

# Budgetary control of the Sustainable Development Goals in the EU budget

## What measures are in place to ensure effective implementation?

### KEY FINDINGS

With only nine years left to reach the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda and a recent report finding that "no European country was on track to achieve all [goals]", the question remains whether the European Union (EU) is making enough progress towards the SDGs and, more specifically for this briefing on budgetary control, whether the implementation of the EU budget at both the EU- and Member States level contributes effectively to the 2030 targets.

The von der Leyen Commission issued political guidelines in 2019 focused on integrating the SDGs into all Commission policies and strategies with various ambitious spending programmes proposed thus far. Furthermore, the long-term EU budget of 2021-2027 and the NextGeneration EU recovery instrument totalling EUR 1.8 trillion target a minimal expenditure of 30 percent to green objectives. However, it is as of yet challenging to have a conclusive understanding of how the EU budget and individual spending programmes contribute to the implementation of the SDGs. The Commission is said to have just started "exploratory work on developing a tracking system allowing the tracking of expenditure through the structure of the SDGs" and only general, descriptive overviews of the contribution of spending programmes exist in various reports and documents.

With around 75% of the EU budget implemented under shared management by the Member States, a robust national monitoring and performance framework is of importance to use these funds effectively. A Member State can furthermore improve policy coherence and increase accountability by linking the use of the budget to these frameworks. Any progress towards SDGs within these frameworks can thereafter be evaluated by Supreme Audit Institutions (SAIs), for example, to further ensure the effective implementation of the budget. Such evaluations, however, remain in their "infancy" across the EU, and most Member States have only just now started to incorporate the SDGs into their national budgetary processes in the form of measuring progress towards certain targets with the use of indicators. Challenges in auditing sustainability make it a complex process that will require further attention at both the EU- and Member States level for Europe to be able to reach the targets of the 2030 Agenda.



## Background

A [historic commitment](#) to address the multiple challenges facing humanity by the year 2030 and beyond was made in September 2015 by all 193 Member States of the United Nations (UN). The 2030 Agenda for Sustainable Development with at its heart the 17 [Sustainable Development Goals](#) (SDGs) provide concrete objectives that target many economic, social, and environmental areas for action.

Articles 3.5 and 21.3 of the [Treaty on European Union](#) call for the European Union (EU) to contribute to the sustainable development of the world, eradication of poverty, and the protection of human rights. While the SDGs are not legally binding, the EU is committed to make progress towards the goals as a shared objective for a sustainable world, as outlined in the Communication '[Next steps for a sustainable European future](#).' Certainly, ambitious strategies and spending programmes such as the European Green Deal, the Just Transition Fund, and the Gender Equality Strategy 2020-2025 have been proposed by the European Commission in accordance with the priorities set by the European Council and European Parliament.<sup>1</sup> President von der Leyen's [political guidelines](#) and the Commission's annual work programme focus on integrating the 17 SDGs into all Commission policies and strategies to reach the goals of the 2030 Agenda. Furthermore, the [2021-2027 long-term EU budget](#), also known as the Multi-annual Financial Framework (MFF), and the [NextGenerationEU](#) (NGEU) recovery instrument to combat the consequences of the Covid-19 pandemic amount to EUR 1.074 trillion and EUR 750 billion respectively (2018 prices). This combined represents a huge increase over the ca. EUR 1 trillion long-term EU budget of 2014-2020.<sup>2</sup> At least 30 percent of the EU budget and NGEU will be spent on fighting climate change, part of a major investment plan towards the EU's target to become climate-neutral by 2050.<sup>3</sup> Moreover, the largest share of the NGEU recovery instrument will go to the [Recovery and Resilience Facility](#) programme (EUR 672.5 billion), in which public investment in green (at least 37 percent) and digital (at least 20 percent) areas will aim to boost the post-pandemic recovery. Given that the target minimum expenditure on climate-related measures has increased by 10 percent from the previous 2014-2020 MFF and the unprecedented size of the financial package, it is hopeful that progress towards the SDGs will accelerate with the continued commitment of the Commission.

