
The EU's SDG monitoring and reporting not yet fit for purpose

Towards an inclusive, participatory and transparent process that works for all

Fritz Schiltz® Vitezslav Titl® Deni Mazrekaj®¹

Summary

This chapter looks into the current SDG monitoring and reporting process at EU level, discusses its weaknesses and makes action-orientated recommendations to transform it into an inclusive, participatory, and transparent process that works for all. We argue that the EU's current SDG monitoring and reporting process is not yet fit for purpose, and that the EU can and should learn from good practices at Member State level.

There are several reasons for the weakness of the current process. The overall lack of political leadership to coordinate the implementation of the 2030 Agenda at the highest political level and to ensure inclusive, participatory and transparent monitoring the SDGs is an external factor that undermines the efforts led by Eurostat with its annual SDG report. The current SDG monitoring at EU-level is very limited in terms of civil society and stakeholder participation, while some Member States have shown the added value of including a broader range of civil society experts in the exercise. The built-in weaknesses of Eurostat's SDG report include the indicator set chosen with its gaps and inconsistencies, the methodology used to measure progress, and the overall absence of a deeper assessment of the impact of European policies on progress towards, or regression from, achieving the SDGs (see also previous chapter on Counting What Counts).

Our recommendations are to:

- Create a framework for SDG implementation in the EU by means of a new, **overarching Sustainable Development Strategy** which contains clear and measurable EU-wide targets for all SDGs to report against and whose implementation is overseen by the top political level;
- Establish **meaningful stakeholder engagement** mechanisms with a new advisory body, an **"SDG Forum"**, to play an important role in the whole SDG monitoring and reporting process, and in particular in the selection and review of indicators and the continuous improvement of the assessment method;
- Place the **SDGs at the core of the European Semester cycle with 5 to 10 headline indicators** that address the EU's main sustainability challenges, and ensure a clear role for civil society in Member States to contribute to the European Semester cycle;
- Put in place an **annual and multi-annual SDG monitoring and reporting cycle** with clear roles for the European institutions, in particular the European Parliament which so far has played a very minor role in that regard, the new SDG Forum and wider civil society, **including regular "Voluntary Regional Reviews" (VRR)** for the European Commission to present at the UN High-Level Political Forum (HLPF) with participation from European civil society.

¹ This chapter has been authored by Public Policy Consult Leuven in cooperation and consultation with SDG Watch Europe. Authorship was determined by a random generator. The authors would like to thank the interview participants that made this chapter possible by sharing their expertise and insights, and SDG Watch Europe for its valuable guidance and input throughout the process. The interviews while preparing this report included: (i) national experts from Belgium, the Czech Republic, Denmark, Finland, Germany, Slovenia, Sweden and international civil organisations such as European Environment Bureau, SDG Watch Europe, and 2030 Watch; (ii) officers from the European Commission (Unit E2 Natural Resources, Energy Union & Sustainability of the Secretariat-General), Eurostat (Unit E2 — Environmental Statistics and Accounts; Sustainable Development), the European Environmental Agency (IAS2 - Socio-Economic Analysis), the European Parliament (Secretariat of Development Committee), the Organisation for Economic Co-operation and Development (Public Governance Department); the Joint Research Centre (Directorate Sustainable Resources); members of the European Parliament and their assistants.

Why the EU's SDG monitoring and reporting is not yet fit for purpose

Lack of political leadership to effectively monitor the SDGs

During the Juncker Commission, First Vice-President Frans Timmermans was assigned the role of horizontal coordinator for sustainable development at the political level.² The Commission President, however, did not give political priority to sustainable development within his Europe 2020 strategy which limited the possibilities for action on the 2030 Agenda and the SDGs. After the adoption of the 2030 Agenda and the SDGs in 2015, the Juncker Commission refused to develop a new Sustainable Development Strategy for the EU in line with the global goals and to present an implementation plan. This was despite various calls for such action from the Council of the EU, the European Parliament, the Economic and Social Committee (EESC), the Committee of the Regions (CoR), and civil society. Such a strategy and implementation plan would provide clear, EU-wide targets for all SDGs against which to monitor and report the EU's progress. Sustainable development targets have remained scattered across different policies and strategies with the consequence that many SDGs and their targets are not being translated into concrete and measurable EU-wide policies and targets.

