



Make Europe the World Leader of Sustainable Development: A Unique Opportunity to Build a Stronger European Union

Post COVID 19 , restart otherwise for a ‘resilient, sustainable and fair Europe’

In conclusion of a webinar of Europe Ambition 2030 ‘Plans for Transforming Our Europe’ at the occasion of the 70th anniversary of the Schuman Declaration, 8th May 2020.

We are at the beginning of a decade of ‘changes’ considered ‘unimaginable’. The situation created first by the youth climate movement and then by COVID-19 will lead to such changes and hopefully a leap in consciousness to manage global and interdependent problems as health-biodiversity-planetary boundaries- food systems-climate, key for citizens security. It would be extremely dangerous to ignore the risks of plunging post-COVID 19 into chaos or the return to the ‘old moons’ especially in financial terms. The painful experience of 2008 and the years that followed is there to remind us of this.

Therefore we need to restart otherwise to:

Rebuild Trust. The European Union needs to be much more effective in addressing inequalities, vulnerabilities, poverty and in securing transparency and accountability in a digital age.

European citizens should be confident that the EU is leader of a sustainable and just development and of a resilient and happier society. This will come thanks to **3 pillars** aligned with the Sustainable Development Goals unanimously approved: by the EU Member States and **forming the ‘new social contract’** :

- (i) **the Charter of Fundamental Rights (2000)**
- (ii) **the European Pillar of Social Rights (2017)**
- (iii) **a European Green deal contributing to health and jobs at planetary scale, (2020)**

The rebuilding of trust will also be aided by the development and evolution of instruments to implement and monitor effective changes: in particular, the reform of the European Semester"

Secure a Just transition Post COVID-19 there is an urgent need to convey, in parallel with the European Green deal, a European participatory process to **develop the EU Social Pillar with a ‘European social cohesion pact’** with **four** chapters :

- (i) a health, security and planetary limits roadmap for a resilient Europe
- (ii) the European Pillar of Social Rights implementation
- (iii) a European participatory democracy in the digital age strategy
- (iv) a new fiscal EU framework to reduce inequalities in society and protect health and environment.

Make Best Use of Recovery Packages. Europe doesn’t need ‘recovery plans’ but **‘transformation plans’ to modernize industry and secure a ‘resilient, sustainable and fair Europe’¹** . These

¹ New Approaches to Economic Challenges Systemic Thinking for Policy Making THE POTENTIAL OF SYSTEMS ANALYSIS FOR ADDRESSING GLOBAL POLICY CHALLENGES IN THE 21ST CENTURY . OECD-IIASA





Make Europe the World Leader of Sustainable Development: A Unique Opportunity to Build a Stronger European Union

transformation plans should be developed at European level to modernize industry and at regional and local levels as well as global level to improve well-being and fairness.

Design Innovative Finance. The potentially profound systemic changes in the economy as a corollary of the Covid-crisis are requiring to innovate. The Renewed Sustainable Finance Strategy²: should address innovations related to the way the EU and Public Authorities: in Europe:

1. **Mobilize funding** : Europeans need to mobilize funds in an innovative way such as borrowing from the ECB's balance sheet and pooling interest rates.
2. **Open financiers eyes.** 'Strengthening the foundations for sustainable investment by creating an enabling framework, with appropriate tools and structures'³ will require to address, risk mitigation in the public interest related to the "Planetary Boundaries 'and the need of a 'Safe Operating Space for Humanity" taking into account *stranded assets*⁴ and 'Nature-based solutions' including the range of associated co-benefits to society and citizens.
3. **Invest funds** in a way that *climate and environmental risks will be fully managed and integrated into financial institutions and the financial system as a whole*⁵ while supporting transformation plans
 - **Post-Covid packages** must quicken the pace to net-zero carbon emissions⁶. Rules should be focus on previous agreed priorities as the European Green deal and the digital with strict conditionality criteria as no funds for companies present in tax havens and with accountability & reporting requirements making use of blockchain to trace progress.
 - **Bailouts.** Many Companies are seeking bailouts from Governments and some are obtaining it without green and social conditionality. Given the need for public money to support global corporates to operate, 'bail outs' should be conditional on strict criteria as active

² **Question 6:** What do you see as the three main challenges and three main opportunities for mainstreaming sustainability in the financial sector over the coming 10 years?

³ One of the 3 objectives of the renewed sustainable finance strategy

⁴ *From a government perspective, stranded assets are a problem because they often arise from market failures and the materialisation of long-overlooked external costs and the associated poor regulation of the economy. If unsustainable assets are kept in production for too long they become a drag on productivity, economic growth, social welfare and the public purse. Oxford University (Caldecot et al, 2013) : Stranded Assets in Agriculture: Protecting Value from Environment-Related Risks*

⁵ ibidem

⁶

<https://www.responsible-investor.com/articles/post-covid-recovery-packages-must-quicken-the-pace-to-net-zero-carbon-emissions>





Make Europe the World Leader of Sustainable Development: A Unique Opportunity to Build a Stronger European Union

participation in “transformation plans” at Global, EU and local levels, including SDGs implementation. Any support for high-carbon sectors must be contingent on the development of measurable net-zero emissions transition plans, with programmes for involving workers and communities in their design and delivery⁷.

- **A Balanced approach.** All funding should take into account the need to balance the social aspects with the environmental and economic ones. Only by adopting a holistic vision, as proposed by the 2030 Agenda, can a true innovation take place.

4. **Manage Funds and Impact :**

- **A ‘Banks, Insurance Companies, Asset Managers Covenant’** in support of a global, fair and inclusive Green Deal (inspired by the Covenant of Mayors) and equipped with tools of the digital age should be in place. It will create a platform for multi-stakeholder dialogue and partnership related to public funds leverage. A blockchain system tracing inclusive and sustainable finance would be mandatory.
- **Blended Capital.** The participation of private banks managing EU Funds (blended capital) in the Covenant would be mandatory.
- **Blockchain – Trust & European Public Authorities Funds.** A blockchain initiative within the framework of SDG 17 and the European Climate Pact should focus on the European Green Deal and a just transition in connection with the post-COVID-19 funds and the Common Agricultural Policy. It will deal with funds made available inside and outside Europe potentially by all European public authorities: the EU, the 30 European states members of the European Blockchain Partnership, Central Banks, Regions and Cities. Blockchains have a key role to play to contribute to a systemic approach of projects toward transformation, monitor collateral impacts and fight corruption by securing greater transparency, enhanced security, improved traceability, increased efficiency and speed of transactions, and reduced costs. ⁸ . Blockchains will *increase opportunities to have a positive impact on sustainability for citizens, financial institutions and corporates*⁹ and in particular youth.

⁷ ibidem

⁸ **Question 58:** Do you consider that public authorities, including the EU and Member States should support the development of digital finance solutions that can help consumers and retail investors to better channel their money to finance the transition?

⁹ One of the three objectives of the renewed sustainable finance strategy.