One of the ways the Commission tries to achieve its target of a climate-neutral EU is by an approach known as "[mainstreaming](#)." Mainstreaming aims to integrate certain policies, such as climate action or gender equality, into the design and implementation of each EU policy or programme instead of having dedicated programmes for these policies. The approach commits a certain percentage of the budget on, for example, addressing climate change and requires every relevant spending programme to contribute to this percentage. This, however, also means that it is more difficult to track financial spending on the mainstreamed policy area as the contribution of each spending programme has to be tracked to understand whether the target objectives of the mainstreamed policy area are being met. This is in particular a challenge for any potential tracking of spending towards SDGs, as the goals tend to cover cross-cutting issues that as a result consist of multiple EU policy areas. A [2016 report](#) by the European Court of Auditors (ECA) highlighted the difficulties of mainstreaming just one related SDG (SDG 13: Climate change) into the EU budget. These difficulties were reiterated four years later in a [2020 review](#) by the ECA on the climate mainstreaming of the EU budget, in which the authors called for a reconsideration of the climate tracking methodology to gain a better understanding of the contribution of each spending programme to the minimum expenditure on climate-related measures.

Due to the difficulties mainstreaming presents, the Commission currently only tracks expenditure on [climate](#), [biodiversity](#), clean air, and migration.<sup>4</sup> The methodology for this is identifying spending

<sup>1</sup> European Commission, Initiatives adopted by the Commission in the first year: [https://ec.europa.eu/info/strategy/international-strategies/sustainable-development-goals/eu-holistic-approach-sustainable-development\\_en](https://ec.europa.eu/info/strategy/international-strategies/sustainable-development-goals/eu-holistic-approach-sustainable-development_en)

<sup>2</sup> European Commission, EU funding programmes 2014-2020: [https://ec.europa.eu/info/strategy/eu-budget/long-term-eu-budget/2014-2020/funding-programmes\\_en](https://ec.europa.eu/info/strategy/eu-budget/long-term-eu-budget/2014-2020/funding-programmes_en)

<sup>3</sup> European Commission, 2050 long-term strategy: [https://ec.europa.eu/clima/policies/strategies/2050\\_en](https://ec.europa.eu/clima/policies/strategies/2050_en)

<sup>4</sup> European Commission, Mainstreaming in the EU budget: [https://ec.europa.eu/info/strategy/eu-budget/performance-and-reporting/mainstreaming\\_en](https://ec.europa.eu/info/strategy/eu-budget/performance-and-reporting/mainstreaming_en)

programmes that impact the mainstreamed policy area and assigning them a pre-defined marker that corresponds to a certain percentage of contribution. The EU Climate markers for tracking climate expenditure, for example, are based on the Organisation for Economic Co-operation and Development [Rio markers](#) that have been refined for EU-specific targets.<sup>5</sup> This allows the Commission to estimate the contribution of each relevant spending programme to the policy area. Per the Inter-Institutional Agreement on the 2021-2027 MFF of December 2020, the Commission will also implement gender equality mainstreaming in its actions.<sup>6</sup>

While these policy areas are covered, no meaningful association to the SDGs has been made. In November 2020 the Commission stated that it "has started exploratory work on developing a tracking system allowing the tracking of expenditure through the structure of the SDGs."<sup>7</sup> This aims to measure the contribution to SDGs per spending programme. Furthermore, an internal review process is in place since 2020 to verify the contribution of each spending programme to relevant SDGs to ensure that what is measured corresponds with the attributed target.<sup>8</sup> Both these methods are important, as a ECA review in June 2019 on sustainability reporting found that:

*"There is, apart from in the EU's external actions area, no systematic analysis or reporting framework [on] how individual programmes or parts of the budget contribute to the implementation of the SDGs."*<sup>9</sup>

Nevertheless, as of July 2021, only very limited conclusions can be drawn about the performance of EU policies and programmes towards the goals. Despite the Commission's commitment, with only nine years left until 2030 and a recent International Institute for Sustainable Development [report](#) finding that "no European country was on track to achieve all 17 SDGs by 2030", it raises the question as to whether the EU budget is used efficiently via the many spending programmes.<sup>10</sup> As such, this briefing explores what kind of measures are in place to ensure that the implementation of the EU budget contributes effectively to the SDGs at both the EU- and Member States level.