From 2017, Eurostat has published its annual report *"Sustainable development in the European Union: Monitoring report on progress towards the SDGs in an EU context"*. In these reports, making use of Eurostat's set of 100 indicators, both the EU's overall progress, as well as the progress made in each EU Member State is assessed and reported on. In 2019, as well as the Eurostat report, the Commission published its *"Reflection paper: Towards a sustainable Europe by 2030"*. The Reflection Paper was not an SDG monitoring report assessing existing EU policies and how these contribute to or undermine the EU's sustainability. In the same year, the European Commission also published the *"Joint synthesis report on supporting the Sustainable Development Goals across the world"*, a partial SDG report focusing on the external

dimension and its role in international development. Civil society was consulted on this report, and the reporting exercise was accomplished in collaboration between the EC and the Member States.

These three reports formed the basis of the EU's first presentation of the progress made in implementing the SDGs at a side event during the UN High-Level Political Forum (HLPF) in July 2019. While the prepared reports and the side event were the first presentation of its kind, they did not constitute a full SDG monitoring report. With the presentation of the Joint Synthesis Report, more attention was given to the external dimension, and comparatively, little attention was given to domestic European policies and sustainable development challenges within the EU. Negative spillover effects of European policies and practices that have been well covered by civil society, were not addressed. The presentation did also not provide a qualitative analysis of the EU's current policies and practices. The EU has so far lacked the leadership to prepare and discuss a full SDG monitoring report comparable to Voluntary National Reviews prepared by national governments.³

Under the von der Leyen Commission, all Commissioners have been tasked with the responsibility to implement the SDGs within their portfolios. The Commissioner for the Economy, Paolo Gentiloni, has the oversight responsibility for SDG implementation within the European Semester. While these changes in the governance setup of the SDGs may open up new possibilities to hold all Commissions to account and have a more holistic all-of-government approach, what is missing is a high-level member of the Commission, either the President or one of the Vice-Presidents, acting as the overall coordinator for SDG implementation. As its predecessor, the new Commission has also refused to adopt an overarching Sustainable Development Strategy to guide all European policies and efforts and to ensure policy coherence for sustainable development, and an implementation plan for the SDGs with clear timelines, EU-wide targets and responsibilities. The SDG monitoring and reporting through Eurostat has remained unchanged.

² For a detailed outline of the SDG monitoring and reporting system in the Juncker Commission, see Niestroy et al. (2019) Europe's approach to implementing the Sustainable Development Goals: good practices and the way forward. Brussels: European Parliament.

³ At the global level, each EU Member State can present a Voluntary National Review (VNR) at the UN HLPF, which meets every year in July. To date, all EU Member States have presented at least one VNR while the European Commission has not yet presented a full SDG monitoring report similar to a VNR.

Absence of structural involvement of civil society stakeholders

To identify indicators, Eurostat consulted statistical experts from the Member States and different Directorates General. However, neither EU institutions, such as the European Parliament, the EESC and the CoR, nor civil society have been structurally integrated in the process of indicator selection. Different stakeholders have been consulted on an occasional basis, as explained in the previous chapter *Counting What Counts*. Eurostat's narrow focus on quantitative statistical standards instead of a more open discussion on what should be included as relevant indicators has created a disconnect from a broader range of stakeholders and has limited involvement to statistical experts.

In terms of monitoring and reporting processes beyond indicator selection, the current production of the Eurostat report does not allow for any specific role for civil society. In 2018, the Multi-Stakeholder Platform (MSP) on SDGs was established to advise the Commission on SDG implementation. Chaired by then First Vice President of the European Commission, it included representatives from various civil society organisations. The MSP published recommendations on SDG implementation in the EU alongside the 2019 Reflection Paper, but the MSP was not given the opportunity to participate in a review of Eurostat's SDG indicators nor was it directly involved in the preparation of the EC's side event during the UN High-Level Political Forum where the EU presented its progress towards the SDGs.

Weakness of the Eurostat SDG indicator set and methodology

The existing Eurostat indicator set is constructed in accordance with six criteria of statistical quality. These are frequency of dissemination, timeliness, reference area, comparability over time, comparability over geographies, and time coverage. It is limited to a total number of 100 indicators as this limit is "*widely recognised as an upper limit for effective and harmonised reporting by experts from National Statistical Offices, OECD, Eurostat and many others*".⁴ The indicator set is updated yearly, with 11 indicators currently on hold as they do not yet meet statistical criteria.

