



Capacity building to facilitate implementation of the Effort Sharing legislation, with focus on ex- post evaluation and policy lessons learned

Executive Summary

Report for European Commission Directorate-General for Climate Action (DG CLIMA)



Final Report for DG CLIMA - Contract No 340201/2018/791993/SER/CLIMA.C.2

Disclaimer

The information and views set out in this report are those of the authors and do not necessarily reflect the official opinion of the Commission. The Commission does not guarantee the accuracy of the data included in this report. Neither the Commission nor any person acting on the Commission's behalf may be held responsible for the use which may be made of the information contained therein.

Customer:

European Commission DG Climate Action (DG CLIMA)

Customer reference:

340201/2018/791993/SER/CLIMA.C.2

Confidentiality, copyright and reproduction:

This document was prepared for DG CLIMA. The information herein is confidential and shall not be divulged to a third party without the prior permission of the European Union.

Ricardo plc, its affiliates and subsidiaries and their respective officers, employees or agents are, individually and collectively, referred to in this clause as the 'Ricardo Group'. The Ricardo Group assumes no responsibility and shall not be liable to any person for any loss, damage or expense caused by reliance on the information or advice in this document or howsoever provided, unless that person has signed a contract with the relevant Ricardo Group entity for the provision of this information or advice and in that case any responsibility or liability is exclusively on the terms and conditions set out in that contract.

Ricardo Nederland B.V. and Ricardo-AEA are trading names of the Ricardo Group of entities.

Services are provided by members of the Ricardo Group.

© 2021 European Union.

Ref: ED 11784

Ricardo is certified to ISO9001, ISO14001, ISO27001 and ISO45001

Contact:

Daniel Forster, Gemini Building, Fermi Avenue, Harwell, Didcot, OX11 0QR, UK

T: +44 (0) 1235 753 519

E: Daniel.Forster@ricardo.com

Author:

Daniel Forster, James Tweed, Jemma Howland, Florianne de Boer, Samantha Morgan-Price (all Ricardo), Hannah Förster, Jakob Graichen, Katja Schumacher (all Öko Institut), Nele Renders, Tom Dauwe (both VITO), Herman Agricola, Peter Kuikman (both WER)

Approved by:

Daniel Forster

Signed



Date:

17 March 2021

Executive summary

Context

The European Union's (EU) Effort Sharing legislation establishes binding annual greenhouse gas emission (GHG) targets for European Member States for the period 2013–2020 in the Effort Sharing Decision (EU) 2013/162 and for 2021–2030 in the Effort Sharing Regulation (EU) 2018/842. These targets concern emissions from most sectors not included in the EU Emissions Trading System (EU ETS)¹, such as transport, buildings, agriculture and waste. The national targets in the current legislation will collectively deliver a reduction of around 10% in total EU emissions from the sectors covered by 2020 and 30% by 2030, compared with 2005 levels. Together with a 43% cut in emissions covered by the EU ETS by 2030, EU non-ETS sector targets will contribute to the EU achieving an overall 40% emission reduction by 2030 as set in current legislation².

In late 2019, the European Council agreed to the EU becoming climate neutral by 2050 in line with the Paris Agreement – an objective that had already been endorsed by the European Parliament. To this end, the European Commission presented the European Green Deal as a comprehensive road map towards a green and just transition. The climate neutrality target will become legally binding through the European Climate Law, that the Commission proposed in 2020 and is expected to be adopted by the EU in 2021. The proposal also includes an intermittent emission target of at least 55% net reductions by 2030 compared to 1990. As part of the policy package to make the EU fit for the new 2030 target (“fit for 55”), the Commission is currently reviewing the Effort Sharing Regulation alongside other climate legislation. A proposal for revision is expected to be presented in July 2021.

Following the COVID-19 pandemic, the EU decided on a recovery package (totalling EUR 1.8 trillion) and adopted its 2021-2027 budget that together have been designed to help the EU rebuild from the crisis while supporting investments into green and digital transitions. Two of the largest potentials to create an economic stimulus in the area of climate and energy policy have been identified in effort sharing sectors, namely in building renovation and clean mobility³. This implies that numerous additional activities will be needed by Member States to reach the new stricter targets ahead. There is also ample funding available to speed up the transition through new policies and reforms within effort sharing sectors.

