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IS EUROPEAN GREEN DEAL DOOMED TO SHARE THE PATHS OF PREVIOUS MULTIANNUAL EU STRATEGIES?

Abstract

- *Goal* – to analyse feasibility of the European Green Deal in the perspective of implementation experience of the previous multiannual EU strategies.
- *Research methodology* – comparative multi-level and multi-period analysis, review of documentation and literature review and other methods including synthesis and deduction.
- *Score/results* – the authors indicated a number of problems hindering the implementation of past multiannual EU strategies that were not solved in the current one. However, potential success factors of the European Green Deal implementation were also identified.
- *Originality/value* – value of the analysis lays in contextual reference to development and growth programmes of the EU. Conclusions are based on the comparative approach. The paper is original, not previously published.

Keywords: Lisbon strategy, Europe 2020, European Green Deal, multiannual EU strategies.

1. Introduction

The European Green Deal (EGD), like the previous multiannual development strategies of the European Union, including the Lisbon Strategy and the Europe 2020 Strategy, set ambitious goals for the EU's socio-economic development for the next decades. Among them are, among others "transformation of the EU into a fair and prosperous society living in a modern, resource-efficient and competitive economy", achievement of "net zero greenhouse gas emissions" by 2050 and "decoupling economic growth from the use of natural resources".

Currently, at the beginning of the implementation of the European Green Deal, it is worth noting that the two previous EU multiannual strategies also assumed the implementation of ambitious goals that were to be achieved in the years 2000–2010 and 2010–2020. However, they have never led to their implementation. The implementation of the Lisbon Strategy did not make the European Union "the most competitive and dynamic knowledge-based economy in the world" not only until 2010 as stipulated in this strategy, but also until today. Likewise, the Europe 2020 Strategy has not made the Union's economy "smart and sustainable", has not made the EU more "socially inclusive" and has not made the EU member states to achieve goals related to "high employment and productivity rates and social cohesion".

In the above context, the question in the title of this article seems important: Is European Green Deal doomed to share the paths of previous multiannual EU strategies? Currently, it is difficult to answer this question unequivocally, but the trajectories of the implementation of the EU's past multiannual strategies provide a wealth of empirical material to assess the implementation challenges of the current program, which is the European Green Deal. Their analysis makes it possible to present the main factors which, in the authors' opinion, will determine the future of the newest long-term strategy of the Union.

Our research strategy assumes a critical comparative analysis of the Lisbon Strategy, the Strategy Europe 2020 and the European Green Deal with regard to their goals, implementation mechanisms, financing and the importance of external factors for the implementation of these strategies. We paid particular attention to the reasons for the failure of the last two strategies from the perspective of the possibility of their replication during the implementation of the present multiannual EU strategy.

2. Goals of multiannual EU development strategies and the level of their achievement

A characteristic feature of all three analysed multiannual strategies of the European Union is the complexity of the objectives that were or are to be achieved as a result of their implementation. A brief overview of these goals – based on documents from the European Commission or the European Council – is presented in Table 1.

Table 1. Goals of multiannual EU strategies: Lisbon Strategy, Strategy Europe 2020, European Green Deal

Strategy	Goal	Time horizon and trade-offs
Lisbon Strategy	The Union has today set itself a new strategic goal for the next decade: to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion. Achieving this goal requires an overall strategy aimed at: • preparing the transition to a knowledge-based economy and society by better policies for the information society and R&D, as well as by stepping up the process of structural reform for competitiveness and innovation and by completing the internal market; • modernising the European social model, investing in people and combating social exclusion; • sustaining the healthy economic outlook and favourable growth prospects by applying an appropriate macro-economic policy mix (European Council, 2000).	**Time horizon:** 2010, for some goals undefined (long-term). **Possible trade-offs:** • economic growth- versus sustainability, • European social model and social inclusion versus structural reforms and growth, • short term versus long term goals, • one policy mix does not fit all.
Strategy Europe 2020	Three priorities should be the heart of Europe 2020: • Smart growth – developing an economy based on knowledge and innovation. • Sustainable growth – promoting a more resource efficient, greener and more competitive economy. • Inclusive growth – fostering a high-employment economy delivering economic, social and territorial cohesion (European Commission, 2010).	**Time horizon:** 2010, for some goals undefined (long-term). **Possible trade-offs:** Same as in case of Lisbon Strategy.
European Green Deal	It is a new growth strategy that aims to transform the EU into a fair and prosperous society, with a modern, resource-efficient and competitive economy where there are no net emissions of greenhouse gases in 2050 and where economic growth is decoupled from resource use. It also aims to protect, conserve and enhance the EU's natural capital, and protect the health and well-being of citizens from environment-related risks and impacts. At the same time, this transition must be just and inclusive. (European Commission, 2019).	**Time horizon:** 2030, 2050. **Possible trade-offs:** • growth versus resource use, emissions etc. • short-term versus long-term goals, • uneven distribution of benefits and burdens.