The existing Eurostat SDG indicator set has faced criticism from different sides, including academia (e.g. Miola & Schiltz, 2019)⁵, civil society (SDG Watch Europe, 2019)⁶, and European institutions themselves (Miola et al., 2019).⁷ They argue that the current set of indicators is not able to fully capture the most relevant aspects of sustainable development in the EU context. One example, which is discussed in more detail in the previous chapter, is the lack of indicators on negative spill-over effects of European policies and practices, an issue covered by an SDG shadow report presented by SDG Watch Europe in 2019.⁸

Also, the internal coherence between indicators is disputed. Prajal Pradhan and fellow experts from the Potsdam Institute for Climate Impact Research have developed a methodology to assess such internal consistencies.⁹ When applying it to the Eurostat indicator set, it throws up inconsistencies showing that many indicators are negatively correlated across goals. This implies that improving one indicator can go together with a decrease in another, offsetting the underlying shared goal of sustainable development. These inconsistencies are more pronounced in the Eurostat indicator set than in the UN indicator set.

⁴ Note that indicators can be used across several goals. These are referred to as "multi-purpose indicators (MPIs)" and limit the total number of unique indicators.

⁵ Miola, & Schiltz (2019) Measuring sustainable development goals performance: How to monitor policy action in the 2030 Agenda implementation? *Ecological economics*, 164, 106-373.

⁶ SDG Watch Europe (2019) Who is paying the bill? (Negative) impacts of EU policies and practices in the world, available at <https://www.sdgwatcheurope.org/who-is-paying-the-bill/>

⁷ Miola, Borchardt, Neher & Buscaglia (2019) Interlinkages and policy coherence for the Sustainable Development Goals implementation. JRC Technical Reports.

⁸ SDG Watch Europe (2019) Who is Paying the Bill?

⁹ Pradhan et al. (2017) A systematic study of Sustainable Development Goal (SDG) interactions. *Earth's Future*.

Another challenge regarding the current methodology is how progress is measured. Where the EU has set a quantifiable target, Eurostat compares the necessary annual increase or decrease to reach the target with data on annual growth. However, about 60% of the current SDG indicators used by Eurostat to monitor the EU's progress on the SDGs are not linked to any quantifiable level of achievement. In these cases, Eurostat considers any improvement that exceeds 1% per year as significant progress. This is misleading in several cases. While the failure to specify a level of achievement cannot be attributed to Eurostat, since these are political decisions, the methodology used to measure progress in their absence is nevertheless flawed. The previous chapter gives concrete examples of measuring progress without a specified level of achievement, such as the rate of progress towards circular material use. The circular material rate has been increasing so slowly that the EU's economy will be far from circularity in 2030. However, in the absence of a clear target, the minimal increase is evaluated as "significant progress". Eurostat's methodology needs to be improved in the absence of targets. One option, which is not free of weaknesses either, is to benchmark progress on top-performing countries, as proposed in the distance measure offered by the OECD. The most meaningful indicators, however, are those linked to clearly defined and quantifiable EU-wide targets.

Towards a process that works for all

To overcome the weaknesses of the EU's current SDG monitoring and reporting process, we make four recommendations for an inclusive, participatory and transparent process that works for all.

Need for true EU leadership on SDGs

The European Parliament, the Council of the European Union, the MSP and civil society have repeatedly asked the European Commission to formulate an ambitious, comprehensive and overarching Sustainable Development Strategy based on the principles of the 2030 Agenda and aligned with the SDGs and presenting an implementation plan for the 2030 Agenda and the SDGs up to 2030 and beyond. Such an overarching Strategy should serve as the compass for all EU's policies, practices and budget. It would define clear policy goals in support of the whole 2030 Agenda, and would define EU-wide, quantifiable targets for all SDGs against which to monitor and report the EU's progress.

The strategy should be designed in broad consultation with civil society and other stakeholders, and then set out the functioning of an inclusive, participatory and transparent SDG monitoring and reporting process.