This study

Within the above context the overall aim of this project was to promote GHG emissions reductions in the EU by strengthening Member States’ capacity to implement and meet their objectives under the Effort Sharing legislation.

The specific objectives of the project were to:

- Identify and share good practices of policies and measures in Member States which reduce emissions in effort sharing sectors;
- Improve Member States’ capacity for performing policy ex-post evaluations; and
- Support Member States in developing and putting in place appropriate policy measures.

The project has been undertaken by Ricardo, Öko Institute (Öko), the Flemish Institute for Technological research (VITO), and Wageningen Environmental Research (WER) for Directorate General (DG) Climate Action of the European Commission.

¹ The Effort Sharing legislation does not cover land use, land use change and forestry (LULUCF) sectors.

² Please note that the targets under the Effort Sharing legislation and the ETS are compared to 2005 levels, but the overall EU-wide targets are compared to 1990 levels.

³ For more information on the recovery and resilience package, see: https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility_en

Information on the progress of the EU and its Member States in meeting their 2020 and 2030 targets and preparing for a climate neutral Europe by 2050 is provided in the EU Climate Action Progress Report 2020, available at: https://ec.europa.eu/clima/sites/clima/files/strategies/progress/docs/com_2020_777_en.pdf

Study activities

The provision of capacity building support to facilitate implementation of the Effort Sharing legislation involved a number of integrated activities. These activities had a focus on deriving and sharing policy lessons learned and on ex-post evaluation.

An initial **survey** of Member States provided feedback on areas of interest for policy lessons, for ex-post evaluation and for potential needs for capacity building support. This survey informed all other aspects of the project. The section of the survey requesting expressions of interest in capacity building support was run again at the start of 2020. This elicited further expressions of interest and ultimately led to further support on capacity building.

Case studies on national policy implementation were developed for the transport, agriculture and cross-cutting sectors. For each sector, candidate policies for a case study were included in a long list that was screened to provide a short list of five or six candidates. In discussion with DG Climate Action, a set of case studies was identified and developed. These were on:

- Transport sector
 - Electric vehicle promotion in Europe
 - Sustainable urban mobility plans
- Agriculture sector
 - Agricultural biogas in France
 - Improved nitrogen use efficiency in Ireland
- Cross cutting policies
 - CO2 tax in Switzerland
 - Energy and climate funds

The case studies were developed according to a broadly common structure and include the rationale for introducing the policy / policy mix; a detailed description of the instrument; key characteristics of the instrument; and lessons learned.

Development of **guidance on ex-post evaluation** started with the compilation of a bibliography of evaluation studies relevant to effort sharing sectors. This built on a more general bibliography of environmental evaluations from the European Environment Agency (EEA). The bibliography developed covered 95 evaluation studies.

The evaluation guidance was informed by responses to the initial project survey. In particular, there was a strong interest in receiving guidance on:

- Quantification of the direct and indirect costs of policies as well as cost efficiency;
- Separating the effects of an individual policy (overlapping effects interactions);
- Taking into account policy interactions in ex-post evaluations;
- Quantitative approaches that can be used to evaluate policies (e.g. regression analysis, decomposition analysis).

The draft guidance document was shared with Member State evaluation experts for comment. In addition, the final draft guidance was presented in an online workshop and a further opportunity followed for input from Member States. Elements of the guidance were presented in two webinars.

The interactions with Member State evaluation experts through their survey responses, consultation and presentations in the workshop and webinars led to the identification of a possible network of Member State evaluation experts on climate policies. Opportunities are being explored to maintain and develop this network beyond the lifetime of the project.

The **capacity building support** was demand led and informed initially by responses to the project survey. Further expressions of interest were received following a further survey in early 2020 and following project workshops and other presentations.