Source: author's own work based on European Commission, 2010, 2019; European Council, 2000.

At the end of the 2000s, the Lisbon Strategy was replaced by another multiannual Strategy Europe 2020. The strategy assumed that economic growth fostered by implementation of Strategy Europe 2020 will be “smart”, “sustainable” and “inclusive”. Therefore, greater emphasis was placed on innovation, sustainability (especially related to resource consumption and “green” technologies) and maintaining social cohesion. It was also assumed that this strategy would reverse the effects of the global recession that took place in 2008–2009. However, as indicated by Kasprzyk & Wojnar [2021], the results of the implementation of this strategy in various Member States turned out to be heterogenous. In the second decade of the 21st century, the economic disparities between the highly developed countries of Western Europe and the countries of Southern Europe deepened which means that Europe 2020 has not led to greater cohesion, and economic growth in the EU has not turned out to be inclusive. The inability to achieve the goals of this strategy was largely due to the consequences of the economic crisis of 2008–2009 and the recession of 2012–2013, as well as the inability of the southern countries to return to a path of sustained economic growth. Moreover, the discussed strategy replicated many weaknesses of the Lisbon Strategy as regards the coherence of various goals and the possibility of their simultaneous implementation.

At the end of the second decade of the twenty-first century, the third, multiannual EU strategy, the European Green Deal, was adopted. Contrary to previous strategies, the implementation of the sustainable development agenda has become a priority of this strategy, in particular the goals of reducing greenhouse gas emissions and decoupling economic growth from resource use. At the same time, Green Deal reiterated that these goals will be achieved in parallel with such principles like “fair and prosperous society” and “competitive economy”. At present, it is difficult to assess the implementation status of the discussed strategy, but it should be noted that it partially duplicates the patterns underlying the failure of the previous strategies. This applies in particular to the assumption that there are no trade-offs between its goals, i.e. that decoupling economic growth from resource use is possible and that it is possible to achieve the increasingly ambitious and costly targets related to reducing greenhouse gas emissions while maintaining economic growth and competitiveness. These assumptions are difficult to verify. However, it should be noted that the implementation of the European Green Deal will certainly be influenced by two external factors that occurred at the beginning of its implementation. The first concerns the economic effects of the policy of lockdowns aimed at counteracting the spread of COVID-19, and the second is related to the effects of the Russian aggression against Ukraine and its consequences for the prices of energy resources and the economic situation of the EU.

3. Implementation mechanics of multiannual EU development strategies

The mechanism of Lisbon strategy implementation relied on Open Method of Cooperation (OMC). Instead of harmonizing national regulation, the Member States introduced new rules via cooperation with EU. Lisbon strategy governance meant not adding a new level of governance but rather concentrating on new, less formal patterns of rule. The characteristics of those new modes of governance were: reliance upon non-binding 'soft law' rather than legal instruments, the engagement of both public and private actors and leaving the choice of policy to the Member States, and inclusive participatory approach [Copeland, Papadimitriou, 2012; Kohler-Koch, Rittberger, 2006].

The OMC meant allowing theMember States to develop their own policies, and leaving them the choice of instruments. The procedure, however, had some milestones: first, guidelines were fixed by the EU with specific timetables; then, the Member States implemented those objectives via national actions plans. Finally, qualitative and quantitative indicators were used in the peer review to measure successes and failures of the Member States.

Open Method of Coordination meant common goals measured by indicators, annual review of strategy implementation at the European Council summit. Starting from the mid-term review, each country prepared a National Reform Program, which was also agreed with the Commission and assessed (based on an implementation report).