Meaningful involvement of civil society in the SDG monitoring process

Civil society and other stakeholders must be structurally involved in the EU's monitoring and reporting process for the SDGs. Learning from the strengths and weaknesses of the previous Commission's Multi-Stakeholder Platform on SDGs (MSP), an "SDG Forum" needs to be set up with better representation of the diversity of civil society including vulnerable groups. It should serve as the new Commission's multi-stakeholder advisory body on SDG implementation in and by the EU. Based on a stronger and more political mandate than the previous MSP, the SDG Forum should enable broad and regular participation on the design of policies critical for the achievement of the SDGs and throughout the whole monitoring and reporting process. While the SDG Forum could play a key role in enabling continuous stakeholder engagement, wider civil society beyond those stakeholders active in the SDG Forum must also have regular opportunities to contribute to the assessment of progress made.

A critical task for the SDG Forum will be to identify and select the most relevant indicators. Eurostat should support the collaboration with civil society by compiling an "indicator catalogue" containing all existing sustainability indicators that are used by different EU bodies and that are of high statistical quality. An example of such an indicator catalogue already exists: the 'Environmental indicator catalogue' is an inventory of more than 200 European indicators, providing a one-stop shop for high quality indicators on environmental and environment-related topics.¹⁰ Looking at the catalogue, civil society stakeholders can then shortlist the most relevant indicators and flag indicators so far missing (e.g. on negative externalities). Combining indicators in a catalogue can improve relevance while safeguarding statistical quality. When identifying gaps, the SDG Forum can then consider and propose alternative data sources provided by the research community and civil society for their inclusion into Eurostat's SDG indicator set (see Figure 1). The SDG Forum should then also play a role in continuously updating indicators and refining the assessment methodology (see Figure 2).

¹⁰ The catalogue currently includes indicators from Eurostat, European Environment Agency (EEA), the European Commission's Joint Research Centre (JRC), and other international sources.

Proposal for an inclusive process to select SDG indicators and to continuously improve the assessment method for SDG monitoring in the EU.

Establish an indicator catalogue for SDGs



Eurostat

Shortlist indicators and identify gaps¹¹



SDG Forum

Report on selected indicators



EC and Eurostat

Figure 1: Process for indicator selection

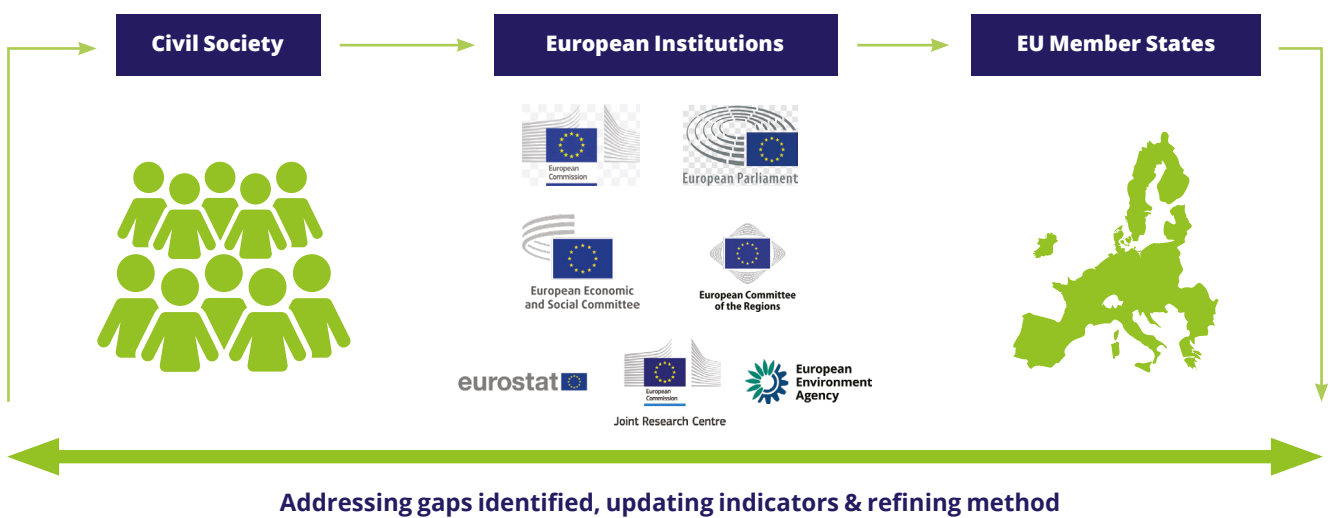


Figure 2: Multi-stakeholder approach to continuously update indicators and improve monitoring.

