paris, La REcyclerie⁴⁴ is based on circular economy principles of reuse, recycling and waste reduction. Built on the site of the abandoned Ornano railway station, it opened to the public in

⁴⁰ CALICO – Care and Living in Community (Brussels Capital Region, Belgium), available at: <https://uia-initiative.eu/en/uia-cities/brussels-capital-region>.

⁴¹ Oasis Project (Paris, France), available at: <https://uia-initiative.eu/en/uia-cities/paris-call3>.

⁴² UN programme SWITCHMED, available at: <https://www.switchmed.eu/en>.

⁴³ UN environment programme, SWITCH to green initiatives show how to build sustainable societies; available at: <https://www.unenvironment.org/news-and-stories/press-release/switch-green-initiatives-show-how-build-sustainable-societies>.

⁴⁴ "La Recyclerie" web page: <https://www.larecyclerie.com/>.

2014 and includes a bar, restaurant, cultural centre, library, workshop, and, in the outdoor area, a farm. Numerous events take place at La REcyclerie: workshops on the repair of small appliances, conferences on environmental and sustainability issues, courses and workshops on how to recycle objects. The restaurant cooks responsibly onsite, offering affordable meals to everyone. Organic waste and scraps become food for farm animals or fertiliser. The aim of the association is to facilitate collaborative consumption, strengthening local interactions between citizens and raising awareness of the values of recycling, repair and 'do it yourself'. La REcyclerie promotes social justice, believing that the circular economy is the best means of transforming current social injustice into equity.

Permafungi⁴⁵ is a Brussels-based start-up of young entrepreneurs who grow mushrooms in beer grounds. Located in an abandoned building, each week it produces a tonne of organic mushrooms to be delivered to the chefs and organic grocery stores of the capital. These mushrooms are cultivated on the waste products of the large Belgian beer industry, collected by a dozen employees on bicycles. A cooperative of 50 investors and co-op members has been set up, creating good quality jobs and fostering social cohesion. Following its success, the co-op is trialling new cultivations on cocoa-beans from Brussels' chocolatiers.

A much broader initiative comes from Naturgy⁴⁶, a Spanish gas and energy company that operates in 30 countries. As its values seek to integrate business with social and environmental needs, Naturgy views energy transition as an opportunity to respond to the energy needs of society by offering environmentally friendly products and services that also address poverty and social exclusion. Internally, it intends to offer its shareholders new forms of sustainable profitability and their employees new opportunities to develop their professional skills. Naturgy set up the Naturgy Foundation in 1992 as a non-profit institution to tackle the social problem of energy vulnerability in certain groups. The Foundation supports actions promoted by NGOs - restructuring social housing, implementing an energy school and professional training for those at risk of exclusion in relation to energy and the environment. Its Energy Rehabilitation Solidarity Fund aims to improve the working and living conditions of people and families in vulnerable situations by renovating their homes (see fiche in Annex 2).

Green and sustainable values attract capital, with several examples described in the literature. European Commission (2019e) highlights the Spanish example of *Bolsa Social*⁴⁷. This is the first equity crowd-funding platform in Spain for investors and businesses interested in delivering positive social change. *Bolsa Social* funds several companies to promote initiatives with social and environmental impact, including five aiming to provide people with disabilities with access to information, opportunities to socialise and accessible public space. Another example is Ambienta – private equity for sustainable businesses⁴⁸, the largest private equity fund in Europe, investing in industrial companies whose business is both sustainable and profitable. *Fondazione Ambienta*⁴⁹ was created to promote projects capable of spreading a culture of respect for the environment, energy saving, recycling and other behaviours capable of effectively reconciling industrial development and sustainable culture. Ambienta has developed an ESG (environmental, social and governance issues) in Action programme

⁴⁵ "Permafungi" web page:

<https://www.florencederrick.com/home/2019/5/1/magic-mushrooms-the-rise-of-the-beer-mushroom-in-brussels>.

⁴⁶ Naturgy web page: <https://www.naturgy.com/en/sustainability>.

⁴⁷ Bolsa social, available at: <https://www.bolsasocial.com/>.

⁴⁸ Ambienta asset management company and foundation, available at:

<https://www.ambientasqr.com/>; <http://www.fondazioneambienta.it>.

⁴⁹ Fondazione Ambienta web page: <http://www.fondazioneambienta.it/pagine/109/it/chi-siamo>.

to systematically integrate ESG management guidelines and practices into day-to-day operations (see fiche in Annex 2).

4.4. Stakeholder participation in development, growth and well-being processes

Almost all of the initiatives described have a common feature: an approach strongly based on participation and involvement of communities, with specific focus on promoting the well-being of citizens. One of the projects analysed has adopted this approach as its 'core business' – the Spanish UIA-funded MARES - Resilient urban ecosystems for a sustainable economy⁵⁰. MARES is a local project operating in four city districts of the Municipality of Madrid that were severely hit by the economic crisis. It aims to reduce unemployment, boost employment opportunities for vulnerable groups, and increase community participation. MARES promotes quality jobs in the social economy sector, supporting the development of new initiatives and forms of cooperation in the fields of mobility, recycling, energy, food and the care economy. Four city districts experimented with four prototypes of urban resilience in employment, encouraging social and economic solidarity in strategic sectors. By April 2019 (three years after it began), a total of 274 projects have been supported, with 58 in development. Of particular relevance is the widespread involvement of public, private and third-sector actors, as well as local communities, in sustaining and developing the activities. MARES has certainly contributed to promoting innovation in areas such as energy, where innovation processes have been underway for years; what is interesting is that it has introduced innovation in an area like care, where there is a strong demand for innovation that is seldom addressed. (See the MARES fiche in Annex 2 for more information).

4.5. Conclusions

The practices analysed give an overview of the potential for social sustainability across different business models, activities and territories. Several initiatives are being promoted by public authorities at national, regional and local level to introduce the Agenda 2030 principles into policy-making, with interesting examples from private organisations or PPPs that can meet environmental, social and economic needs simultaneously.

- Almost all the initiatives share an approach that is strongly based on **participation and involvement of communities**, with specific focus on promoting the well-being of citizens. A participatory approach means involving communities in the definition of strategies, policies, initiatives, services and products, as well as in the definition of agreed objectives to secure a good life now and for future generations. This cooperation also facilitates exploitation of the interconnections between local entities (such as municipalities) committed to developing SDGs at local level. The weakness of such a participatory approach is its **length**: definition of a sustainability strategy may take years, with the implementation phase only happening after that. The risk is that after such a long period, solutions become obsolete and the process is stalled.
- A national platform aimed at sharing experiences concerning sustainable development principles, as it is the case of the Swedish Platform for Sustainable Urban Development, is an important link between practice and policy at local, regional and national level, intended to promote coordination within and between sectors and levels of government.

⁵⁰ MARES - Resilient urban ecosystems for a sustainable economy (Madrid, Spain), available at: <https://uia-initiative.eu/en/uia-cities/madrid>; <https://maresmadrid.es/>.

A number of examples relate to a **paradigm shift or new approach**. Companies are committed to introducing initiatives based on the idea that green sustainability presents an opportunity, not least as a means of attracting investment. With the UN SWITCH to Green initiatives as a landmark, the new paradigm is based on the assumption that an inclusive green economy is at the core of sustainable development. Greening the economy is not just about the environment. It also offers multiple benefits like job creation, poverty reduction, economic diversification and income generation. With new industrial models based on values that integrate business with social and environmental concerns, the initiatives analysed aim to tackle relevant issues in society through actions affecting vulnerable groups. The circular economy in particular is also seen as an opportunity able to transform current social injustice into equity.

- One new approach aims to **address the exclusion of vulnerable people, focusing on their potential to bring societal and economic value**: vulnerable families are supported through integration initiatives, employment opportunities and green activities in renewed areas. Communities are trained to decrease their carbon footprint and enhance circular economy activities by reusing materials. Regeneration projects in deprived urban areas or abandoned brownfields showcase the role social sustainability can play, alongside the environmental and economic pillars. Many examples demonstrate the potential for delivering a better quality of life and an optimal balance between different interconnected needs.
- **Costs**: the introduction of sustainability practices may be costly in the implementation phase. A suggestion from the German case study is to find a solution to develop a more self-sufficient municipality strategy that facilitates continuation of the activities after the conclusion of the project.
- **Funding**: the 2030 Agenda refers to the role and responsibility of national parliaments in addressing the SDGs within national budgets, as the main influence on the government agenda and policy-making, not only at national level, but also at regional and local levels. The inclusion of the SDGs as principles in the national budget allows ministries to earmark funds to meet the targets set out within the SDGs. Although this may be too soon in most Member States, several countries are expected to be ready for this in three to five years. The coronavirus pandemic spreading throughout Europe may, however, cause a change in policy priorities.
- **Use of EU funds**: several interesting initiatives have been promoted through ESIF funds. The Commission's UIA initiative is funding several different solutions seeking to reconcile a greener, more sustainable, equitable and efficient way of living on the continent. Local and regional entities may experience difficulties in accessing these funds, but a number of public and private initiatives offer support in accessing the regional Structural Fund programmes to implement such projects. A key challenge is sustainability of the initiative after the end of the EU funding. The MARES project is important in this respect, as it seeks to launch a social and economic solidarity strategy to address this concern.
- Progress in sustainable development is generally **monitored** through **sustainable development indicators** developed internally. One shortcoming is that few of these are reported to be linked to SDG indicators. Finland's citizens' panel is an innovative participative approach which integrates the evaluation of the progress of the strategy by experts and through indicators.

- Specific attention should be paid to the **intergenerational** dimension. Initiatives tackle this aspect in different forms. Most common are initiatives that bring together different population groups, such as children and the elderly, to strengthen social cohesion in neighbourhoods. These challenges cannot be met without raising awareness and engaging citizens - from an early age and stage - in the design and management of their own urban environments.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1. Conclusions

This study has looked at wider EU strategic policies and their ties to sustainability generally, along with frameworks such as the EPSR that focus on social issues more directly. It is immediately evident that the adoption of the SDGs at global level and corresponding EU commitments, along with the urgency of taking action to address climate change and its wide-ranging causes and impacts, has shifted the EU strategic-level policy outlook towards sustainability in recent years. The concept itself has changed in recent decades, from supporting the environmental ‘pillar’ to overall societal and planetary well-being, as seen in the Commission’s responses to Agenda 2030 and the SDGs (European Commission, 2016a; European Commission, 2019e) and the Council Conclusions on the economy of well-being (Council of the European Union, 2019).

At the same time, the analysis reveals that the sustainability ambitions in strategic policy documents are not completely reflected in the functioning of key EU mechanisms that determine how legislation and policies are designed, modified, monitored and implemented by institutions at European, national, regional and local levels. As seen in Section 3, these processes have long and complex histories, with outcomes influenced by traditional assumptions, political and stakeholder influence and many other factors.

One recurring conclusion is the need for a comprehensive EU strategic framework on sustainability that would allow for political buy-in across institutions and stakeholders, as well as underpinning the functioning of key policy mechanisms such as funding programmes, guidance and monitoring mechanisms, policy design and evaluation. The Juncker Commission’s SDGs Reflection Paper (European Commission, 2019e) proposed such an approach, which was reinforced by the European Parliament later that year (European Parliament, 2019). Although concrete action has not (yet) been taken, some progress has been made, notably the inclusion of the SDGs in the European Semester process, as well as commitments via the Green Deal to introduce sustainability considerations into the Better Regulation Agenda.

