

## EEB response: consultation on EU circular economy monitoring framework

30<sup>th</sup> May 2022

### Introduction

The EEB welcomes the initiative to revise the current EU monitoring framework for the Circular Economy (CE), notably:

- to add new indicators, linking better CE with Climate and Zero Pollution policies and objectives;
- to add key indicators on material footprint (Raw Material Equivalent/Consumption) and consumption footprint.

We also recommend maintaining the easily accessible dedicated website to the monitoring framework.

We think that the revision should in addition be an opportunity to raise two main issues:

- The effective role of this monitoring framework: the EEB calls for a more operational usage of the framework, transforming it from a mere reporting tool to an 'action triggering' dashboard. This means turning the reporting indicators into KPIs with associated progress objectives, and notably some binding targets at EU and national levels on headline indicators: material footprint reduction, circular material use rate increase, waste generation decrease (both MSW & other waste), food waste generation decrease and GPP uptake (today still not properly documented under the existing framework).
- The inclusion of wellbeing/beyond GDP indicators: While the issue of monitoring our economy with complementary indicators to GDP is not specific to the Circular Economy area, the Circular Economy is iconic with regard a future prosperity compatible with resource conservation and planetary boundaries. Today, the framing of the Circular Economy is still focused on decoupling economic growth (measured as GDP growth) from resource use, as if GDP growth per se was a measure of success (or a constraint limiting Circular Economy actions). It may be time to more systematically associate other types of index and indicators dashboard to guide our economy and possibly unleash Circular Economy potentials.

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## 1. New indicators

The EEB is confident that new indicators can be added to the existing framework.

The [work by Eurostat on material footprint](#), calculated notably as the tons of material/capita (Raw Material Equivalent/Consumption) could be an appropriate baseline for a new indicator.

The [work by the JRC on consumption footprint](#) could help set such a new indicator in the current framework. It could also help to bridge better resource use to climate and zero pollution policies. It is striking that the main overshoot of EU versus the planet boundaries are related to climate change, ecotoxicity (fresh water), particulate matter emissions and resource use (fossil).

Extending our consideration to emissions linked to our consumption of materials and goods is essential to avoid burden shifting our EU responsibility to third countries economy, to realise the saving opportunities (in terms of CO2 equivalent and other emissions) linked to the circular economy and to create real market drivers for innovative decarbonized and regenerative solutions.

It is clearly a weakness today that we fail to account for embodied GHG emissions in our materials and goods. This hampers the recognition of low carbon solutions beyond energy in the use stage and risks creating lock-in to carbon intensive solutions. An iconic example today is the lack of proper and immediate consideration for embodied emissions in our construction materials in the context of the Renovation Wave. As no accounting and no recognition of embodied emissions in construction materials is considered yet, notably in the revision of the EPBD, we are at risk of renovating with carbon intensive materials, that will create a future carbon legacy, while at the same time depriving the industry trying to decarbonize its processes from real market drivers, which are essential to justify investments towards decarbonized solutions.

The situation is similar with other categories of environmental impacts. If the products and materials placed on the market do not better account for their polluting effects and toxicity (e.g air pollution, micro-plastics), the efforts by economic actors may not be effective in reducing pollution.

Adding indicators to the existing framework for example on the impacts of EU resource consumption, on climate and pollution could help to guide the definition

of carbon & environmental footprint performance of materials and products entering the market. Considering an indicator on hazardous waste generation (beyond existing waste generation indicators) will also enhance the links between Circular Economy and Zero Pollution objectives.

*Note: The new Ecodesign for Sustainable Products Regulation proposes to address the carbon and environmental footprint of products, as well as other circularity/sustainability dimensions, but as it stands today, there are no objectives to drive the ambition level of related requirements: there are no guidance where to set the performances requirements (e.g: enabling to save X MT CO2 equivalent of GHG emissions, enabling to save Y MT of materials, removing from the market the X% less performing products...)*

This leads us to our second point: the necessity to go beyond a mere reporting framework.