SDGs at the core of the European Semester

Based on the promise of the new European Commission in 2019 to integrate the SDGs into the European Semester, the SDG must be placed at the centre of the annual European Semester cycle. This can be done through the agreement on 5 to 10 headline indicators that address the EU's main sustainability challenges. The headline indicators could be composite indicators. It is crucial to consult with a broad range of stakeholders to agree on this set of core indicators and the method used to aggregate them. The proposed SDG Forum can play a leading role in proposing these indicators.

The assessment of progress against the headline indicators would play a central role in November each year when the European Commission defines the priorities for the following year's Semester Cycle through the Autumn Package. In the Commission's annual country reports for the Member States, published every February, it should then include an assessment against the SDG headline indicators. The country-specific recommendations made each summer should consequently be focused on recommendations that help Member State to progress towards the SDGs, measured through the headline indicators. This would ensure the systematic integration of the SDGs in the country reports.

¹¹ Including selection of headline indicators for European Semester.

In the 2020 Semester cycle, the country reports referred to progress made towards the SDGs in a patchy and incoherent way. Some of the country reports even focused on less relevant aspects of sustainable development while country-specific SDG data were parked in an annex.

Preparation and assessment of the country reports and country-specific recommendations prepared by the Commission must come with opportunities for civil society and other stakeholders from each country to provide input and share their expertise on SDG implementation.

Annual and multi-annual SDG monitoring and reporting cycle

The Eurostat SDG monitoring report as well as the instruments of the European Semester should all be integrated into the EU's annual and multi-annual SDG monitoring and reporting cycle. These cycles can and should actively involve the different European institutions, in particular the European Parliament as the elected body with a supervisor role of the Commission's policy implementation, the SDG Forum and wider civil society.

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The cycle should start each year in early June with the publication of Eurostat's annual SDG monitoring report, based on a more meaningful indicator set and improved methodology of progress monitoring. The SDGs Forum should then be invited to assess the state of sustainable development in the light of the report and make recommendations on priority policies highlighting gaps, regress, and the risks of trade-offs and lack of policy coherence for sustainable development. The Commission should, as a next step, report to the European Parliament on the implementation of the SDGs in September, based on Eurostat's report and referring to the recommendations made by the SDG Forum. The process should include all of the European Parliament's Committees, which could call in the respective Commissioners to report more in detail on SDG implementation in each policy area. In October, the European Parliament could present its annual SDG progress report to respond to the European Commission and Eurostat's report and considering the SDG Forum's recommendations. While certain Committees, for instance, the Environment, Development, Employment and Social Affairs and Economic Affairs Committee could take the lead in this exercise, all Committees would have to be consulted and should hold their respective Commissioner to account.

In November, when the new priorities for the up-coming European Semester cycle are drafted, the European Commission will base these on the assessment of the SDG headline indicators, the recommendations from the SDG Forum and the European Parliament's annual SDG progress report. Additionally, as outlined above, the Commission's country reports, the countries' responses and the country-specific recommendations in the Semester process would address these recommendations.

The adoption of an annual SDG reporting cycle should integrate Eurostat's indicators and reports with a stronger role for the European Parliament, a strong mandate for the SDG Forum and participation of civil society, connecting SDG monitoring to the recommendations contained in the European Semester cycle.

Every four years, the European Commission should present a comprehensive "Voluntary Regional Report" (VRR) at the UN High-Level Political Forum (HLPF) in July. Such a report could be compiled, for instance, in 2021, 2025, and 2029. The VRR should cover all SDGs with an equal focus on domestic and external affairs, a strong consideration of trade-offs, a critical assessment of negative spillover effects and an assessment of policy coherence for sustainable development.

The preparation of the VRR should start at least one year before its presentation at the July HLPF to allow for a broad and continuous civil society consultation process in which the SDG Forum could take a central role. Civil society representatives should also be actively involved in the presentation of the VRR during the HLPF itself as an official part of the European Commission's delegation.