This study has found that the concept of sustainability has many dimensions and is complex and difficult to translate into policy action, especially where policies, instruments and institutions are traditionally structured along sectoral lines. Academic researchers have found no universally accepted concept of social sustainability, and the UN does not explicitly define which dimensions of sustainable development constitute social sustainability, nor how this interacts with other pillars. Most of the examples of social sustainability in EU policies tend to reflect social issues or social policies, e.g. the EPSR, the ESF and ESF+, the Social Scoreboard, the inclusion of social impacts in regulatory impact assessment. There is limited evidence of a ‘cross-pillar’ approach, intergenerational equity or embedding the concept of sustainability into policies and mechanisms at EU level. The recently adopted Green Deal is a start. This Commission communication is framed as a ‘new growth strategy that aims to transform the EU into a fair and prosperous society, with a modern, resource-efficient and competitive economy (...)’. This is indeed the approach that is required to strengthen the EU’s overall commitment to the promotion of social, economic and environmental cohesion.

In designing specific recommendations, the study continues to adopt a broad approach to understanding social sustainability, from both a wider ‘economy of well-being’ perspective, as well as the perspective of social policy and the objective to ensure that social rights are upheld and protected. In this light, the following specific recommendations are put forward.

5.2. Recommendations

5.2.1. A strategic approach to defining social sustainability and integrating it across EU policies

Given the lack of an agreed conceptualisation of sustainability or a clear distinction between different pillars in either academic research or by international organisations, the EU has the opportunity to define sustainability – and social sustainability – from its own perspective and requirements. This would add value over and above existing EU social policy, legislation and procedures by focusing on the integration of the three pillars of sustainable development. An overarching EU strategy on sustainable development or the SDGs would most usefully focus on the interlinkages and trade-offs between the different pillars and related policy areas, while taking into account the intergenerational perspective that is at the heart of sustainability.

An EU sustainability strategy should foster coordination among policies, such that different ‘sectoral’ policies would be designed to contribute towards achievement of all relevant aspects of sustainability, allowing for the identification of synergies and more efficient use of resources. Some examples are given below:

- The expected 2021 **Action Plan for the Social Economy** to boost social investment and innovation should support green jobs, as well as jobs in the care sector intended to support health and social workforce imbalances and shortages. It should also target work-life balance, which would simultaneously support gender equality and the intergenerational perspective;
- The **EPSR** is expected to be translated into practice by specific actions plans, one for each principle. In this context, each principle should be articulated in terms of its social, economic and environmental potential;
- The **European Gender Equality Strategy**, set to launch in 2020, should refer, among its other key objectives, to the strategy for developing the potential of female work to bolster economic growth;
- The new and improved **Strategy for Disability**, to be presented in 2021, should consider the potential impact of the green transition on the inclusion of vulnerable groups through – for example – job creation for people with disabilities. Support for their long-term care has the potential to generate economic growth, as well as bringing more irregular workers and women into the labour market, which in turn can generate more equitable pensions and a subsequent intergenerational impact;
- The revision of **migration policies** should be considered in light of the potential to tackle intergenerational unbalances and labour shortages, particularly in social and health areas.

5.2.2. Measuring social sustainability in the EU

The EU has made efforts to measure the social dimension of sustainable development using existing social development indicators. Despite the sound methodological grounding of this approach, it risks overlooking what differentiates social sustainable development from social development in general, i.e. measuring the linkages between social development and environmental and economic development. Multidimensional benchmarking in the form of composite indicators that involve linking or a multivariate analysis of different dimensions is required. This could show, for example, how fighting poverty tackles environmental problems and how improving the environment improves the living conditions of poor or vulnerable groups. Individual attempts to analyse these linkages have been

made, but those should be systematically integrated in any indicator system. The proposal is to develop a three-pillar index and read the evolution comparatively to assess how a development of one pillar affects the development of the other two, at country and regional level. The target should be to reach harmonious growth in the three simultaneously. A system that would allow assessment of trade-offs could be used, for example, in impact assessments and evaluations, but also in country progress reports.

In addition, it should be examined whether weighting or aggregation of the various social development indicators in the Eurostat SDIS and the Social Scoreboard would provide added value. This could come as a result of an analysis of causalities and overlaps between the different indicators. Such quantitative analysis could then inform political decisions on which indicators to choose as the most important (headline indicators) or which could be grouped to reduce complexity. Reducing complexity can be particularly useful in communicating progress towards broad policy objectives (well-being economy, just transition, etc.), but also where social sustainability is to be mainstreamed into policy tools (e.g. impact assessments/evaluations of non-social policy areas), where a detailed analysis of effects on all sub-dimensions of social sustainability will likely not be feasible.

Defining a strategic approach to sustainability would require setting targets, with a clear and accepted normative interpretation in relation to sustainable development to guide the development, implementation and monitoring of effective policy interventions. As mentioned in Section 2.6.1, targets are defined for only 16 of the 100 indicators in the EU SDIS. It would need to be discussed and decided whether measuring progress against absolute target values (such as the Europe 2020 targets) or against an EU average are more useful. For the moment, progress on the SDGs is only assessed in the form of a five-year-trend within a Member State (in the Annex to the European Semester). A clearer approach to measure progress, including targets, should be developed.

The choice of indicators to be used for assessing progress towards sustainable development naturally depends on the policy framework within which this analysis takes place. Different indicator systems might be used to assess progress against different goals defined in various strategic policy approaches. For example, OECD's indicators on well-being and the available data could be used to assess progress towards an economy of well-being, as outlined in the Council Conclusions.

5.2.3. Better Regulation

The Better Regulation Agenda has brought increased focus on the quality, rigour and transparency of EU-level policy-making, but the procedures are not designed to ensure strategic coherence with wider EU goals, such as sustainability. This could be introduced during the upcoming revision of the Better Regulation Guidelines and Toolbox, as follows:

- The approach to understanding and analysing policy problems and objectives currently focuses on market and regulatory failures (Better Regulation Tool #14). This should be revised to take better account of gaps in sustainability and relevant targets. While consideration of equity is included in the current tool, it is considered only as a consequence of economic growth or advantage in a competitive market economy;
- In the evaluation of policies and the assessment of impacts, continue the focus on economic, social and environmental elements, but promote tools to ensure a more integrated approach, including the identification of trade-offs (e.g. promotion of environmental initiatives that may impact jobs or vulnerable groups) and the promotion of mitigation measures or solutions that take these wider goals into account;

- Shift the concept of 'high quality' impact assessment from a focus on quantified cost-benefit assessment (which can minimise the impact of social and economic costs and benefits that are more difficult to quantify) to include a more qualitative assessment of coherence with wider policy goals. Such an outcome is also likely to be more digestible and useful to policy makers, who tend to think in these terms.

5.2.4. European Semester

a. Increase the importance of employment and social indicators in the Macroeconomic Imbalance Procedure (MIP) or create a similar mechanism for social policies

To further integrate social sustainability into EU policy-making, the employment and social situation in Member States should be given the same weight as economic considerations when developing CSRs. Recommendations issued under the MIP have more weight, as Member States can be sanctioned if they do not comply. Economic imbalances receive closer monitoring and recommendations. Currently, only four of the 14 MIP headline indicators measure progress towards social sustainability objectives, and all four relate to employment: activity, unemployment, long-term unemployment and youth unemployment rates. They therefore cover a narrow part of social sustainability, measuring only one aspect of SDG 8, namely employment. While (un)employment rates may to some extent mirror a country's wider social development or well-being, they may also hide several social problems, such as in-work poverty, gender inequality, material deprivation, and lack of education. Indicators for the latter are part of the Social Scoreboard and while some are used as auxiliary indicators in the MIP scoreboard, they are not decisive. The headline indicators of the MIP could be expanded to better reflect the social dimension of the SDGs or, alternatively, a separate mechanism could be put in place that would offer the same level of monitoring, guidance and expectation as that given to macroeconomic and fiscal recommendations. This would require buy-in from Member States and might be better marketed as a new mechanism rather than as a social version of the MIP, or 'SlmP', as some stakeholders have proposed⁵¹.

b. Reporting on Member State progress towards the SDGs in a more integrated way

The 2020 country reports now include an annex indicating each Member State's performance according to Eurostat's SDG indicators. Each Member State could describe its starting point in the synergies and trade-offs between environmental, social and economic policies, and identify its targets in relation to EU sustainability targets. Each country should explain how its policies aim to make progress towards achieving the SDGs, in particular how social sustainability is expected to contribute to the delivery of the SDGs within macroeconomic policies.

c. More clarity around the monitoring tools and indicators used in the Semester process

In addition to the new SDG indicator annex, the 14 headline indicators of the Social Scoreboard are part of the main text of the country reports, and data for all Social Scoreboard indicators from 2014 to 2019 is included in Annex C. The SDG set and the Social Scoreboard have several indicators in common but also contain different complementary indicators (e.g. youth unemployment rate in the Social Scoreboard and the share of young people NEET in the SDG Annex), resulting in a very large number of indicators for social objectives. At the same time, the ASGS does not include any guidance on a hierarchy of indicators or how to read them in combination. The indicators do not show progress against set targets, but only over a five-year period, with the SDG indicators only including data for two

⁵¹ The idea of a SlmP is described in detail in Section 3.3.3. It is discussed in publications by the EESC and by the Foundation for European Progressive Studies and the Renner Institute.

points in time (2014 and the latest year available), which can be misleading because the trend in the intervening years is not visible. For an accurate interpretation, progress against set targets or analysis comparing several points in time might be more useful. Several indicators could be selected to include regional-level data, shedding light on regional disparities within Member States. Simplification of the indicator system and clearer guidance or explanations of how they are used in the country reports and development of CSRs would also avoid confusion among stakeholders who are not directly involved in the Semester process (but who are impacted by its requirements and implementation).

d. Mainstreaming of social sustainability in all CSRs

Guidance is needed to shed light on how the needs identified in the CSRs should be prioritised. To address the risk of sacrificing the social dimension to fiscal consolidation in the CSRs - and thus in the funds' implementation - some stakeholders have called for the development of a new narrative to underpin the European Semester, reflecting that social spending is not just a cost but rather an investment in the long-term well-being of societies. This would allow for better consideration of social objectives in the Semester and, through the CSRs, in the priority investments of the EU funds.

Devising a mechanism for analysing CSRs against SDGs could be a way of sustainability-proofing CSRs during their development stage. If the SDGs are seen as a balancing tool that takes account of a range of major policy areas, looking at the impact of CSRs on the SDGs could help to ensure that social sustainability is at least considered when producing all CSRs. This could in turn help to ensure that European influence on national policies takes greater account of sustainability.

e. Wider and more structured stakeholder involvement in the whole Semester process for greater buy-in and improved implementation of CSRs

i. *The EPSCO Council*

While the involvement of the EPSCO Council and coordination with the ECOFIN Council has reportedly improved, responsibility for the MIP still lies with the ECOFIN Council, with many social and employment policy CSRs issued under that procedure (Zeitlin and Vanhercke, 2017). It could be useful if the EPSCO Council were given more responsibility in the development of the CSRs under the MIP, or placed in charge of a separate - similar - mechanism for social issues.

ii. *National-level organisations and LRAs*

By targeting greater engagement with national-level organisations and LRAs, the Commission could improve implementation of CSRs by inspiring buy-in from those stakeholders. More interaction with national stakeholders could give the Semester a bigger presence in national policy-making debates on social policy. This could be done by finding a way to involve some stakeholders at national level in the development of CSRs. Another strategy would be to adopt a similar approach for the Semester as that used for the Cohesion Policy partnership.