<sup>5</sup> European Parliament, Documenting climate mainstreaming in the EU budget: Making the system more transparent, stringent and comprehensive: [https://www.europarl.europa.eu/RegData/etudes/STUD/2020/654166/IPOL\\_STU\(2020\)654166\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2020/654166/IPOL_STU(2020)654166_EN.pdf)

<sup>6</sup> Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, Article 16e, OJ L 433I: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.LI.2020.433.01.0028.01.ENG>

<sup>7</sup> European Commission, Mainstreaming in the EU budget: [https://ec.europa.eu/info/strategy/eu-budget/performance-and-reporting/mainstreaming\\_en](https://ec.europa.eu/info/strategy/eu-budget/performance-and-reporting/mainstreaming_en)

<sup>8</sup> European Commission, Commission staff working document: Delivering on the UNs Sustainable Development Goals – A comprehensive approach, p. 9: [https://ec.europa.eu/info/sites/default/files/delivering\\_on\\_uns\\_sustainable\\_development\\_goals\\_staff\\_working\\_document\\_en.pdf](https://ec.europa.eu/info/sites/default/files/delivering_on_uns_sustainable_development_goals_staff_working_document_en.pdf)

<sup>9</sup> European Court of Auditors, Rapid case review: Reporting on sustainability: a stocktake of EU Institutions and Agencies, p. 22: [https://www.eca.europa.eu/Lists/ECADocuments/RCR\\_Reporting\\_on\\_sustainability/RCR\\_Reporting\\_on\\_sustainability\\_EN.pdf](https://www.eca.europa.eu/Lists/ECADocuments/RCR_Reporting_on_sustainability/RCR_Reporting_on_sustainability_EN.pdf)

<sup>10</sup> International Institute for Sustainable Development, SDG Index Finds No European Country on Track, Green Deal Brings Potential: <https://sdg.iisd.org/news/sdg-index-finds-no-european-country-on-track-green-deal-brings-potential/>

## Monitoring performance

To have a meaningful understanding of the performance of spending programmes, monitoring and reporting progress in the relevant policy areas are key. This can be used to improve indicators, track spending, and evaluate whether the budget is used efficiently. The central element of monitoring European progress towards the SDGs is the [annual monitoring report](#) prepared by Eurostat. The report provides various detailed representations of trends towards the SDGs and further descriptive analyses (see figure 1). In 2017, the Commission developed a reference indicator set to serve as a basis for this report.<sup>11</sup> The 2020 edition of the EU SDG indicator set, developed in cooperation with a large number of stakeholders and open to annual review, comprises 100 indicators structured along the 17 SDGs, with 36 of the indicators multi-purpose and monitoring more than one goal. The indicators are a compilation mostly based on statistical information collected by Member States and evaluated against EU targets.<sup>12</sup> However, a 2019 ECA [review](#) on sustainability reporting in the EU noted that there is a lack of pre-defined 2030 targets. This makes monitoring less effective as it is unclear how close or far an indicator is from its respective goal.<sup>13</sup> This issue was similarly raised in an UN Sustainable Development Solutions Network report on EU gaps in monitoring SDGs.<sup>14</sup> As of 2020, only 16 Eurostat indicators can be linked to quantitative EU targets. The rest of the indicators merely identify a positive or negative trend towards the relevant objective and are therefore unfit to be able to make a meaningful assessment of the EU progress towards the 2030 Agenda.<sup>15</sup> The Eurostat report also links certain EU policies and programmes to some of these indicators, but the indicators are not able to measure how these policies and programmes contribute to the trends.<sup>16</sup> As a result, the ECA review found that the Eurostat report and indicator set do not show how the EU budget contributes to achieve the SDGs.

Figure 1: Overview of EU-27 progress towards the SDGs over the past 5 years, 2020



Source: Eurostat, Sustainable development in the European Union — Monitoring report on progress towards the SDGs in an EU context — 2020 edition, p. 11.

<sup>11</sup> European Commission, Communication: Next steps for a sustainable European future - European action for sustainability: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2016%3A739%3AFIN>

<sup>12</sup> Eurostat, Sustainable development in the European Union — Monitoring report on progress towards the SDGs in an EU context — 2020 edition: <https://ec.europa.eu/eurostat/documents/3217494/11011074/KS-02-20-202-EN-N.pdf>

<sup>13</sup> European Court of Auditors, Rapid case review: Reporting on sustainability: a stocktake of EU Institutions and Agencies, p. 27: [https://www.eca.europa.eu/Lists/ECADocuments/RCR\\_Reporting\\_on\\_sustainability/RCR\\_Reporting\\_on\\_sustainability\\_EN.pdf](https://www.eca.europa.eu/Lists/ECADocuments/RCR_Reporting_on_sustainability/RCR_Reporting_on_sustainability_EN.pdf)