Innovative and progressive forms of civil society engagement mechanisms in the SDG process at Member State level should serve as a blueprint for the European Commission when creating an inclusive, participatory and transparent process that works for all. A best practices example from Finland, included in this report as a solution for SDG 16, shows how civil society and Parliaments are already playing a meaningful and strategic role in SDG monitoring and reporting. It should encourage the European Commission to step up its multi-stakeholder engagement in the implementation of the SDGs, including the monitoring of progress made.

Proposal of annual and multi-annual process of SDG monitoring and reporting for the European Union.

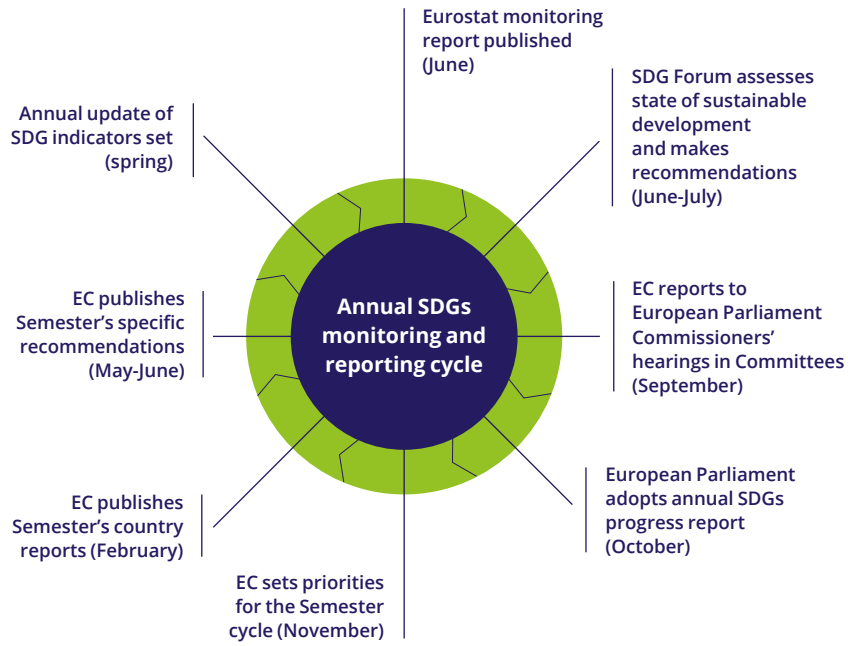


Figure 3: Proposed annual monitoring cycle for the EU

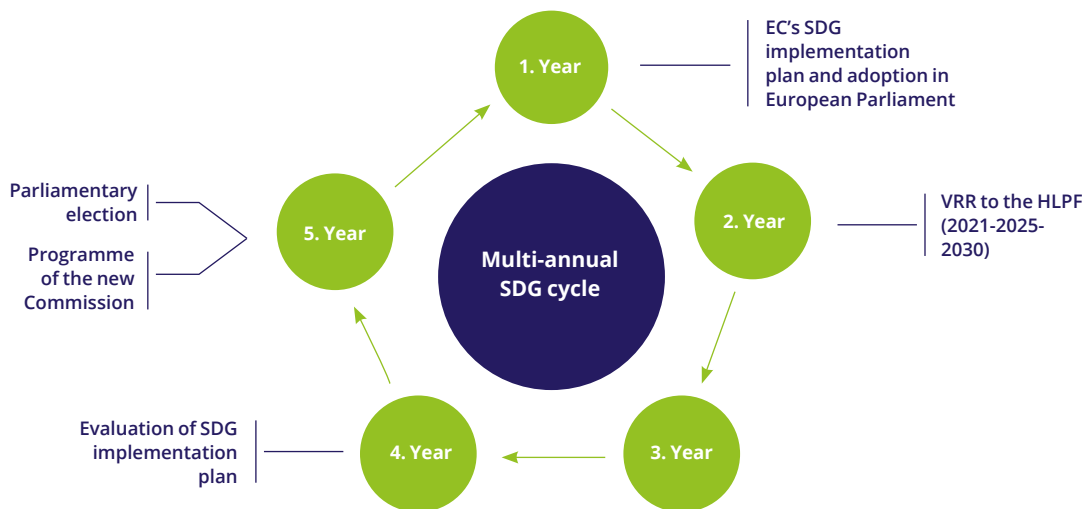


Figure 4: Proposed multi-annual VRR process culminating in the presentation of the EU's report during the July UN HLPF.