Policies related to social investment often fall under the competence of LRAs, which may be most aware of the barriers to implementing certain recommendations. Yet the involvement of LRAs in the Semester process is largely limited to informal consultation.

At national level, engagement could involve the social partners, influential think tanks and research organisations, or NGOs involved in the national policy debate.

5.2.5. EU Funds

Similar to the other mechanisms considered here, it would be important to have an overall EU sustainability strategy post-2020 that would underpin the integration of social sustainability into the funds. Past financing periods have seen EU spending linked to strategic EU goals, most recently the Europe 2020 Strategy; however, there is not yet a clear overarching strategy framing the spending in MFF 2021-2027.

Developing an EU strategy that spells out clear objectives and policies for economic and social development that are linked and framed under the economic, environmental and social pillars of sustainability would allow for the legitimate prioritisation of sustainability goals in all areas of EU funding. It would also justify mainstreaming of social objectives across funds (e.g. with an approach similar to that used for climate mainstreaming in the EU budget⁵²) without necessarily requiring the development of specific instruments for each social policy initiative. This is in line with the overall 'streamlining of existing programmes' approach proposed for the next MFF⁵³.

Linked to this, some more specific recommendations include:

a. Promote a cross-sectoral approach for spending directed at social objectives

Across the EU, social sector public investment programmes tend to be fragmented across sectors and types (e.g. infrastructure vs. 'soft' measures, investments in health vs. education or social services). Experience shows that some spending programmes organised on a territorial basis rather than around policy themes tend to support different social objectives in a more integrated manner, combining different types of investments to target complex local needs. Such an approach should be promoted and encouraged in all spending programmes so that, for instance, ERDF spending on new social infrastructure is complemented by ESF investments in training and awareness-raising, ensuring that interventions achieve synergies and do not exist in silos.

b. Establish an overall horizontal principle on sustainability in the Structural Funds

Since their introduction in the 2000s, the horizontal principles of the Structural Funds have contributed to a wider awareness about the importance of environmental protection and gender equality among stakeholders. This has resulted in more targeted integration of these principles at different stages of the implementation of the spending programmes. However, the definition of these two horizontal principles remains separate (i.e. environmental sustainability is considered separately from social issues such as gender equality and non-discrimination). Linking the different pillars of sustainability or defining an overarching 'sustainability' horizontal principle - one that reflects the notions of economic, social and environmental sustainability - could ensure that the Funds support sustainability more coherently. For instance, if all three pillars are considered under the same principle, all fund investments will be encouraged to include measures that support both environmental protection and social sustainability, or least to ensure that one objective does not come at the expense of the other. Combining social, environmental and economic development objectives can be particularly important for remote and deprived EU areas that suffer from specific challenges. Ongoing work on defining a taxonomy of sustainable investments could be an opportunity to integrate social considerations into the understanding of environmental sustainability across public and private investments, including those made by the Structural Funds.

⁵² In MFF 2014-2020, the European Commission set a 20% target for the share of climate expenditures across all EU budget instruments. This target will be increased to 25% in the next MFF.

⁵³ The proposal on MFF 2021-2027 (COM(2018) 321 final) explains that this approach has motivated the simplification of certain rules or merging of some financing instruments into new umbrella instruments.

c. **Integrate EU social policy objectives into the monitoring of the Structural Funds**

The approaches for vertical and horizontal objectives have ensured that the Funds support social objectives. A potential next step could be targeted tracking of this contribution, e.g. by defining monitoring indicators based on the Social Scoreboard or other EU social policy indicators. This would help in understanding the extent to which the Structural Funds contribute to EU social objectives and social sustainability more broadly, and could facilitate the identification of gaps or areas for action in the future.

d. **Ensure that the CSRs reflect social sustainability**

The proposed linking of the Structural Funds and the CSRs has been seen as a good opportunity to channel investments towards the most pressing reform needs of each Member State. However, it has also raised concerns about the risk of reducing spending on social policies should they become subordinate to fiscal considerations. One way to ensure that the Structural Funds continue to maintain support for social objectives is to ensure that the CSRs adequately consider social sustainability in their underlying analysis. For instance, social spending should not be treated merely as an expense and burden on public resources but also as an opportunity to invest in sustainable societies. If the CSRs do not give social issues equal weight to economic and fiscal considerations, there is a risk that spending programmes for the Structural Funds prioritise other objectives and 'downgrade' social investments.

e. **Ensure that the CSRs reflect broader stakeholder needs**

Another potential risk arising from the stronger Structural Fund-CSR links is that spending programmes might overlook regional or local needs. As the CSRs are focused at national level reforms - and thus recommend investments to address these reforms - this could result in a stronger focus on national priorities at the expense of local needs. CSRs should thus reflect local and regional issues, for example, by involving different types of stakeholders in the preparation of the final recommendations for the Funds' investments. This would allow stakeholders with knowledge of the diverse regional or local problems in each Member State (e.g. LRAs, health, education and social policy experts) to input the specific needs to be targeted in different areas and their links to the overall national reform objectives.

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ANNEX 2: CASE EXAMPLES

A. Policy initiatives to promote sustainability policies

1. Finnish National Commission on Sustainable Development

Implementing organisations:

The Commission is chaired by the Finnish prime minister. It comprises high-level ministers, government officials, business and industry representatives, municipal governments, church groups, trade unions, NGOs and representatives from the scientific community. The new Commission was appointed at the end of February 2020. It will last for three years, going beyond the government cycle.

Link: <https://kestavakehitys.fi/en/commission>;
<https://kestavakehitys.fi/en/sustainable-development/approaches>.

Country: Finland

Level: National

Reason for its implementation

The growth of the world population and increasing consumption of materials sees us living in an age of great global change. The Finnish government decided to manage this change through concerted efforts to tackle the ecological risks in the coming decades, as well as poverty at global and local level.

Description of the strategy and expected goals

Established in 1993, the Finnish National Commission on Sustainable Development (FNCSO) was one of the first in the world. The Finnish Commission is considered unique because it is based on open dialogue between the government, public administration, business and industry, and civil society.

A primary role of the FNCSO is to design Finland's national strategy for sustainable development and to speed up the implementation of the agenda across all areas. A roadmap has been introduced to monitor how Finland is achieving the SDGs.

A key part of the activities is the **Society's Commitment to Sustainable Development** initiative, 'The Finland we want by 2050', which is the FNCSO's interpretation of what sustainable development means. Through the Commitment, the government and local administration, in collaboration with companies, organisations, citizens, schools and NGOs, pledge to promote sustainable development in all their work and operations. Everybody can give their contribution to the national strategy and propose concrete and measurable actions. The Commitment includes mutually agreed objectives and practices required to secure a good life now and for future generations. These practical measures will, in turn, define sustainable development in Finland.

In order to make the vision for 2050 a reality, Finland focuses on achieving the following objectives: 1) equal prospects for well-being; 2) a participatory society for citizens; 3) sustainable work; 4) sustainable local communities; 5) a carbon-neutral society; 6) an economy that is resource-wise; 7) lifestyles that respect the carrying capacity of nature; 8) decision-making that respects nature.

The strategy combines the sustainable use, management and protection of natural resources with citizens' well-being and a sound society to ensure a competent and sustainable Finland.

Results to date

The FNCSD initiated a national debate on several themes, influenced the content of government programmes and helped to build mutual political understanding of sustainable development issues. In order to reach the eight objectives, operational commitments have been established with administrative sectors and other societal actors, such as companies, municipalities, organisations, educational institutions and local operators. These commitments include concrete measures, changes in operating procedures and innovative trials that promote shared goals. The commitments are recorded on a web-based database and monitored by process indicators. All commitments are available at <http://sitoumus2050.fi>.

Approach to social sustainability and main SDGs involved

The social dimension is put on an equal footing with the economic and environmental pillars of sustainability. National challenges regarding sustainable development include safeguarding the welfare state while the population ages, the sustainability gap and changes in the economy, high carbon dioxide emissions relative to the size of the population, the protection of biodiversity, and the sustainable, fair and efficient use of natural resources. The task now is to create a sustainable economy that generates well-being and contributes to the quality of life, while at the same time reducing detrimental impacts on the environment.

The intergenerational dimension is considered key, with the Agenda 2030 Youth Group playing a prominent role within FNCSD activities. Many of the initiatives tackle intergenerational issues.

Tools to monitor and measure achievements

Progress in sustainable development is monitored and assessed by experts. Interestingly, it is also assessed by every Finnish citizen through the citizens' panel, which provides a personal evaluation of the strategy, its gaps and potential improvements. These evaluations feed the annual report from the FNCSD to the Parliament. The National Strategy for Sustainable Development is assessed every two years, and is linked to the EU assessment process. The success and progress of sustainable development is monitored by sustainable development indicators, which are developed and updated by the national indicator network in cooperation with the FNCSD.

Finland is also engaged in developing a tool to assess sustainable development impacts. The aim is to allow administrative sectors to assess the social, economic and environmental impacts of sustainable development objectives and to understand how the diversity and long-term aims of sustainable development can best be taken into account in planning.

Of particular interest are the indicators used to assess achievements in areas specifically linked to social sustainability.

- Housing and communities

The aim is to promote housing solutions in sustainable and safe communities, where jobs, housing, diverse services, sustainable transport systems, green and water areas support economic, social, cultural and ecological well-being. Indicators chosen by the network of experts are: 1) number of people over the age of 75 living in their own home; 2) housing expenditure; 3) intact community structures and conditions for public transport; 4) access to grocery stores; 5) flood risk.

- Inequality

Inequality is a global problem, including in Finland. Growing inequality is a particular challenge to socially sustainable development, but it also affects other dimensions of sustainability. Equality is manifested in many ways in society: income disparity, health, social exclusion, well-being and life

satisfaction experiences, education and faith in the future. Indicators chosen by the network of experts are: 1) income disparities (Gini coefficient, low income rate, income development in the lowest and highest 10th percentile); 2) numbers and regional distribution of beneficiaries of basic social assistance; 3) satisfaction with life among young adults (aged 18-25); 4) numbers of quota refugees and asylum seekers/positive decisions on asylum applications.

- Social exclusion and inclusivity

Preventing social exclusion and ensuring participation contributes to maintaining an intact society and internal security, and the realisation of basic human rights. The Society's Commitment proposes to promote the following objectives: equal opportunities for well-being, a participatory society for citizens, sustainable work and sustainable communities, including local ones. Indicators chosen by the network of experts are: 1) young people excluded from work or education; 2) experience of exclusion or loneliness; 3) voting rate; 4) trends in Finland according to the Corruption Perceptions and World Press Freedom indexes; 5) confidence in society and its future among the young.