The OMC was to some extent blamed for limited success of the Lisbon strategy. Leaving the choice of instruments, self-evaluation, and peer pressure as motivation mechanism were pointed out as too weak for such an ambitious program. As put in the Kok report (*Facing the challenge…*, 2004), the low level of target achievement was 'due to an overloaded agenda, poor coordination and conflicting priorities'. Mechanism of Europe 2020 strategy implementation was supposed to be a remedy for some of these issues. Firstly, more responsibilities were given to the Member States, secondly – targets were designed to each country's specificity. In terms of governance, the strategy tried to remedy the rather weak architecture of the Lisbon strategy, therefore the Member States were obliged to present two reports every year, the Stability and Convergence Programme and the National Reform Programme, which were presented every April and fully integrated in the European Semester. These documents formed the basis of the European Commission's country-specific recommendations.

However, even under more rigorous rules of EU2020 the Member States had no incentives to make extraordinary efforts to reach the strategy's targets. The confirmation for the voluntary character of the program is lack of any reference to the agenda in the overwhelming majority of government plans at a national and regional level in the EU [Renda, 2014].

Stronger governance implemented under Europe 2020 relied on two pillars: the thematic approach (represented by seven flagship initiatives), combining priorities and headline targets; and country reporting, with a core goal of returning to sustainable growth and sound public finances. The main framework for implementation of Europe 2020 at a national level was via the European Semester. This included commitment by the Member States through their National Reform Programme reports, monitoring and assessment by the Commission in country reports and country-specific recommendations that were adopted by the Council. Integrated guidelines have been formulated, having in mind the broader EU2020 targets, and are used to guide this process. Moreover, implementation of the EU2020 strategy was monitored through yearly reports by Eurostat, the European Employment Strategy and the OMC. Strengthening of the EU2020 implementation was to reach also via means of establishing link with the Stability and Growth Pact and the use of EU structural funds. Emphasis on SGP resulted, however, mostly in turning to austerity measures, rather than growth-oriented ones in the economic development strategies of the Member States.

The implementation mechanism of EU2020 derived from the Lisbon strategy's focus on guidelines and peer-review to greater concentration on economic and financial targets (e.g. reduction to just ten guidelines). The process was called "co-ordination of co-ordination" which well describes the shift in mechanics from LS to EU2020.

The European Green Deal presents a shift in multiannual programming of the EU not only in the area of policy considerations, towards a clear focus on green transition. The process of implementation will still include important elements and strong association with the European Semester, i.e. country-specific recommendation, national reform programs, and country reporting. However, important changes are introduced in the area of policy management, with focus on sector approach and technological policy relations.

Major introduction to the system of implementation in the European Green Deal is the engagement of private sector. Even though a large part of the investment will come from the public sector, the private sector is going to play a vital role in the implementation mechanisms. It is going to be in the responsibility of companies to introduce sustainable economy priorities in their strategies and investment to meet the demands of the EGD.

As far as the policy orientations are concerned, the process of multiannual programming, a shift in ethos is observed from detailed micro-management through perspective and revisable non-legislative norms (LS), through domestic accountability for actions in line with guidelines (EU2020), to responsibility of private sector for the implementation. On the other hand, the trend in implementation started with horizontal multi-lateral co-ordination, through more vertical and bilateral stimulus to increase domestic policy effort, towards focus on business support and sector-related policies and instruments (EGD).

A significant change in approach in the EGD's mechanics is also seen in the area of regulation of policies. Both the Lisbon strategy and the EU2020 strategy were prioritizing deregulation, with Integrated Guidelines based on economic policy oriented at deregulating and dismantling regulatory interference in the market functioning. The approach planned for the Green Deal relies on regulating economic sectors related to green transition which may be a significant factor in improving target reaching potential. On the other hand, such a process moves the cost effects of the reforms to the business sector as major actors implementing the program.

4. Financing of multiannual EU development strategies

The Lisbon Strategy introduced into the policies of the EU and the Member States such categories as: knowledge-based economy, information society, learning regions, information and communication technologies, diffusion of innovation, but in practice – for the first five years – the strategy did not have any significant impact on the cohesion policy.

It was only since the reform in 2006 that the cohesion policy strictly supported the implementation of the Lisbon goals in the years 2007–2013. The assumption was that in the years 2007–2013 at least 60 percent of the funds under each operational program will be allocated to the implementation of the Lisbon Strategy.