Support of about 10-20 days resource was provided to: Bulgaria, Luxembourg, Estonia, Lithuania and Slovakia – in the last case for separate support packages for transport and for agriculture sectors.

Additional support of about 5 days resource to build on the initial support was provided to Bulgaria, Luxembourg and Slovakia (agriculture sector).

In addition an extended package of 80 days of support was provided to Poland. The overarching aim of this was to build capacity in the Poland's National Centre for Emissions Management (KOBiZE) to enable an ex-post evaluation of road transport policies and measures, with a focus on understanding the impact of these measures on greenhouse gas emissions.

Part of the capacity building support was delivered through a series of webinars. Although not bespoke to the needs of specific Member States, these nonetheless permitted sharing of good practice and attracted audiences of typically 30 to 50 attendees.

A series of four **workshops** was delivered. The first two were in Bucharest and Brussels in 2019 and early 2020, respectively. With the advent of travel restrictions for COVID19, it was decided to deliver the final two workshops online. This proved effective and attendance may have been higher than had these workshops been face to face. The workshops all included both presentations of work from the current project and presentations from Member States sharing their own experiences with policy development, implementation or evaluation.

Wider **communication** has been fostered through maintenance of a project website and development of a project brochure.

Lessons learned and recommendations

A number of lessons can be learned from the project. These mostly relate to the innovative activities in this study: provision of demand-led capacity building support; online delivery of support; as well as development of evaluation guidance and exploring a network of evaluators. Recommendations are made for each of these three activities.

Capacity building support

Lessons learned for Member States

- Capacity building support can be effective in assisting Member States across a range of activities, including to: set targets for effort sharing sectors; assess candidate policies in an effort sharing sector; develop the implementation and monitoring plan for a policy; and to plan ex-post evaluation of a policy or policies.
- Support can be particularly effective when the delivery plan can be aligned with reporting deadlines, for instance for national or for EU reporting.
- Support can be more effective when there is a key contact in the Member State who is responsible for coordinating discussion between those receiving support in the Member State and those providing support. This can be both during development and delivery of a support package. This key contact could be senior enough to approve the Member State involvement in the support package, or should seek such approval.
- Including an initial workshop at the start of support can be helpful in developing a mutual understanding of knowledge levels early in the support process.

Lessons learned for Member States and for DG Climate Action

- The offer of free support provided by DG Climate Action (via a team of consultants), was useful not only for Member State recipients, but also for DG Climate Action as it helped to better understand country-specific needs in designing and evaluating climate policies. This kind of support appears to be a good conduit for strengthening working relationships on a technical level between EU-level and national level organisations.

Lessons learned for DG Climate Action

- For a demand-led process, there should be an application and prioritisation process. The current process worked well thanks to an initial survey so that Member States could state an interest without having to specify detail. This was followed by a series of interviews to assist

the Member State in stating their key needs and in developing an application for consideration by DG Climate Action for approval of the proposed support.

- The application form used in the current process has been effective for the consultants, Member States and for DG Climate Action in providing a brief summary of key elements of the need and the support proposed.
- A clearer indication of Member State approval as well as DG Climate Action approval would avoid support being stopped through lack of availability of Member State resource.
- Member State applications became quicker towards the end of the project. This may have been because examples of support already delivered to Member States, or of other deliverables from the project became available. These inputs gave Member States a better understanding of the support available. This, in turn helped Member States to crystallise their own requirements and hence to adapt existing support packages to their particular needs.
- A flexible approach to delivery was appreciated by Member States where policy makers frequently have to balance the requirements to benefit from the capacity building support whilst delivering their regular work.
- Awareness raising through workshops, webinars and Working Group II meetings all led to expressions of interest in support from Member States.

Recommendations

Demand-led capacity building support has proven to be effective and useful for the beneficiaries in Member States.

1. It is recommended that DG Climate Action consider further opportunities to provide demand-led support to Member States to develop, implement and evaluate policies to meet their effort sharing obligations.