- Working life, quality and change

The development of employment and the productivity of work has taken a positive turn after a long recession. The share of low-income workers has decreased in recent years and is currently at a lower level than in the 1990s and 2000s. By contrast, the share of underemployed has clearly increased and the gender pay gap has shrunk by only four percentage points in the last 20 years. Indicators selected by the network of experts are: 1) the global responsibility of working life; 2) employment rate; 3) good working life; 4) women's average earnings compared to men's.

- Education and development of competence

Sustainable development requires people to have the ability and interest to follow the development of society and the global community, to engage in discussion on the topic and to act in line with the conditions of sustainable development. People develop these skills and interests in their families, early childhood education and care, schools and educational institutions, as well as during leisure time. Indicators selected by the network of experts are: 1) the number of day care centres, schools and educational institutions with a focus on sustainable development; 2) life-long learning and participation in training; 3) research and development costs, share of GDP; 4) societal skills and literacy.

Strengths, weaknesses and solutions

The main strength of the overall initiative is its strong participatory approach, from development of the strategy and implementation of concrete initiatives, to the monitoring and evaluation of the effects and impacts of the strategy. The citizens' panel allows every Finnish citizen to evaluate the strategy, including gaps and improvements. These evaluations feed into the annual report from the FNCSO to the Parliament⁵⁴.

Significantly, the FNCSO's mandate goes beyond the government mandate, removing the possibility that the strategy is at the mercy of political will.

⁵⁴ Government Report on the implementation of the 2030 Agenda for Sustainable Development in Finland, November 2017; available at: http://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/79455/VNK_J1117_Government_Report_2030Agenda_KANSILLA_netiti.pdf?sequence=1.

Good practice elements

Finland's National Strategy for Sustainable Development was reformed in 2013. Instead of a traditional strategy document, the FNCSD decided to introduce the Society's Commitment to Sustainable Development, 'The Finland we want by 2050'. With the commitment, the public sector, together with other actors, pledged to promote sustainable development in all its work and operations. The FNCSD is considered unique because it is based on open dialogue between the government, public administration, business and industry, and civil society. Companies, corporations, educational institutions, administrations, political parties, cities and other actors can make their own concrete operational commitments to contribute to the implementation of the shared goals.

Sustainable development is a key building block of the overall government programme: 'Inclusive and competent Finland – a socially, economically and ecologically sustainable society' (available at <https://valtioneuvosto.fi/en/rinne/government-programme>).

2. The integration of social sustainability indicators into the 2020 Italian Budget Law

Implementing organisations: Italian government.

The Conte II government has placed inclusive and sustainable development at the centre of its agenda, pledging to relaunch the economy without losing focus on economic stability and the sustainability of fiscal policy.

Link: ISTAT (2020). *Il BES nel Documento di Economia e Finanza*. 3 March 2020, available at: [https://www.istat.it/it/benessere-e-sostenibilit%C3%A0/la-misurazione-del-benessere-\(bes\)/il-bes-nel-def](https://www.istat.it/it/benessere-e-sostenibilit%C3%A0/la-misurazione-del-benessere-(bes)/il-bes-nel-def).

Country: Italy

Level: National

Reason for its implementation

Economic and financial planning in Italy changed recently and the reform has allowed broader focus on the 2030 Agenda and related SDGs. The rationale here is that economic parameters alone are inadequate to evaluate the progress of societies. Economic indicators need to be complemented by social and environmental information, as well as by measures of inequality and sustainability.

In 2016, a committee was set up that included the highest representatives of the Ministry of Economy and Finance (MEF), the National Institute of Statistics (ISTAT) and the Bank of Italy, together with two external experts. The aim was to propose a selection of indicators of equitable and sustainable well-being to be considered annually in the Economic and Financial Document (DEF), as well as in a report to be presented to the Parliament each year.

Description of the strategy and expected goals

Italy's main instrument for the implementation of the 2030 Agenda is the National Strategy for Sustainable Development (SNSvS), approved by the Interministerial Committee for Economic Planning (CIPE) on 22 December 2017. The Strategy must be updated by the government at least every three years.

The Strategy defines the guidelines for economic and social policies, and environmental objectives aimed at reaching the SDGs by 2030. It contains a series of strategic choices and national objectives, divided into five areas, mirroring those of the SDGs (people, planet, peace, prosperity and partnership). It is associated with a preliminary list of implementation tools identified through an institutional consultation process. It is important to note that, since 2016, thanks to the contribution of the Italian

Alliance for Sustainable Development (ASviS), the role of civil society has been crucial in integrating sustainability into the public policies⁵⁵.

The Italian national budget alignment with the SDGs takes place through the DEF, which outlines the national economic policy strategy. In linking the indicators of equitable and sustainable well-being (BES) to economic and budgetary planning, Italy has become the first country to consider this type of non-financial indicator in the implementation and monitoring of public policy.

The indicators of equitable and sustainable well-being were introduced into the Italian legislative system as an economic planning tool by Article 14 of Law no. 163/2016⁵⁶, reforming the national accounting law. For the first time, in 2017, four out of 130 BES indicators⁵⁷ were introduced into the DEF. These indicators were: average income available, income inequality, lack of participation in the labour market, CO₂ emissions and other climate-altering gases. Since 2018, 12 BES indicators have been included among the planning and evaluation tools of the national economic policy, and have been integrated into the DEF. The MEF is required to present an annual report to Parliament, estimating the effects of the economic measures on the performance of the indicators.

The latest document developed by the MEF (the third report on BES indicators) was presented to the Italian Parliament on 18 February 2020, providing comments on the recent evolution of all 12 indicators selected, together with the programmatic scenario of six, and a study on the efficiency index of civil justice.

Results to date

According to the assessment report on the alignment of 2020 Budget Law with the Agenda 2030 goals (ASviS, 2020), the Budget Law for 2020 takes an innovative approach. In line with the new government's policy approach and the new European Strategy (which adopts the 2030 Agenda as a general framework of EU policies), the Italian Budget Law pays greater attention to sustainable development issues.

With the 2020 Budget Law, the Italian government has paved the way for a series of policies to reduce taxes on labour, relaunch investments for environmental and social issues, and support the welfare system. As stated by the MEF in its report on the expected performance of BES indicators⁵⁸, the Budget Law 2020 contains several measures related to BES domains. These include cutting the tax wedge on labour, financing of new public investments within the Green Deal, and the introduction of new environmental and health protection taxes.

According to the MEF (2020), budget programming for 2020–2022 had to be carried out in a very short time after the formation of the new government. Budget constraints were also stringent, due to the decision to neutralise the VAT increases expected for 2020. However, measures described in the Budget Law are expected to contribute significantly to improving the well-being of citizens, social inclusion and environmental protection. Nevertheless, the Budget Law has significant shortcomings, for example, on biodiversity protection and in terms of resource allocation (e.g. in education, international

⁵⁵ Alleanza nazionale per lo sviluppo sostenibile (ASVIS), available at: www.asvis.it.

⁵⁶ European Sustainable Development Network (ESDN), April 2019 Quarterly, available at: [https://www.sd-network.eu/quarterly%20reports/report%20files/pdf/2019-April-Budgeting for the SDGs in Europe.pdf](https://www.sd-network.eu/quarterly%20reports/report%20files/pdf/2019-April-Budgeting%20for%20the%20SDGs%20in%20Europe.pdf)

⁵⁷ As described on the ISTAT web page (<https://www.istat.it/en/well-being-and-sustainability>), the BES project was launched in 2010 to measure equitable and sustainable well-being, with the aim of evaluating the progress of society not only from an economic, but also from a social and environmental point of view. Since 2016, well-being indicators and welfare analyses have been integrated with indicators specifically intended to monitor 2030 Agenda objectives. The two sets of indicators are only partially overlapping, but are complementary.

⁵⁸ Ministero dell'Economia e delle Finanze (MEF, Italy), performance of BES (Benessere Equo e Sostenibile) indicators; available at: http://www.tesoro.it/inevidenza/2020/0462/Relazione-BES_2020_pub.pdf.

cooperation and youth employment). These shortcomings are particularly evident in view of the 21 targets of the 2030 Agenda with deadlines of 2020.

Approach to social sustainability and main SDGs involved

The Budget Law 2020 and related measures recently approved by the Parliament are generally adequate to tackle all 17 SDGs, from social inclusion to the environment, family, disposable income, health and safety. As far as social goals are concerned, ASviS (2020) reports the following main measures:

- Goal 1: Minimum income and related measures have been introduced;
- Goal 2: Only a few indications of measures on income levels, human capital and other measures intended to enhance the competitiveness of the food system;
- Goal 3: Measures introduced relate to the universal coverage of the health system;
- Goal 4: No specific measures have been included, apart from measures related to teachers' contracts;
- Goal 5: Measures to tackle gender equality, in particular within domestic and corporate dimensions and to fight gender-based violence;
- Goal 10: Several measures have been introduced to reduce inequality;
- Goal 11: A new measure has been introduced on the affordability of rent. Specific measures have also been introduced to support urban regeneration and energy saving in connection with local funding through the Urban Agenda for Sustainable Development;
- Goal 17: No additional resources have been allocated to development cooperation (ODA). This is not in line with the 2030 Agenda commitment to reach 0.7% of Gross National Income (GNI).

Tools to monitor and measure achievements

The periodic monitoring of targets is achieved through updating a set of indicators broadly based on the BES project, launched in 2011 by the Italian National Institute of Statistics (ISTAT) to measure BES in addition to economic conditions.

In April 2019, in the annex to the DEF, the MEF presented some analyses on the evolution observed and expected for the first four indicators. The two simulations developed by the MEF for 2019-2022 provide an understanding of the various effects on some aspects of well-being expected with the introduction of the indicators. For the other eight indicators, the MEF does not present forecasts but analyses the evolution observed in recent years.

Strengths, weaknesses and solutions

The Italian national budget alignment with the SDGs in the DEF is a relevant innovation at national and EU level, and it is beginning to deliver important results, with the introduction of new parameters to define the national reform agenda and to allocate resources. As a result, attention to issues related to sustainable development is far greater than in the Budget Law 2019.

Good practice elements

Following the decision to align the Italian national budget with the SDGs through the DEF (which outlines the national economic policy strategy), Budget Law 2020 contains several measures that can be linked to the 17 SDGs.

In integrating BES indicators into its economic and budgetary planning, Italy has become the first country to consider non-financial indicators in the implementation and monitoring of public policy-making.

3. Global Nachhaltige Kommune

Implementing organisations:

The Municipality for Global Sustainability in NRW (*Global Nachhaltige Kommune in NRW*) is a multi-stakeholder initiative to develop an impact-oriented municipal sustainability management in Germany on the basis of the 2030 Agenda, implemented in the German region of North Rhine-Westphalia.

The service agency 'Communities in One World' (SKEW) works in cooperation with the North Rhine-Westphalian Working Party on Agenda 21 (LAG 21 NRW). It is also in close consultation with the State Chancellery, the Ministry for Environment, Agriculture, Conservation and Consumer Protection of the State of North Rhine-Westphalia (NRW). SKEW supports German municipalities in producing their sustainability strategies and reports, facilitating an intensive exchange of experiences through regular network meetings.