The Lisbon strategy reform and focusing it on the goals of growth and employment and binding it to the cohesion policy meant a significant change in the philosophy: from compensatory to serving as support for competitiveness, with the use of endogenous development potential of regions and removing development barriers.

The budget of the cohesion policy for 2007–2013 amounted to EUR 347 billion and an additional EUR 160 billion from national funds. Approximately 80 percent of this amount was earmarked for the regions covered by the Convergence objective, 65 percent of which supported the Lisbon objectives. 16 percent of the cohesion policy funds were allocated to the Regional Competitiveness and Employment objective, of which 82 percent to support the objectives of the Lisbon Strategy.

In the case of the EU2020 strategy, the original version of the document did not support the cohesion policy: it was non-spatial, preferred a sectoral rather than a regional approach, it promoted partnership at the national, not regional level, and territorial cohesion was manifested in it only in promoting labor mobility. However, in the final version of the document it was recognized that the cohesion policy could be actively involved in the implementation of the Europe 2020 strategy. The European Commission estimated 1.8 trillion Euro as a budget to finance EU2020. Part of this sum was supposed to come from private sector, with public sector contributing from both national and subnational levels.

With this in mind, the Structural Funds were given a key role in financing the initiatives of the Europe 2020 program. On the other hand, the future of cohesion policy also depended on its successful implementation There was therefore a mutual feedback between the two programs.

An important institutional arrangement for the EU2020 came with European Systemic Risk Board for macro-prudential supervision and the European Financial Stabilization Facility, later also with the European Stability Mechanism for managing sovereign debt crisis.

The relation of cohesion policy financial instruments and EU2020 has also changed since the Lisbon strategy. As stated in the Barca report [Barca, 2009], cohesion policy had traditionally been focused on less developed regions and Member States. In EU2020, however, all the Member States regardless of their level of development or underdevelopment were equally involved in delivery of targets of smart, sustainable and inclusive growth.

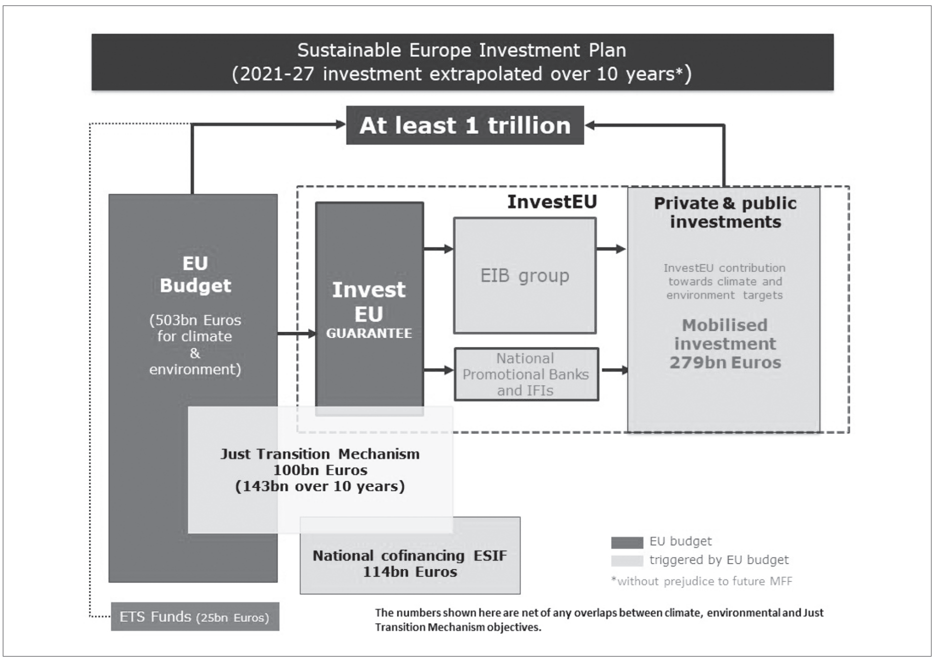
Financing of the European Green Deal will be arranged differently, with special investment plan and mechanisms dedicated to its goals. The European

Green Deal Investment Plan (EGDIP) will mobilize at least 1 trillion Euro in investment over the next decade. 25 percent of the next long-term EU budget (for years 2021–2027) is going to contribute to climate action and spending on the environment. An important innovation is also introduction of repayable instruments – InvestEU will leverage ca. 279 billion Euro of private and public investment by providing a EU budget guarantee to allow the EIB and other implementing partners to invest.