<sup>14</sup> European Economic and Social Committee, Exposing EU policy gaps to address the Sustainable Development Goals: <https://www.eesc.europa.eu/sites/default/files/files/qe-02-19-009-en-n.pdf>

<sup>15</sup> Institute for European Environmental Policy, Assessing and accelerating the EU progress on Sustainable Development Goals (SDGs) in 2019, p. 9: [https://ieep.eu/uploads/articles/attachments/52fc703c-0404-4c58-9819-9e31c92d3ef1/EU%20SDG%20briefing%202019\\_IEEP.pdf](https://ieep.eu/uploads/articles/attachments/52fc703c-0404-4c58-9819-9e31c92d3ef1/EU%20SDG%20briefing%202019_IEEP.pdf)

<sup>16</sup> European Court of Auditors, Rapid case review: Reporting on sustainability: a stocktake of EU Institutions and Agencies, p. 27: [https://www.eca.europa.eu/Lists/ECADocuments/RCR\\_Reporting\\_on\\_sustainability/RCR\\_Reporting\\_on\\_sustainability\\_EN.pdf](https://www.eca.europa.eu/Lists/ECADocuments/RCR_Reporting_on_sustainability/RCR_Reporting_on_sustainability_EN.pdf)



The Annual Management and Performance Report for the EU Budget (AMPR) is published by the Commission for the annual discharge procedure by which the implementation of the budget is scrutinised by the Parliament and the Council. In the 2020 [report](#), the Commission reported that 46 of the 61 spending programmes, or 75 percent of the total, contributed to at least one of the SDGs. These 46 programmes together represented 96 percent of the entire budget.<sup>17</sup> However, only a "non-exhaustive" overview of programmes that contribute to the 2030 Agenda is presented in the report (see figure 2). Furthermore, the

Figure 2: Examples of the EU budget's contribution to the agenda for sustainable development



Source: Annual Management and Performance Report for the EU Budget — Volume II — Financial year 2020. p. 19.

SDGs the spending programme contributes to. While the Commission is said to have conducted an internal review process to verify this contribution, the results of this review are not mentioned. However, according

technical annex to the report ([Volume III](#)) does not include any mentions of the SDGs. The 'Performance assessment' section presents a summary of the overall progress of a programme towards its objectives ("defined at the beginning of the programme implementation period [...] in various forms, e.g. quotas, benchmarks, numerical goals"), but these were not linked to any SDGs in the 2014-2020 cycle of the EU budget.<sup>18</sup> It remains to be seen whether the Commission will align the objectives of any spending programmes with that of the relevant SDGs in the reporting of the annual performance of the 2021-2027 long-term EU budget. In the [2021 Programme Statements](#) document, the Commission has not mentioned a clearer link between EU spending and SDGs in how the 2021-2027 MFF performance framework will be strengthened.<sup>19</sup> It has however started to include SDG-specific sections where it is illustrated how the spending programme contributes to the indicated SDGs, with a "stronger focus" on this section since the 2021 draft budget.<sup>20</sup> This section gives mostly a descriptive overview of what

<sup>17</sup> European Commission, Annual management and performance report 2020 – Volume I, p. 9: [https://ec.europa.eu/info/sites/default/files/2021-1656-ampr-volume-i\\_en\\_0.pdf](https://ec.europa.eu/info/sites/default/files/2021-1656-ampr-volume-i_en_0.pdf)

<sup>18</sup> European Commission, Annual management and performance report 2020 – Volume III Technical annexes, p. 11: [https://ec.europa.eu/info/sites/default/files/20211704-ampr-volume-iii\\_en.pdf](https://ec.europa.eu/info/sites/default/files/20211704-ampr-volume-iii_en.pdf)

<sup>19</sup> European Commission, Draft general budget for the financial year 2021, WD I – Programme statements, p. 5: [https://ec.europa.eu/info/sites/default/files/about\\_the\\_european\\_commission/eu\\_budget/2020-06-24\\_db2021\\_wd1\\_programme\\_statements.pdf](https://ec.europa.eu/info/sites/default/files/about_the_european_commission/eu_budget/2020-06-24_db2021_wd1_programme_statements.pdf)

<sup>20</sup> Ibid., p. 4

to the Commission staff working document, this process will be strengthened over time for the SDG-specific section to improve in its accuracy.<sup>21</sup>