The approach has also been adopted in other German regions (Lower Saxony, Schleswig-Holstein, Thuringia and Saarland), although with some differences.

Link: <https://skew.engagement-global.de/municipalities-for-global-sustainability.html>;
<https://skew.engagement-global.de/die-servicestelle-kommunen-in-der-einen-welt.html>.

Country: Germany

Level: Municipal-level in NRW (extended to other German regions: Lower Saxony, Schleswig-Holstein, Thuringia and Saarland)

Reason for its implementation

The 2030 Agenda for sustainable development includes 17 SDGs to be achieved in the next 15 years for the benefit of everyone in today's generation and future generations. However, if these SDGs are to be implemented, it is crucial to acknowledge local activities, as well as the reality of their growing responsibility within this global project.

Regional and sub-regional engagement, and regional economic activation and interconnectivity are fundamental in pursuing sustainable development at national and global level. Regional and sub-regional frameworks can facilitate the effective translation of sustainable development policies into concrete action at national level. It is increasingly important to promote local governance based on the three dimensions of the SDGs (environmental and climate protection, social cohesion and economic development).

This project seeks to make a tangible contribution towards implementing the 2030 Agenda at local level. It also enables sustainable and integrated local development that combines social, economic and environmental objectives, advocates more engagement for development, and promotes cross-sectoral thinking and action within the municipality.

Description of the strategy and expected goals

The SKEW strategy consists of providing participating municipalities with updated information to support sustainable development policies, lectures on the 2030 Agenda and on the role of local authorities, consultations, or even individual tips and lessons for citizens, as well as finding adequate

financial support. The main activities include knowledge transfer and development of partnership between municipalities, networking opportunities, professional exchanges of useful advice on the formalisation and implementation of local sustainability strategies, and the provision of projects oriented towards local impacts. SKEW supports municipalities step-by-step throughout the execution of whole projects, from the very first step to the most complex elements.

The pilot projects currently in implementation are those of Lower Saxony, North Rhine-Westphalia, Schleswig-Holstein, Thuringia and Saarland. The 15 municipalities in NRW were the first to breakdown the SDGs at local level by designing an integrated local development strategy with specific targets.

Results to date

The expected result is the implementation of a sustainable development model at municipal level in line with the 2030 Agenda and the 17 SDGs.

In a two-and-a-half-year process (first phase 2016–2018), 15 local authorities, ranging from small to large towns and rural districts, were systematically supported to develop a sustainability strategy addressing their individual local challenges, based on the global framework of the SDGs. The approach has also been taken up - with some differences - in other German regions (Lower Saxony, Schleswig-Holstein, Thuringia and Saarland).

Some examples of how the social SDG goals have been developed in German municipalities are:

- Goal 1: Gelsenkirchen in the Ruhr Region is a German city with one of the highest proportions of children receiving social security benefits. The city has set itself the task of improving these children's opportunities for participation, in order to break the poverty spiral of lack of education, unemployment and receipt of social welfare;
- Goal 2: 27 regional initiatives started a collaboration with direct marketers and producers from the Nuremberg Metropolitan Region, and several municipalities have begun to exploit regional production;
- Goal 3: the City Council of Bremen introduced a health insurance card for asylum seekers and refugees;
- Goal 4: the Municipality of Alheim created an environmental education centre;
- Goal 5: Osnabrück approved a gender action plan;
- Goal 10: the Municipality of Nieder-Olm set up an advisory board for people with disabilities;
- Goal 16: some municipalities have established twinning with a Palestinian town and a French municipality, followed by visits, cultural groups and municipal delegation;
- Goal 17: the City of Leipzig is supporting the town of Travnik in the Balkans to overcome the legacy of war and build sustainable structures.

Approach to social sustainability and main SDGs involved

SKEW supports municipalities in implementing all 17 SDGs through awareness-raising activities, networking and aligning their local plans with the SDGs.

Tools to monitor and measure achievements

Municipalities involved in implementing the 2030 Agenda signed up to the '2030 Agenda for Sustainable Development – Building Sustainability at the Local Level'. They have implemented indicator-based monitoring, within a SKEW collaboration project called 'SDG Indicators for

Municipalities'. The municipalities compile relevant indicators, defining or redefining them where necessary. The development of indicators consists of identifying and describing indicators for the relevant goals and sub-goals, as well as surveying and analysing indicator parameters: municipalities identify and describe indicators they intend to implement and check their SDG relevance, collect data and analyse indicator parameters, and finally provide the results. The most relevant indicators developed by the municipalities will then be included in the German report to the UN, as well as European and international level reports.

In NRW, the project has completed the first round (define sustainability strategy) and started the second phase, which is action-oriented (also in Thuringia). To date, NRW is assessing and evaluating the impact and how sustainability strategies are connected to actual projects on the ground. Among other effects already observed, two municipalities in NRW have begun to develop a sustainability budget. Other municipalities not involved in the project are also beginning to move in the direction of decentralised development cooperation.

Data and benchmarking related to SDGs are now used to produce social reports on the advancement of municipalities in social areas, such as for example on poverty.

Strengths, weaknesses and solutions

The strength of the project lies in exploiting the interconnections between local entities. It highlights the potential of municipalities, which are more involved in local life and have better awareness of citizens' needs.

Once the strategy is defined, it is discussed with the administration, political and social stakeholders. However, to develop a sustainability strategy for an entire administration in a big municipality takes about two years, with action coming only after the strategy is defined. This entails the risk of some of the indicators of sustainable development being no longer valid (e.g. with coronavirus, every city is now putting its capacity into health), or the process being stopped.

Replicating the NRW methodology in every federal state will be expensive, meaning that a solution is needed to facilitate more self-sufficient processes that result in more independent municipalities when the project is over.

Good practice elements

The project intends to promote the achievement of all 17 goals of the 2030 Agenda specifically for those municipalities that, due to insufficient funds and inadequate knowledge, do not have the opportunity to develop sustainable development policies for their citizens and towns.

In Germany, this is the only platform to implement a network that gathers municipalities/local authorities performing well in implementation of the SDGs. SKEW also provides consultation and know-how for the assessment of SDGs. Data and benchmarking related to SDGs are now used to produce social reports on the advancement of municipalities in social areas, such as for example on poverty.

B. Green and inclusive urban and housing models promoting social cohesion and social life in deprived neighbourhoods

1. Paris climate adaptation: OASIS

Implementing organisations:

The project is implemented by the Municipality of Paris, in partnership with two higher education and research institutes (ESIEE and LIEPP - Laboratoire interdisciplinaire d'évaluation des politiques publiques), a non-profit organisation working for the public sector (*CAUE de Paris* – Architecture, Urban Planning and Environment), an education association (*Ligue de l'enseignement – Federation of Paris* (LIGUE) and a meteorological and climatological institute (*Météo France*).

Type of initiative:

The project is funded under the EU UIA programme to promote an opportunity to respond to climate and social challenges.

Link: <https://uia-initiative.eu/en/uia-cities/paris-call3>;
<http://www.100resilientcities.org/projects/paris-oasis-schoolyards/>.

Country: France

Level: Local

Reason for its implementation

According to statistics provided by *Météo France*, Paris will experience warmer summers and more intense and frequent heatwaves. The heatwaves are amplified by the phenomenon of an urban heat island (UHI), caused by the density of buildings and the mineral characteristics of infrastructure materials, which multiplies their consequences. The heatwave of 2003 caused 70,000 deaths in Western Europe, with an excess mortality in Paris of 141% in the first two weeks of August, compared with the average over the same period between 2000 and 2002, and 1,070 deaths directly attributable to the heatwave. Climate change will also increase the frequency of heavy rainfall. The two-fold aim of the project is to: a) transform school playgrounds into 'cool islands' by adopting a resilient design approach in order to enhance the local microclimate; b) convert the schoolyards into 'community hubs' by opening access to the neighbourhood after school hours and providing activities for citizens of all ages.

In Paris, school playgrounds cover 73 hectares of asphalted surface, with most closed outside of school/extracurricular hours. Transforming Paris' school playgrounds is an opportunity to respond to both climate and social challenges at a local scale and citywide.

Description of the strategy and expected goals

The OASIS project deals with the co-design and co-programming of public school playgrounds adapted to climate change. It aims to raise awareness and educate and engage citizens – young and old – in improving their own daily urban environments. This implies a review of uses and a move towards creating more inviting and inclusive public spaces for all.

In response to climate change, OASIS aims to create islands of freshness in some schoolyards of the city of Paris in an effort to strengthen the resilience of those urban spaces, using eco-innovative materials and creating a refuge for vulnerable populations in the heart of each neighbourhood. The project also aims to co-design and mobilise the population living in the area to better manage local structures and develop new governance and participatory management.

The OASIS project will transform 10 school playgrounds into cool islands through innovative low-tech and nature-based solutions, taking an integrated approach. These transformations will be realised through a co-design process with pupils and the education community. The results of this pilot process will assist the city in defining the specifications to roll out this type of intervention and to identify new opportunities to engage with communities and neighbourhoods. The idea is also to bring Parisian children closer to nature by transforming schools, with specific education initiatives to increase climate change awareness among children.

In the first stage, the renovated school playgrounds will provide cooling and well-being benefits to students and teachers during school hours. In the next phase, the spaces will be opened to the wider public, outside school hours and to vulnerable citizens, particularly older people, during heat waves.

The project runs from November 2018 to October 2021 and is funded with EUR 5 million from the ERDF.

Results to date

OASIS expects to reduce the health risks associated with heatwaves and to foster social cohesion at neighbourhood level.

- Cool islands will reduce the UHI effect by decreasing temperatures and improving summer comfort in schoolyards;
- New governance and participative management of local public facilities will be developed;
- Children, civil servants, residents, education communities and all of the actors involved will develop knowledge on the challenges related to climate change, and the solutions within their individual power;
- Reinforce social bonds in the neighbourhood by offering new accessible spaces, developing new activities and creating convivial, inclusive spaces at local scale.

The project is underway and is in the phase of transformation of school playgrounds through public works. By 2050, the city government aims to scale the project to the 700+ schools across the city.

Approach to social sustainability and main SDGs involved

The OASIS project is directly aligned with the following six SDGs:

- Goal 3: Good Health and Well-being. The newly built schoolyards ensure citizens' well-being by providing a greener everyday environment for pupils, as well as an accessible-to-all-residents cool and shaded refuge for days of extreme heat;
- Goal 4: Quality Education. During after-school hours, the schoolyards will be open to local residents, providing a schedule of non-formal education activities for residents of all ages;
- Goal 5: Gender Equality. The schoolyards are designed with a gender equality perspective, aiming to promote equality in school life and use of the school space;
- Goal 10: Reduce Inequalities. OASIS aims to convert schoolyards into community hubs where all residents, regardless of their profile and background, will have an opportunity to meet, socialise and learn together;
- Goal 11: Sustainable Cities and Communities. The structured participatory approach developed during the OASIS project contributes to familiarising participants (residents of all ages) with the concept of co-production and co-management of the neighbourhood's public spaces. By developing a new micro-governance scheme at the neighbourhood scale, OASIS aspires to strengthen the sustainability and cohesion of local communities;

- Goal 13: Climate Action. The OASIS project aims to tackle the challenges caused by climate change (e.g. heatwaves, flooding) through thoughtful design that is capable of responding to acute weather shocks.