Overall, the rationale behind EGD as opposed to previous multiannual programs is changing from "financing" to "mobilizing capital". The three objectives of the EGDIP are:

- to increase funding for the transition, and mobilize at least €1 trillion to support sustainable investments over the next decade through the EU budget and associated instruments, in particular InvestEU;
- to create an enabling framework for private investors and the public sector to facilitate sustainable investments;
- to provide support to public administrations and project promoters in identifying, structuring and executing sustainable projects.

Chart 1. Origin of the financial resources for the European Green Deal implementation



Source: European Commission [2020].

Under the mechanism of mobilising capital for the EGD implementation, various sources are planned to be used. About half of the 1 trillion Euro will come directly from the EU Budget (earmarked for Climate and Environment actions), whereas the remaining half will be triggered by the EU budget in the form of guarantees and mobilized private investment.

5. Causes of incomplete implementation of past multiannual EU strategies and the future of European Green Deal

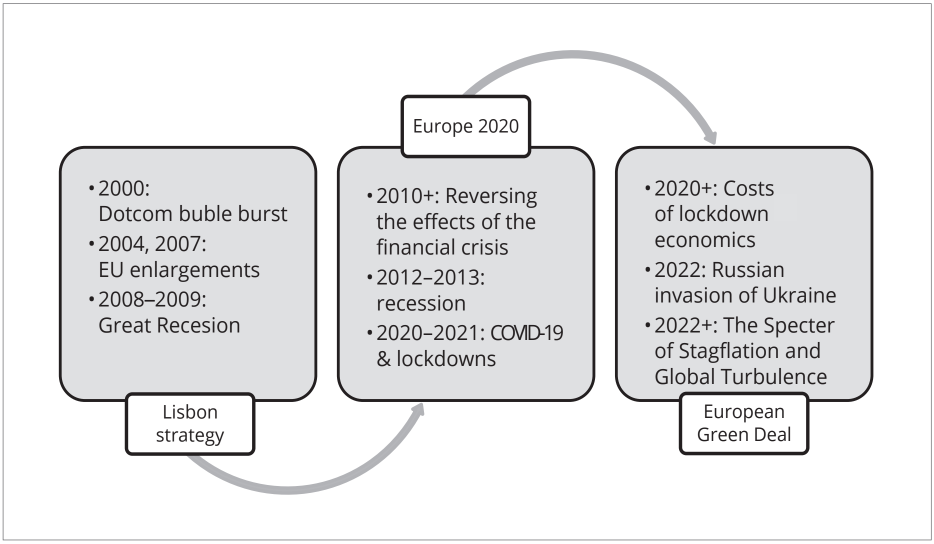
The future of the European Green Deal can be studied from the point of view of the experiences of previous multiannual strategies, but also the specificity of the current strategy.

Several factors influenced the inability to achieve the goals of the Lisbon Strategy and the Strategy Europe 2020. They referred to both the goals and their inconsistency with the priorities of the Member States or trade-offs between specific goals of these strategies, problems with policy coordination, the lack of bottom-up legitimacy for the top-down agenda of actions, and the possibility to freely select goals to be implemented in accordance with the à la carte principle. External factors, in particular crises that occurred during their implementation, also had a very significant impact on the implementation of the discussed strategies. These problems were overlapped by implementation problems related, on the one hand, to the weakness of the implementation mechanisms and, on the other hand, to the lack of legitimacy for the specific objectives of the EU strategy at the national level. This in turn has led to the selective implementation of the EU strategies at a national level, or even to the questioning of the European added value of these strategies.

The problem of internal or geographical inconsistency of the objectives of the long-term EU strategy appeared at the beginning of the Lisbon Strategy implementation and was repeated during the implementation of the Europe 2020 Strategy. Successive external shocks – from the Great Recession of 2008–2009 through the reception of 2012–2013 asymmetrically influenced the Member States. As a result, the objectives of the European multiannual strategy became less and less consistent with the economic challenges faced by the Member States. Moreover, the Member States were quite easy to implement the goals of the discussed strategies. Applying the à la carte principle, they emphasized those areas where it was easier for them to show obstinacy in achieving their goals, and ignored the areas where they had problems with the implementation of the European agenda.