## European Semester and national budgetary processes

Around 75% of the EU budget is implemented under [shared management](#) by the Member States. The Commission coordinates Member States to use these funds effectively within the requirements of the regulations at a national level.<sup>22</sup> This means that Member States too need to have a strong monitoring and performance framework to be able to have an effective use of the budget. A 2019 study requested by the Parliament's Committee on Development highlighted that most Member States have implemented progress reports and indicators on the SDGs but impact assessments and budget checks are relatively rare. Out of the 27 Member States, only Denmark, Finland, Germany, and Latvia have "systematically" implemented a pilot phase of these tools as of 2019.<sup>23</sup>

One of the ways that the Commission is able to coordinate economic and social policies across the EU is within the framework of the [European Semester](#). This is an annual cycle in which Member States can coordinate and discuss their economic plans to monitor progress towards common challenges throughout the year. The Commission publishes an Annual Sustainable Growth Strategy (ASGS) in autumn in which it sets out guiding principles for policies the following year. In the [2020 cycle](#), the Commission emphasised the implementation of SDGs in the ASGS for the first time along four dimensions: environmental sustainability, productivity gains, fairness, and macro-economic stability.<sup>24</sup> The Commission furthermore publishes country reports for each Member State in spring to issue recommendations on the economic situation and progress in implementing policies of the previous cycle. To support the commitment to the 2030 Agenda, the 2020 country reports featured a stronger analysis and monitoring of the SDGs. This included a dedicated chapter on environmental sustainability and an annex on the Member States' overall progress on the SDGs.<sup>25</sup> However, even with the earlier intentions of further integration, the [2021 cycle](#) ASGS makes minimal reference to the SDGs, partly as it focuses mainly on the consequences of the Covid-19 pandemic.<sup>26</sup> A European Committee of the Regions (CoR) report highlighted that even with the likely contribution to SDGs via the green and digital transition of the Recovery and Resilience Facility, the 'reference framework' has moved from SDGs to other initiatives such as the European Green Deal or European Pillar of Social Rights.<sup>27</sup> While the monitoring of SDGs is likely still to happen, the CoR has questioned whether this could lead to "sub-optimal implementation and problems of policy coherence" as the 'reference framework' has suddenly changed.<sup>28</sup>

<sup>21</sup> European Commission, Commission staff working document: Delivering on the UNs Sustainable Development Goals – A comprehensive approach, p. 9:

[https://ec.europa.eu/info/sites/default/files/delivering\\_on\\_uns\\_sustainable\\_development\\_goals\\_staff\\_working\\_document\\_en.pdf](https://ec.europa.eu/info/sites/default/files/delivering_on_uns_sustainable_development_goals_staff_working_document_en.pdf)

<sup>22</sup> European Court of Auditors Journal N°3/2019: Auditing Sustainable Development Goals – Time to act!, p. 17:

[https://www.eca.europa.eu/Lists/ECADocuments/JOURNAL19\\_03/JOURNAL19\\_03.pdf](https://www.eca.europa.eu/Lists/ECADocuments/JOURNAL19_03/JOURNAL19_03.pdf)

<sup>23</sup> European Parliament, Europe's approach to implementing the Sustainable Development Goals: good practices and the way forward, p. 81-84:

<https://www.europarl.europa.eu/cmsdata/160360/DEVE%20study%20on%20EU%20SDG%20implementation%20formatted.pdf>

<sup>24</sup> European Commission, Communication: Annual Sustainable Growth Strategy 2020: <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1578392227719&uri=CELEX:3A52019DC0650>

<sup>25</sup> European Commission, Commission staff working document: Delivering on the UNs Sustainable Development Goals – A comprehensive approach, p. 7:

[https://ec.europa.eu/info/sites/default/files/delivering\\_on\\_uns\\_sustainable\\_development\\_goals\\_staff\\_working\\_document\\_en.pdf](https://ec.europa.eu/info/sites/default/files/delivering_on_uns_sustainable_development_goals_staff_working_document_en.pdf)

<sup>26</sup> European Commission, Communication: Annual Sustainable Growth Strategy 2021: <https://eur-lex.europa.eu/legal-content/en/TXT/?qid=1600708827568&uri=CELEX:52020DC0575>