## 2. Setting Key Performance Indicators and targets on Circular Economy

In its current use, the EU CE monitoring framework remains a nice website to consult for policy experts, it does not drive action. Can we imagine the same progress as we had on energy and climate if we had only a reporting framework on our domestic emissions and energy consumption or share of renewables? What really made a difference is the setting of binding targets with key milestones overtime.

We call for the same strategy on Circular Economy to truly motivate actions. We need to establish targets on resource use/material footprint reduction at EU and national level, as called by [the EU Parliament in its 2021 report on Circular Economy](#), and as promoted by the 8<sup>th</sup> EAP. We call for a binding target on GPP uptake, as the 2010 indicative target of 50% GPP has never been taken seriously. We also urge the EU to set binding reduction targets on waste generation, notably MSW, other (commercial & industrial) waste, food waste and hazardous waste, under the revision of the Waste Framework Directive planned for 2024.

We are aware that setting such binding targets will go over the revision of the monitoring framework and require legislative processes, as was done for climate and energy targets. We however think that the revision could be a nice opportunity to launch a debate on such legal objectives and the associated legislative proposals to consider. In that perspective, we recommend to set in the

EU CE monitoring framework - in addition to the reporting of CE achievements at a given time - **the performance or range of performance that should be achieved if we were to respect planet boundaries and act in a safe operating space**, wherever appropriate for a given indicator. For indicators not easily relatable to planet boundaries, such as socio-economic indicators, desirable quantitative achievements could also be proposed, building on SDG commitments or other framework, such as [the 2020 foresight report on resilience of EU economy](#) and [associated resilience dashboard](#). This would help keeping in mind the ‘distance to target’ while we launch the legislative process to agree on binding targets at EU level.

### 3. Integrating beyond GDP indicators

It is to be noticed the ongoing work by the EU Commission and EEA with regards considerations beyond a mere quantitative growth, measured as an increase of GDP. In that perspective, the EEA briefing on [growth without economic growth](#) is iconic, as is the integration of the [Human Development Index \(HDI\) in the Consumption Footprint platform](#). This later reference to HDI is extremely important, as it provides a different vision on decoupling, notably when the consumption footprint is used as a baseline, rather than the more simplistic domestic material consumption (DMC). What appears clearly is that the frequently emphasized decoupling between resources use, measured as DMC, and growth, measured as GDP is not so obvious anymore when HDI and consumption footprint measurement are compared.

The use of alternative index and indicators versus the exclusive GDP will clearly help to provide a different light on the contribution of CE to the EU prosperity. A report like the [System Change Compass](#) also calls for new metrics to measure our prosperity, not to be restricted to growth of GDP.

Ongoing debate on the best way to measure our prosperity should be taken into account when defining the alternative indicators to use in the context of this EU monitoring Framework on CE.

We suggest the following table as a baseline for discussion:

Domain	Index	Dashboard of Indicators
<b>Wellbeing</b>	Human Development Index (HDI) Subjective Wellbeing (SWB) U-index	Eurostat's Quality of Life (QoL) Indicators Better Life Initiative (BLI) Gross National Happiness (GNH)
<b>Sustainability</b>	Comprehensive Wealth Inclusive Wealth index Ecological Footprint	Planetary Boundaries
<b>Inclusion</b>	Inequality in HDI and SWB	World Inequality Database (Economic)
<b>Several domains (Wellbeing, Inclusion +Sustainability)</b>	Genuine Progress Indicator (GPI) Sustainable Development Index (SDI) Better Life Index by OECD Happy Planet Index (HPI)	Doughnut Economics

Source: Economic Transition Working Group – EEB

As planet boundaries and HDI measurement are already used in the Consumption Footprint Platform, we suggest to continue and better highlight those two, while the discussion progresses on the most adapted system to measure prosperity at EU level.

The EEB promotes the systematic use of alternative indicators – starting with HDI and reference to planet boundaries but not stopping there – in the context of the EU monitoring framework (*Note: in the current framework, a reference to GDP is made on 3 indicators, one on waste generation and two in Competitiveness and*



*Innovation section; the GPP (uptake) indicator is not properly reported on yet, but it is also traditionally measured in reference to GDP).*

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