OASIS school playgrounds are designed using eco-innovative materials and furniture, rainwater management systems and nature-based solutions adapted to risks. The innovation of OASIS also lies in the co-design process, intended to engage the local residents of all ages. It thus proposes the emergence of new models of micro-local governance, with methods for local actors' empowerment.

Tools to monitor and measure achievements

Measurement and evaluation are integral components of the project, with changes in important metrics (such as temperature and water infiltration) to be monitored and data analysed. The results that have emerged from the monitoring process will be incorporated into the design of future renovations. Other social metrics are in development.

The evaluation of the OASIS project is articulated around three main axes: a) the use of schoolyards; b) the project's co-design approach; c) pupils' knowledge and attitude to climate change. Each axis is evaluated according to a specific methodology. With the exception of axis 2 (co-design), each methodology is constructed around *ex ante/ex post* comparisons.

This study will contribute to the sociological research on architecture's influence on childhood socialisation. External uses of the courtyards by neighbouring adults will be studied based on interviews with school guardians.

Strengths, weaknesses and solutions

The main strength of the approach is the pilot scheme in three schools, which facilitates learning from the preliminary results. What has emerged is the need for overall coordination to standardise procedures and specifications for transforming a schoolyard. The pilot phase has been key in establishing an integrated governance system, with stakeholders from various city departments.

As an integrated project, it is designed to leverage synergies with other city plans and budgets. It is also inclusive, as OASIS school playgrounds will be open to vulnerable groups during heatwaves.

An issue that still has to be tackled concerns how to open the school playgrounds to the general public outside school hours. This raises problems of safety and maintenance. The managing team is meeting similar experiences across Europe, exchanging useful practices and enriching the OASIS project with new content. Important lessons have been learned through exchanges with similar projects in Belgium, Spain and Scotland.

Good practice elements

The OASIS project tackles climate change from the perspective of quality of life and well-being of citizens living in densely populated areas, by improving and renovating degraded areas into lively and safe urban spaces. It directly addresses intergenerational solidarity and takes a cross-sectoral perspective, keeping the environmental, social and government pillars together. In terms of governance, the project brings together 12 different city departments (schools, health, roads, green spaces and water departments, etc.), as well as organisations, schools, pupils and citizens to design and deliver the project in an integrated manner, using a common process, budget and schedule.

The Municipality of Paris is now considering applying the approach used in the OASIS project to other infrastructure and facilities.

2. Budapest E-Co-Housing: co-creating a regenerative housing project together with the community

Implementing organisations:

E-Co-Housing is a public–private partnership (PPP) project in Hungary funded under the EU UIA programme. The partnership includes the City of Budapest, three small and medium-sized enterprises (SMEs) (HBH Strategy and Development Ltd., Energy and Environment Ltd., ABUD Advanced Building & Urban Design Ltd.), three non-profit organisations (GreenDependent Institute Nonprofit Ltd., Hungary Green Building Council, Habitat for Humanity Hungary), Budapest University of Technology and Economics, and an infrastructure and public service provider, Zugló City Management and Public Services Company.

Link: <https://uia-initiative.eu/en/uia-cities/budapest>.

Country: Hungary

Level: Local

Reason for its implementation

Like many other European cities, the City of Budapest is facing the issue of housing affordability, especially with respect to underprivileged residents who have to contend with long waiting lists for public housing, as well as poor quality of buildings. Social housing providers face many problems, e.g. residents with shrinking incomes, long waiting lists, expensive utilities, inefficient energy use, and unsustainable lifestyles producing significant CO₂ emissions. The District of Zugló provides more than 2,000 units of subsidised housing, but most are one-bedroom apartments that are unsuitable for families.

Description of the strategy and expected goals

The E-Co-Housing project aims to tackle these social and environmental issues by creating a model that combines social housing with high standards of energy efficiency and smart environmental solutions.

It is a co-design project for a regenerative and collaborative social housing community, co-created by residents, which provides social housing for around 100 individuals drawn from different groups of residents. The result is an integrated design process (IDP) involving people motivated by cooperation and community development. It constitutes a prefabricated modular building built inside an abandoned site, with units of different sizes to accommodate the various housing needs of the district.

Low construction costs will enhance affordability and the regenerative use of land and recyclable materials (respecting circular economy principles) will contribute to climate resilience and a greener urban environment. Each residential apartment is equipped with smart integrative energy and an IT system to support collaborative, intergenerational and healthy lifestyles.

Project managers expect the following: 1) a 50% reduction in the number of residents eligible for social housing on the waiting list; 2) an increase in the unit assets appropriate for housing families with more than two members; 3) a reduction of unnecessary urban expansion; 4) greening of the area and overall urban improvement; 5) updating the use of recyclable or recycled materials; and 6) an increase in resource efficiency.

The hope is to create a complex multi-scenario and an E-Co-Housing model that can be applied as a long-term development programme.

Results to date

The project is running from November 2018 to October 2021. To prevent urban sprawl, a disused urban site is being used. The project has received EUR 4.5 million in funding from the ERDF.

Approach to social sustainability and main SDGs involved

The project supports all three pillars of the SDGs, with an intergenerational approach. The environmental pillar is evident in the intent to create a sustainable eco-house. The project promotes sociability by enabling residents to set up a framework for sustainable development of the social housing community through an integrated co-design and co-creation process. The project allows the establishment of a business model that can be economically feasible over the long-term.

The main SDGs that the project faces are:

- Goal 1, as it tries to tackle the issue of housing affordability, mainly for disadvantaged people;
- Goals 7, 11, 15 and 16, as it aims to build a place where people are trained and involved in a new urban and inclusive green model. This is based on the principles of circular economy, climate resilience, enhancing an affordable, regenerative use of land and recyclable materials. This has the purpose of increasing resource efficiency and improving the overall urban area, especially through renovating old and abandoned buildings in a deprived neighbourhood;
- Goal 12, as it promotes, among the residents, a new form of community economic growth, through a green and sustainable economy.

Tools to monitor and measure achievements

The project envisages a co-managed model by the municipality and the residents that monitors project progress and the main issues experienced in the community.

Strengths, weaknesses and solutions

E-Co-Housing is based on solid principles of collaboration and active participation of residents. This community is a way of enhancing social sustainability among people, by making them key actors in urban planning. Indeed, within the space, people are facilitated to start their own business, or to barter their products in difficult economic situations.

The greatest feature of the E-Co-Housing project is its effort to combine the issues of housing affordability with climate resilience, smart environmental solutions in a context where sociability is promoted. It solves some important social issues, such as the isolation that many people may face in large cities. It helps to overcome the economic difficulties in buying and renting houses, and promotes social integration and an environmentally sustainable approach to life.

Good practice elements

Within a single project, it is possible to tackle a number of issues. The E-Co-Housing project proposes the creation of a community designed by a participatory process over all three sustainability dimensions. Living in this community ensures understanding new societal and environmental needs, and it allows and equips people to improve their quality of life and the surrounding environment in a sustainable way.

C. Green and sustainable business initiatives with a potential to promote equality and good-quality jobs

1. AMBIENTA private equity for sustainable businesses

Implementing organisations:

AMBIENTA is a European private equity manager operating out of Milan, Düsseldorf and London, focused on industrial growth and investing in companies driven by environmental trends. In 2010 **Fondazione Ambienta**⁵⁹ was created to promote projects capable of spreading a culture of respect for the environment, energy saving, recycling and other behaviours capable of effectively reconciling industrial development and sustainable culture. Recognising that the values of environmental culture cannot be limited to the protection of resources, *Fondazione Ambienta* considers it key to invest in particular in educational projects, differentiated according to age group, to make future generations aware of sustainability issues. *Fondazione Ambienta* promotes and supports projects that effectively implement the 'good practices' of sustainable development.

Link: <https://www.ambientasgr.com/>;
<http://www.fondazioneambienta.it>.

Country: Italy, Germany and the UK

Level: European

Reason for its implementation

The main aim is to invest in firms finding solutions to the new global environmental issues. According to the company, investing in sustainability-driven businesses delivers both top-quartile financial returns and solid environmental impact: sustainability is therefore considered a key to success, rather than a cost for companies. Ambienta recognises the relationship between the long-term performance of investments and environmental, social and governance (ESG) issues. In the context of the types of companies where Ambienta invests, ESG issues can include, but are not limited to:

- Business integrity;
- Corporate governance and management;
- Efficient use of resources;
- Air, land, water and more in general pollution;
- Occupational, user and community health and safety;
- Employment terms and labour standards;
- Human capital development.

Description of the strategy and expected goals

Ambienta's approach to responsible investment includes⁶⁰:

- Investing in line with the UN SDGs;

⁵⁹ Fondazione Ambienta web page: <http://www.fondazioneambienta.it/pagine/109/it/chi-siamo>.

⁶⁰ Ambienta SGR (asset management company), available at: <https://www.ambientasgr.com/wp-content/uploads/2019/11/Ambienta-ESG-in-Action-Programme.pdf>.

- Monitoring and reporting to stakeholders on individual portfolio company contributions to the SDGs;
- Recognising the centrality of, and following, the UN's six Principles for Responsible Investments (PRI);
- Incorporating ESG issues into investment analysis and decision-making processes, drawing on independent expertise where necessary;
- Leading portfolio companies as active owners to ensure that ESG policies are taken into account and are inspired by the Ten Principles of the UN Global Compact, and are integrated appropriately within each of their operations;
- Monitoring the ESG performance of the portfolio companies and integrating ESG information into investor relations and loss and profit reports on an annual basis;
- Assessing and managing the carbon footprint of portfolio companies;
- Supporting and collaborating with *Fondazione Ambienta*, for the wide promotion of environmental values to the youngest generations;
- Promoting internal accountability for the implementation of the abovementioned issues.

In short, the *Ambienta* strategy is based on four pillars: 1) local presence and connectivity; 2) an industrial approach; 3) aligned entrepreneurial attitude; and 4) a Sustainability & Strategy team.

Ambienta defines the environmental impact beyond the narrow focus of GHG emissions or climate change that has characterised environmental investment for a decade. This holistic approach to a theme, rather than a sector, targets investment opportunities with a positive environmental impact across almost all sectors of human activity, estimated to represent a fast-growing EUR 3 trillion market opportunity.

Ambienta's investments are usually addressed to international and scalable businesses with low capital intensity. With the support of proven business models, it focuses on family/entrepreneur-owned companies in niche industries to be transformed into scaled industry performers. It invests exclusively in businesses whose products or services comply with the principle of resource efficiency and pollution control. For this purpose, it has created a Sustainability & Strategy function, a team dedicated to understanding how resource efficiency and pollution control trends, shape industries and create investment opportunities.

The *Ambienta* operational strategy combines knowledge-based sourcing with a local relationship network to identify and access attractive companies to promote within European SME value creation, organisational strengthening, consolidation, international growth and to address ESG issues. Indeed, *Ambienta* has developed an ESG in Action programme to systematically integrate ESG management guidelines and practices into day-to-day operations.