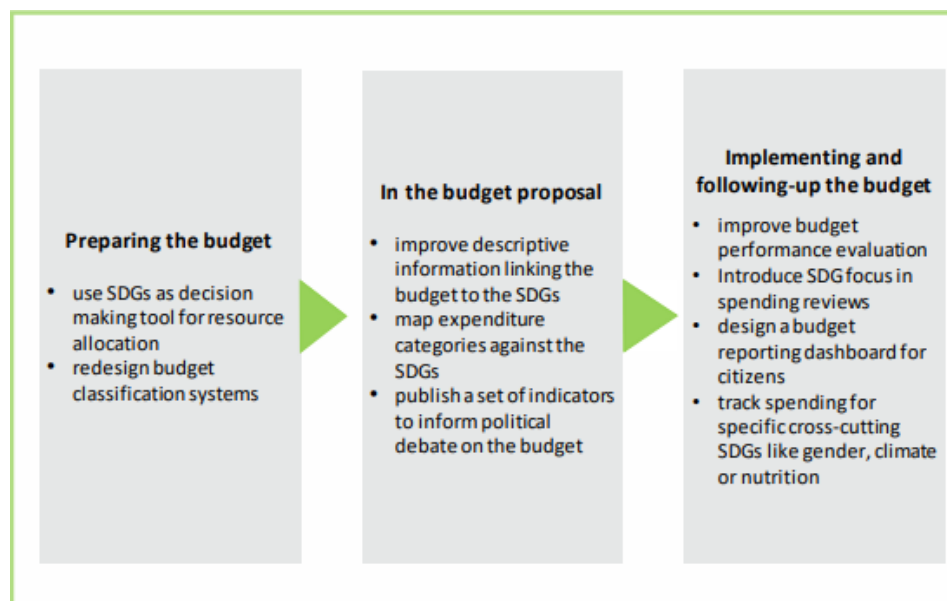
<sup>27</sup> European Committee of the Regions, Note: The 2021 Annual Sustainable Growth Strategy from the CoR perspective:

<https://cor.europa.eu/en/events/Documents/ECON/Note-ASGS-2021.pdf>

<sup>28</sup> European Committee of the Regions, CoR analysis of the 2021 Annual Sustainable Growth Strategy: <https://cor.europa.eu/en/news/Pages/cor-analysis-2021-asgs.aspx>

The ECA based on a 2018 study done by the *Institut du développement durable et des relations internationales* identified several factors that help to reach the 2030 Agenda more effectively by further incorporating the SDGs into national budgetary processes (see figure 3). By integrating the SDGs into the budgetary processes, a Member State can improve policy coherence and increase accountability. A coherent budget avoids inefficient use of funds by ensuring there are no conflicts or overlaps between different resource allocations and encourage a successive commitment to the Member State's agenda. It furthermore increases accountability by providing a more comprehensive assessment of the use of the budget by linking it to a performance framework measuring progress against relevant indicators after which it may be evaluated by other actors such as courts of audit for example.<sup>29</sup> The study found that most countries have started to incorporate the 2030 Agenda into their national budgeting processes, although to varying degrees. Most often the budget was mapped against the SDGs in the form of evaluating progress with indicators, giving an overview on how the budget was linked to SDGs. Far fewer have incorporated SDGs to improve their budget performance evaluation and the use of courts of audit in such evaluations remains in its "infancy."<sup>30</sup>

Figure 3: How SDGs can be used in the budgetary process



Source: European Court of Auditors based on Elisabeth Hege, Laura Brímont, Integrating SDGs into national budgetary processes, Institut du développement durable et des relations internationales, Study, N°05/18 July 2018.

Supreme Audit Institutions (SAIs) are an important part of budget oversight in the budget cycle. They increase accountability, advance the accuracy of reporting, and ensure that the budget is used in compliance with the regulations. SAIs are an effective tool in SDG implementation, identified in four ways by the International Organisation of Supreme Audit Institutions (INTOSAI) in 2016:<sup>31</sup>

- 1 By monitoring progress and auditing how the budget is used to reach the 2030 Agenda
- 2 By advocating for good governance by ensuring policy coherence and identifying weaknesses in policies
- 3 By promoting accountability and transparency to improve the efficient use of the budget
- 4 By strengthening the monitoring and performance framework

<sup>29</sup> Institut du développement durable et des relations internationales, Elisabeth Hege and Laura Brímont, Integrating SDGs into national budgetary processes: [https://www.iddri.org/sites/default/files/PDF/Publications/Catalogue%20Idri/Etude/201807-ST0518-SDGs-budget-EN\\_1.pdf](https://www.iddri.org/sites/default/files/PDF/Publications/Catalogue%20Idri/Etude/201807-ST0518-SDGs-budget-EN_1.pdf)

<sup>30</sup> Ibid.