The above problems with the objectives of the EU's multiannual strategies overlapped with the problems with coordinating their implementation. The OMC has proven to be as flexible as it is ineffective as an implementation tool. As a result, the National Reform Programs reflected the diversity of approaches and priorities of the member states. The slightly more rigorous approach to the implementation of the European strategy applied in the case of the Europe 2020 strategy did not improve much [Renda, 2014].

Chart 2. Role of external factors influencing implementation of multiannual EU development strategies



Source: author's own work.

Given the experience of previous multiannual development and competitiveness programs of the EU, the trajectories of the European Green Deal's implementation may be predicted. The most general conditionality of EGD's is its monitoring system's similarity to both Lisbon and EU2020 strategies. All three programs rely on "soft law" measures when it comes to ensuring target achievement. Apart from this, all three engage both public and private actors, while policy choice is left to Member States (subsidiarity principle), and encourage inclusive participatory approach [Kohler-Koch, Rittberger, 2006]. These three characteristics of new modes of governance are part of the EU multiannual programming DNA. However, they are also evaluated as weakening the implementation system and hindering its added value.

The new element of the implementation system, i.e. stronger engagement of the private sector may, however, be a positive introduction and prevent EDG from the repetition of pervious paths. The experience of the Single Market program building in the EU showed that tighter link to business entities and their goals gives Member States dynamics, resources and focus on targets. The difference, however, remains between the Single Market and EGD with the first putting private sector as beneficiaries, and the latter as source of finance and action. EGD's success relies heavily on the effort from the business partners: with half of the program's budget covered by private funds and most of the costs of implementation attributed to the enterprises. This may improve the target achievement rate but needs to be related to business strategy goals in order to succeed. So far, however, EGD lacks serious estimates of the effects of the regulations. Having this is mind, it is hard to expect business entities to be willing to take the risk of financing half of the 1trillion Euro budget, even with InvestEU and European Investment Bank Group guarantees. The 7.5 billion Euro in the Just Transition Mechanism, set to assist those whose strategic goals are not in line with Climate and Environment agenda, may not be sufficient to convince businesses to alter their goals.

The focus of EGD goals in the area of environmental aspects of sustainable growth may be a significant factor in the trajectory of the program development. Especially in the area of funding mobilization, it can fall in the build synergy with Sustainable Development Goals implemented by the European private sector. Strong commitment to SDG's, implementation of economic, social and governance standards and public pressure on business sustainability create a positive conditionality set for the European Green Deal goals in business practice and give it a positive momentum. If combined with financial mechanisms of InvestEU and Sustainable Finance Strategy, it may contribute to actual target achievement. However, the combination must be effective. Either way, definite focus on particular policy and action area is a novelty, as compared to previous multiannual programs which tended to overarch all economic, social and environmental issues. This time the programming is less cross-policy and more cross-sector synergy oriented.

Apart from business sector involvement, with all its limitations, coming back to the "Europeization" of development priorities may introduce a positive dynamism of EGD. In the new structure of implementation, this process has a chance not to repeat Lisbon strategy's mistake of "Brussels talking to Brussels" without the presence of sufficient commitment devices to ensure compliance [Copeland, Papadimitriou, 2012]. The device in question is stronger bond to regulation and sector approach, especially in the areas of technology policy.

6. Conclusions

The aim of the above analysis was to conclude on the success and failure factors of the European Green Deal in the context of previous experience of EU development programming. Our analysis revealed following factors which may hinder the implementation of the European Green Deal or slow down its dynamics.

First is the possibility of materializing the trade-off between the strategic goals. This especially refers to the assumption that economic growth needs to be decoupled from the resource consumption, and at the same time achieve zero-emission growth. Despite the fact that the European Green Deal is far more concentrated in its areas of impact than the previous strategies, its scope is still quite broad and goals vary, increasing the possibility of action dispersion.

The two shocks to the European economy (namely: pandemic and military conflict in Europe) may further deepen the discrepancy between goal of the EGD and national policy agendas.

In spite of these factors, the EGD is building on the experience of both the Lisbon strategy and the EU2020 strategy as far as the implementation mechanisms are concerned. Drawing from the limited success of the previous two, EGD is equipped with stronger instruments when it comes to new regulations in the field of climate and environment. The Green Deal will mostly be introduced by a system of EU regulations, which have to be introduced by the Member States.

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