Results to date

Ambienta is one of the largest private equity investment funds in Europe. It manages more than EUR 1.3 billion of assets and attracts capital commitment from about 50 global investors, representing total assets of EUR 10 trillion. It has invested in over 33 companies in different industry sectors and in over 100 countries, and created about 500 workplaces⁶¹. *Ambienta* has saved 230 million of tonnes of

⁶¹ *Ambienta* SGR web page: https://www.ambientasgr.com/wp-content/uploads/2019/11/TrovoLavoro_NTP.pdf.

oil equivalent, 13 billion cubic metres of water and 1.8 billion cubic metres of earth. It also avoided 6 million tonnes of emissions of anhydride carbon and recycled 28 000 million tonnes of materials.

Approach to social sustainability and main SDGs involved

Ambienta promotes sustainability in all sectors of the economy. On average, the main goals achieved by Ambienta are Goals 2, 3, 6, 7, 8, 9, 11 and 12. *Fondazione Ambienta* designs and manages information, training and research activities, and also collaborates with other non-profit organisations on sustainable development projects.

Fondazione Ambienta:

- Designs and produces publications, seminars, training courses and other initiatives characterised by a strong educational commitment to help for a greater diffusion of environmental culture;
- Establishes awards and scholarships;
- Launches research projects to feed and develop the correct scientific knowledge in the environmental field.

Tools to monitor and measure achievements

The Ambienta Sustainability & Strategy area continuously maps and researches investment opportunities, enabling the firm to identify environmental trends across sectors and value chains, and evaluating the universe of companies that fall within its primary target markets. It also provides reports summarising the environmental impact analysis (EIA) and the achievements of the portfolio in terms of ESG.

The EIA methodology allows an assessment of the environmental impact of potential investments using 11 environmental metrics fully aligned with the SDGs.

Strengths, weaknesses and solutions

Ambienta implements a methodology to measure sustainable investing. With the EIA, it has defined a method to measure the actual sustainability of potential target companies, classifying a range of sustainable businesses and gauging their impact. EIA assesses the environmental impact of its potential investments using 11 metrics that are fully aligned with the SDGs.

Good practice elements

Ambienta's ESG Action Plan is a good example of a responsible investment activity that closely links long-term investment and ESG issues. It undertakes constant monitoring of the ESG performance of the portfolio companies for its investors.

2. Naturgy

Implementing organisations:

Naturgy, a leading multinational group in the gas and energy sector.

Link: <https://www.naturgy.com/en/sustainability>.

Country: The company has its headquarters in Spain and operates in 30 countries. In Europe, it is present in Ireland, France, Portugal and the UK.

Level: Global

Reason for its implementation

The Naturgy industrial model is based on values that integrate business with social and environmental issues. It considers the energy transition as an opportunity and intends to respond to the energy needs of society by offering environmentally friendly products and services. It offers its shareholders new forms of sustainable profitability, gives its employees new opportunities to develop their professional skills, and responds to increasing challenges in the areas of poverty and social exclusion.

Description of the strategy and expected goals

This gas and energy company has put in place an energy vulnerability plan that guarantees the protection of vulnerable customers. The plan's social impact seeks to position the new private business as a catalyst in the fight against poverty and to support social agents in fighting social exclusion.

The company states that it is committed to the economic and social development of the regions in which it works, by contributing to knowledge development and dedicating part of its profits to social investment. The main elements of its social sustainability strategy are:

- Dialogue with the community: Develop a constant dialogue with local communities to gather information on the expectations and needs of the communities in which it operates, enabling it to become involved in their development and respond to their needs;
- Social impact assessment: Conduct assessments on the social impacts of its activity in order to avoid or reduce any adverse effects and enhance the positive effects;
- Creating shared value: Undertake initiatives within the framework of venture philanthropy to create shared value and positive social impact in energy projects;
- Social investment: Foster the education, cultural wealth, health and inclusion of the most disadvantaged groups through social investment;
- Knowledge: Transfer knowledge and values to society through partnership agreements with the academic community;
- Energy vulnerability plan: Introduced a national plan for vulnerable individuals in Spain, intended to reinforce and standardise the management of these customers, strengthen partnerships with community sector entities and improve relationship mechanisms with social bodies. Some 20 measures have been designed to protect vulnerable customers, with a dedicated staff of 60 people throughout Spain to provide support and advisory measures for vulnerable individuals, as well as local, regional and national authorities.

Naturgy set up the Naturgy Foundation as a non-profit institution in 1992. Aware of the problems of current society, it seeks to tackle the issue of energy vulnerability through actions affecting vulnerable groups. The Foundation supports actions promoted by NGOs in restructuring social housing, implementing an energy school and professional training for those at risk of exclusion in relation to energy and the environment. In particular, the Energy Rehabilitation Solidarity Fund aims to improve the working and living conditions of people and families in vulnerable situations by renovating their homes.

Results to date

Naturgy is the first company worldwide to obtain the Global FRC certificate, which recognises its achievements in balancing the personal and professional lives of its employees, allowing for their human and social development. This certificate, issued by *Fundación Más familia* and endorsed by the

Ministry of Health, Social Services and Equality, is in line with the United Nations Development Programme (UNDP) and the recommendations of the EESC.

Specific results obtained by the overall sustainability initiative include: increasing the renewable footprint; increasing international recognition of the commitment to promote social sustainability; and positive results in enhancing the quality of jobs, gender equality, enhancing health and safety, quality of life and societal issues (Naturgy, 2020).

Approach to social sustainability and main SDGs involved

As the Naturgy website shows, the company is directly committed to addressing Goal 1 – No Poverty, Goal 4 – Quality Education, Goal 7 – Affordable and Clean Energy, Goal 11 – Sustainable Cities and Communities and Goal 17 – Sustainable Development through global partnerships.



Through the **Naturgy Foundation**, we keep our **social commitment** to several projects around the world:

- ✓ Foundation Classroom (Argentina)
- ✓ Energy School
- ✓ Rehabilitating homes for vulnerable families
- ✓ Voluntary energy programme for our employees



In the area of education, we have different programmes in Latin America:

- ✓ Artisan workshops in low-income neighbourhoods (Argentina).
- ✓ The "Gas inspection technical training" and "Youth in the kitchen" programme for young people from the favelas (Brazil).
- ✓ The "Little scientists" programme and the automotive mechanics and vehicular gas installation training (Colombia).
- ✓ The "Blue Flag of Ecology" for environmental education (Costa Rica).
- ✓ The "Adopt-a-School" programme to promote learning and teaching (South Africa).



Through our energy access programmes, communities have been able to:

- ✓ reduce energy costs
- ✓ improve infrastructures
- ✓ access a less polluting energy source

The Energy vulnerability plan has also managed to:

- ✓ develop initiatives in energy efficiency
- ✓ safety in the home
- ✓ and achieve a minimum of comfort in all homes.



- ✓ We are committed to sustainability in the communities in which we operate.
- ✓ We guarantee smooth dialogue with the communities in which we conduct our activity.
- ✓ We analyse the social impact stemming from our activity.
- ✓ In the Naturgy Foundation, we conduct operations to safeguard cultural heritage.



We have agreements with public organisations and entities in areas such as:

- ✓ access to energy.
- ✓ supporting education.
- ✓ promoting health and research.
- ✓ social action aimed at disadvantaged groups.
- ✓ promoting culture.

Source: Naturgy website

Tools to monitor and measure achievements

Within the framework of its Human Rights Policy, Naturgy has undertaken a firm commitment to local communities. The assessment of the social impact of its activities is measured using a system based on the World Business Council for Sustainable Development (WBCSD)'s Measuring Impact Framework to help define initiatives and programmes to effectively manage the social impact associated with the company's activity.

Naturgy has been part of the Dow Jones Sustainability Index for 15 years and the FTSE4Good since its creation in 2001. These are assessed by rating agencies such as Oekom, Sustainalytics and Vigeo.

Strengths, weaknesses and solutions

For almost 25 years, the Foundation has carried out social awareness and outreach programmes for the communities where Naturgy operates. This means that it has had an impact on the social problems that are important for those countries.

The Energy School educates social workers of public organisations, NGOs and families in energy matters, with the aim of improving the quality of life of people in vulnerable situations.

Good practice elements

This initiative is considered a good practice in the European Commission Reflection Paper (2019e) concerning SDG Goal 1 – No Poverty.

The commitment to reach social sustainability goals is evident in many different actions aimed at combining business with quality of jobs, gender equality, education, the fight against poverty, reinforcement of the communities and third-sector actors, with an overall commitment to promote the quality of the environment.

D. Stakeholder participation in development, growth and well-being processes

1. MARES – Resilient urban ecosystems for a sustainable economy⁶²

Implementing organisations:

The project is a PPP, led by *Ayuntamiento de Madrid* (the Municipality of Madrid), in partnership with *Agencia para el Empleo de Madrid* (Employment Agency of Madrid), four private companies and three NGOs.

Link: <https://uia-initiative.eu/en/uia-cities/madrid>;
<https://maresmadrid.es/>.

Country: Spain

Level: Local, operating in four city districts of the Municipality of Madrid.

Reason for its implementation

Madrid was severely hit by the economic crisis. Since 2008, due to an increasing differentiation in wealth distribution between the north (exclusive urban services) and the south/southeast (concentration of vulnerable population), severe social polarisation and spatial segregation emerged. The MARES project was developed to promote an urban and economic resilience strategy for employment through a social and solidarity economy.

Description of the strategy and expected goals

The MARES project aims to reduce unemployment, boost employment opportunities for vulnerable groups, and increase community participation. It promotes quality jobs in the social economy sector, supporting the development of new production initiatives and forms of cooperation in mobility, recycling, energy, food and the care economy.

The project has four pillars: a) activating recovery processes, prototyping and co-designing disused public spaces; b) launching a competencies lab to promote economic resilience strategies in civil society; c) fostering local economic innovation processes through the social economy and improving the competitiveness and sustainability of the existing productive system; d) encouraging mechanisms for awareness-raising, territorial economic revitalisation and cooperation through production diversification and promotion of employment at local level.

Four city districts experimented with four prototypes of urban resilience in employment, by encouraging social and economic solidarity in strategic sectors. The main aspects tackled are: a) generating economic activities and creating stable jobs in the social and solidarity economy; b) reclaiming abandoned or disused public areas and making them available for the creation of new productive initiatives; c) identifying and developing existing competencies at local level; d) triggering participation processes among local citizens; e) supporting new forms of economic activities that stimulate existing ones; f) awareness-raising, training and support for citizen groups; g) improving employability within the unemployed population and/or those at risk of social exclusion; h) starting up economic activities in deprived areas.

⁶² <https://uia-initiative.eu/en/uia-cities/madrid>; Coppola, A. (2019). *The Mares de Madrid Project Journal No 4*, May 2019.

Results to date

By April 2019 (three years after it began), a total of 274 projects had been supported, with 58 in development. Energy is the sector with the most projects (18), followed by food (12), mobility (11), care (9) and recycling (5). Of those that are supported but not in development, 84 belong to the energy area, followed by 75 in care. By April 2019, 26 new entities had been created. All entities belong to the social and solidarity economy: 10 associations, six workers' cooperatives, five job integration enterprises, four service cooperatives and one consumers' cooperative. These figures are expected to grow further, with many developed projects ready to be fully formalised as independent entities.