<sup>31</sup> European Court of Auditors Journal N°3/2019: Auditing Sustainable Development Goals – Time to act!, p. 57: [https://www.eca.europa.eu/Lists/ECADocuments/JOURNAL19\\_03/JOURNAL19\\_03.pdf](https://www.eca.europa.eu/Lists/ECADocuments/JOURNAL19_03/JOURNAL19_03.pdf)

Moreover, a 2019 paper by the UN Department of Economic and Social Affairs outlined two additional positive impacts of SDG audits: the SAIs findings could improve policy design and implementation and further increase the legitimacy and credibility of SDGs.<sup>32</sup> Furthermore, INTOSAI has encouraged SAIs to conduct performance audits on sustainability reports of their respective governments to monitor and assess 'government preparedness' on implementing SDGs. The aim of this is to give recommendations to the initial stages of implementation in order to strengthen the monitoring and performance framework, and in turn, further refine the implementation of SDGs. However, the audit of sustainability reports has a lot of challenges. The 'cross-cutting' issues that SDGs tackle are very complex and often involve many policy areas that make finding the right audit criteria and data difficult. Another issue present is that sustainability reports tend to be descriptive rather than financial data or figures without an established standard. One public audit standard (ISSAI 140) is currently under discussion to include the audit of SDGs and might improve the quality of the information provided in the future, in turn improving the role that SAIs can play in the budgetary process.<sup>33</sup>

## Conclusion

The unprecedented EUR 1.8 trillion of the 2021-2027 long-term EU budget and the Commission's commitment to the 2030 Agenda come at a very opportune time for the EU. With only nine years left, the ambitious target minimum expenditures on climate-related measures in the budget and ambitious spending programmes should allow Europe to make significant progress towards the SDGs. Ensuring an effective use of the EU budget plays a key role in this.

While the Commission currently does track expenditure on climate, a wider framework tracking expenditure through the structure of SDGs is missing. As the ECA highlighted in 2019, it is unclear how individual spending programmes contribute to the implementation of the SDGs due to a lack of systematic analysis. The monitoring report from Eurostat lacks a meaningful assessment as quantitative targets are sparse and most indicators merely identify a positive or negative trend towards a certain objective. Nor are these indicators able to measure how EU spending programmes contribute to these trends. The Annual Management and Performance Report for the EU Budget gives a non-exhaustive overview of the spending programmes' contributions and it remains to be seen whether the objectives found in the Performance assessment section will be aligned with that of the relevant SDGs. An initial focus in the 2020 European Semester on SDGs was replaced by other initiatives such as the European Green Deal or European Pillar of Social Rights in the 2021 cycle. While these will likely contribute to SDGs either way, it could lead to problems of policy coherence and the inefficient use of funds.

With around 75% of the EU budget implemented under shared management by the Member States, a robust national monitoring and performance framework is of importance to use these funds effectively. By integrating the SDGs into the budgetary processes, a Member State can improve policy coherence and increase accountability by linking the use of the budget to these frameworks. A study found that most countries have started to incorporate the 2030 Agenda into their national budgeting processes albeit to varying degrees. Evaluations of the use of the budget, for example through the use of courts of audit, remain in its infancy however and Member States are encouraged by INTOSAI to use their SAIs as an important part of budget oversight and ensure effective implementation of the budget.

<sup>32</sup> United Nations Department of Economic & Social Affairs, Aránzazu Guillán Monteroa and David Le Blanc, The Role of External Audits in Enhancing Transparency and Accountability for the Sustainable Development Goals: [https://www.un.org/esa/desa/papers/2019/wp157\\_2019.pdf](https://www.un.org/esa/desa/papers/2019/wp157_2019.pdf)

<sup>33</sup> European Court of Auditors Journal N°3/2019: Auditing Sustainable Development Goals – Time to act!, p. 34-36: [https://www.eca.europa.eu/Lists/ECADocuments/JOURNAL19\\_03/JOURNAL19\\_03.pdf](https://www.eca.europa.eu/Lists/ECADocuments/JOURNAL19_03/JOURNAL19_03.pdf)



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