The project ran as a UIA (Urban Innovative Actions) initiative from November 2016 to October 2019 and received EUR 4.8 million in funding from the European Regional Development Fund (ERDF).

Approach to social sustainability and main SDGs involved

The project tackles all three pillars of sustainable development: economic, environmental and social sustainability, supported by the fourth pillar on governance, which receives specific attention in terms of implementation.

It addresses, in particular:

- Goals 1, 8 and 10, as it aims to start up economic activities in deprived areas and to create stable jobs in the social and solidarity-based economy, to improve employability within the unemployed and/or at risk of social exclusion population;
- Goals 9 and 11, as it experiments with prototypes of urban resilience, by encouraging social and solidarity economy in strategic sectors;
- Goals 11 and 12, as it works on the recovery of abandoned or disused public areas to make them available for the creation of new productive initiatives;
- Goal 17, as it develops and enhances participation processes and competencies on the ground, promoting awareness-raising supports among citizen groups.

As far as the intergenerational dimension is concerned, one of the learning communities is focused on the changes that can be introduced by school canteens to deliver a healthier, more sustainable and local diet to school children. In response, the municipality changed its procurement criteria, dropping the rule of the lowest price and promoting new employment opportunities for the local population.

Strengths, weaknesses and solutions

The latest monitoring document notes that the main challenge the project is facing (like most projects funded with EU resources) is the continuation of the initiative after the end of EU support (Coppola, 2019). The lack of funding may put the organisational effectiveness of the initiative at risk, and a change in bureaucratic or political leadership may threaten its survival. In response, the city administration has committed itself to the implementation of a wider social and solidarity-based economy strategy, ensuring the transformation of the four pillars into stable city services. These services will be contracted to private organisations – cooperatives, NGOs or companies – through a public procurement process.

Another relevant challenge is the fact that this transition happened after the 2019 local elections, with the change of the political leadership. How the new management will preserve and institutionalise what has been learned remains to be seen.

The monitoring document identifies several challenges to be tackled in the next period: 1) long-term continuation of the initiative (medium relevance); 2) preservation of innovativeness (medium relevance); 3) wider institutional learning (medium/high relevance); 4) social diversity of the

beneficiaries (medium relevance); 5) participative approach (low relevance); 6) alignment with other policies (medium relevance); and 7) coherence between sectoral and place-based approaches (medium/high relevance).

Good practice elements

MARES is not just a project promoting economic growth in deprived areas, but a complex system of activities and services to create the ecosystem and conditions for projects to grow. This takes coordinated modification of the economy and community, with a public policy framework that enables all involved to promote a different kind of economic development model.

Of particular relevance is the wide involvement of a multitude of public, private and third-sector actors, as well as local communities, to sustain and develop the activities. The initiative ('Learning communities' – '*Comunidades de aprendizaje*' (CAPs)) that involves projects and interested parties in initiatives of self-directed learning and training lays the foundation for the successful development of specific local initiatives.

Another key aspect is the strategy implemented to support the consolidation of the experience after the end of the UIA funding. The launch of a social and solidarity-based economy strategy is one of the tools that the city has promoted to address this concern.

MARES has contributed to promoting innovation in traditional areas such as energy, as well as in less traditional areas such as care, where innovation is sorely needed but seldom addressed. Despite the impressive number of projects in the care area, few are yet at incubation status, giving an idea of the uneven level of maturity of this area.

ANNEX 3: ADDITIONAL REFERENCES FOR CASE EXAMPLES – WEB LINKS AND INTERVIEWS

A. Policy Initiatives to promote sustainability policies

1. Finnish National Commission on Sustainable Development

(all links accessed 23 March 2020)

- Citizens panel <https://kestavakehitys.fi/en/monitoring/citizens-panel> and <https://kestavakehitys.fi/en/monitoring>.
- First national implementation plan of the 2030 Agenda. It is the government's report to parliament 2017 and was a significant tool to keep up a dialogue with the parliament. http://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/79455/VNK_J1117_Government_Report_2030Agenda_KANSILLA_netti.pdf?sequence=1.
- Follow-up and monitoring system: national indicators, and a unique participatory system and citizens panel: <https://kestavakehitys.fi/en/monitoring> and an older four-page document but an overview, is available: <https://kestavakehitys.fi/documents/2167391/2186383/Follow-up+and+review+of+sustainable+development+in+Finland/46850aa3-b7a2-4686-9092-b5b894656280/Follow-up+and+review+of+sustainable+development+in+Finland.pdf>.
- Government's programme 2019 onwards: <https://valtioneuvosto.fi/en/rinne/government-programme>.
- National Commission and other structures such as the Agenda 2030 Youth Group and Expert Panel: <https://kestavakehitys.fi/en/commission>.
- National Sustainable Development Strategy, which is in line with the 2030 Agenda: <https://kestavakehitys.fi/documents/2167391/2186383/FINAL+Kest%C3%A4v%C3%A4n+kehityksen+yhteiskuntasitoumus+20+4+2016.pdf>.
- State of the sustainable development in Finland: https://kestavakehitys.fi/en/current-issues/article/-/asset_publisher/kestavan-kehityksen-tila-2018-julkaisu.
- Sustainable lifestyles test and a platform on how to make a personal change: [https://sitoumus2050.fi/en/web/sitoumus2050/lifestyles#/.](https://sitoumus2050.fi/en/web/sitoumus2050/lifestyles#/)
- Sustainable Development Approaches: <https://kestavakehitys.fi/en/sustainable-development/approaches>.
- Global Network of National Councils for Sustainable Development and Similar Bodies. Finnish National Commission on Sustainable Development: <https://www.ncsds.org/index.php/sustainable-development-councils/85-country-profiles/176-finland>.
- Sustainable Development Commitment online tool: <http://sitoumus2050.fi>.

Interview

Marja Innanen, Deputy Secretary General Prime Minister's Office – Finland – marja.innanen@vnk.fi.

2. The integration of indicators concerning Social Sustainability within the Italian Budget Law – Italy

(all links accessed 20 March 2020)

- Law 27-12-2019 n. 160, <https://www.gazzettaufficiale.it/eli/id/2019/12/30/19G00165/sq>.
- Law 04-08-2016 n. 163, <https://www.gazzettaufficiale.it/eli/id/2016/08/25/16G00174/sq>.

Interview

Andrea Bonicatti, Italian Alliance for Sustainable Development (ASviS)

3. Global Nachhaltige Kommune – Germany

(all links accessed 20 March 2020)

- Riedel, Henrik (2018). *SDG Indicators for Municipalities*, 10 October 10 2018. Available at: <https://www.urbanet.info/germany-sdg-indicators-municipalities/> (accessed 20 March 2020).
- https://skew.engagement-global.de/publications-en.html?page_iso416=5.
- <https://skew.engagement-global.de/publications-en.html>.
- <https://www.urbanet.info/germany-sdg-indicators-municipalities/>.
- https://www.bertelsmann-stiftung.de/fileadmin/files/Projekte/Monitor_Nachhaltige_Kommune/MNK_SDG_Summary.pdf.

Interview

Sebastian Dürselen - Service Agency Communities in One World (*Servicestelle Kommunen in der Einen Welt*) Project leader - Municipality for Global Sustainability (*Global Nachhaltige Kommune*)

ENGAGEMENT GLOBAL GmbH

B. Green and inclusive urban and housing models promoting social cohesion and social life in deprived neighbourhoods

1. Paris Climate Adaptation – OASIS

(all links accessed 20 March 2020)

- <https://www.mairie10.paris.fr/ma-mairie/affaires-scolaires-et-periscolaires/les-cours-oasis-les-ecoles-a-l-heure-du-plan-climat-885>.
- <https://uia-initiative.eu/en/uia-cities/paris-call3>.
- <http://www.100resilientcities.org/projects/paris-oasis-schoolyards/>.

Interviews

Raphaëlle THIOLLIER - « OASIS » Project Manager Resilience Office

Maria Sitzoglou - UIA Expert

2. Budapest E-Co-Housing: Co-creating a Regenerative Housing Project Together with the Community

(all links accessed 20 March 2020)

- BLEWITT, John. Good Practice in Sustainable Development Education. 2001.
- <https://www.uia-initiative.eu/en/uia-cities/budapest>.
- <https://www.uia-initiative.eu/en/news/cities-engaging-right-housing>.
- <https://www.uia-initiative.eu/en/news/uia-and-urbact-joint-initiative-implementing-right-housing>.
- <https://www.uia-initiative.eu/en/news/presenting-eco-housing-project-public>.
- <https://www.uia-initiative.eu/en/news/focus-group-meetings-beginning-codesigning>.
- https://www.uia-initiative.eu/sites/default/files/2018-11/Call3_List%20of%20approved%20projects_PDF.pdf.
- <https://www.uia-initiative.eu/en/theme/housing>.

C. Green and sustainable business Initiatives with potential to promote equality and good-quality jobs

1. AMBIENTA - Private equity for sustainable businesses

(all links accessed 20 March 2020)

- <https://www.ambientasgr.com/>.
- <http://www.fondazioneambienta.it>.
- https://www.ambientasgr.com/wp-content/uploads/2019/11/TrovoLavoro_NTP.pdf.

2. Naturgy

(all links accessed 20 March 2020)

- <https://www.naturgy.com/en/sustainability>.
- Naturgy (2020), Company FY 2019 Results, 5 February 2020

Interview

Javier Fernandez Oña Role: Senior Reputation & Sustainability

D. Stakeholder participation in development, growth and well-being processes

1. MARES – Resilient urban ecosystems for a sustainable economy

(all links accessed 20 March 2020)

- <https://uia-initiative.eu/en/uia-cities/madrid>.
- <https://Maresmadrid.es>.

Other practices

(all links accessed 20 March 2020)

- <https://www.milano2046.it/il-progetto/>.
- <https://urbact.eu/sweden>.
- <https://uia-initiative.eu/en/uia-cities/lyon-metropole>.
- <https://smartcitysweden.com/best-practice/357/smart-housing-smaland/>.
- <https://malmo.se/Nice-to-know-about-Malmo/Sustainable-Malmo-/Sustainable-Urban-Development/Western-Harbour.html>.
- <http://www.euro.who.int/en/countries/sweden/news/news/2014/04/a-socially-sustainable-malmo>.
- <https://smartcitysweden.com/best-practice/352/vallastaden-a-city-district-planned-for-and-by-its-residents/>.
- <https://www.unenvironment.org/news-and-stories/press-release/switch-green-initiatives-show-how-build-sustainable-societies>.
- <https://www.switchmed.eu/en>.
- <https://www.larecyclerie.com/>.
- <https://www.florencederrick.com/home/2019/5/1/magic-mushrooms-the-rise-of-the-beer-mushroom-in-brussels>.
- <https://www.systembolaget.se/>.
- https://sustainabledevelopment.un.org/content/documents/16037Sweden_examples_collection.pdf.
- <https://www.bolsasocial.com/>.

This study looks at definitions and ways to measure and benchmark social sustainability, then explores how the concept can be integrated into EU policy-making processes, giving concrete examples of how it is already used in policies and projects at national, regional and local level.

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