The following recommendations apply to future provision of capacity building support to Member States:

2. Reduce the burden of applying for support from Member States, for example by using a short survey (or similar process) to collect expressions of interest from Member States, rather than requiring them to complete an application form at the outset.
3. Use examples of previous work (where possible) or of predefined 'off-the-shelf' support options to assist the development of ideas for new packages of support with Member States.
4. In the application form, include a section that requires the Member State to indicate that the application has appropriate support within the Member State. This would not need to be physically 'signed' officially by the relevant person. However, including a tick box would encourage support recipients to confirm internally before proceeding.
5. Activities that reach multiple Member States and multiple policy makers, such as capacity building webinars, could be run earlier in a process, rather than towards the end of the project as was done here. This would allow to engage Member States at an early stage and to help them to consider the potential benefits for them of capacity building support.
6. When applicant Member States have difficulty identifying what the support should focus on, consider including one or both of the following:
 - a. An inception stage (e.g. workshop or small initial data sourcing task) where their needs and working knowledge can be better understood.
 - b. A follow-on final stage, but without requiring comprehensive details of the content of that element of the support at the application stage

Online delivery versus face to face delivery

Lessons learned for Member States and for DG Climate Action

- Face to face delivery can help to build rapport between the Member State and consultants and also allows for easier informal interactions and questions.
- Online delivery can be cost and time effective and reduce associated GHG emissions as no travel is required. It can, for example, replace workshops by organising several short sessions spread over a period of weeks, rather than a single day or two-day session that would be more

typical for face-to-face support. In addition, shorter sessions can be more appropriate for online support as concentration can wane for long online sessions. Moreover, shorter sessions that are spread out can be effective in building capacity as policy makers can reflect on each session and develop understanding and questions in advance of following sessions, making them more effective.

Recommendations

With travel restrictions due to COVID19, several activities that were intended for face-to-face provision were delivered online. This has proved to be effective in this project.

7. It is recommended that DG Climate Action consider a greater proportion of support online rather than face-to-face, even when travel restrictions are not in place.
8. Recommendations for remote delivery of capacity building support, based on what has worked well in the current project:
 - a. Run a kick-off meeting to establish contact and initiate relationships between the teams.
 - b. Establish the preferred remote communication format and schedule regular contacts (e.g. monthly meetings/bi-monthly check-in emails).
 - c. Limit workshop length to half a day if possible. If more time is needed, spread half days sessions out across a week or several weeks. Optimise benefit of this by encouraging feedback between sessions, both on delivery and on emerging questions and issues from the Member State.

Evaluation guidance

Lessons learned for Member States and for DG Climate Action

- There is significant interest from Member States in the evaluation guidance that has been developed in the current project.
- The areas of interest vary with the current experience of the Member States and the individuals involved. In some cases, the interest can be in seeking guidance on the range of evaluation techniques that are available. Other participants may be more interested in the detailed application of a complex technique.
- The work of the current project has created a basis for a network of evaluators of climate policies in Member States thanks to national experts being involved in designing and reviewing the evaluation guidance document as it has been developed. There were more than 70 national experts that participated in the workshop and webinars that presented elements of the guidance and also shared the experience of Member States in evaluation of climate policies.

Recommendations

Initial work has been undertaken in this project towards development of a network of evaluators of climate policies. This has been well received by Member States.

9. It is recommended that DG Climate Action consider opportunities for further development of a network of evaluators of climate policies. The box below provides some concrete suggestions that could facilitate such a network.

Box ES1: Elaboration of recommendation to further develop a network of evaluators

Elaboration of recommendation to further develop a network of evaluators – derived from experience in the current project in supporting evaluators of climate projects and from considering other networks

- a. Give the network a distinctive name that can be used consistently in future communication
- b. Keep momentum going. There could be an option for EEA and ETC to organize topical webinars in 2021
- c. The network should use a mix of formats: workshops, webinars and an online platform. Webinars should be short, topical and possibly with involvement of experts
- d. The focus of the network should be on sharing information, practices and lessons learned among countries, EEA, experts and the European Commission. There are differences in

needs and capacities between Member States. These differences should be taken into account when setting agendas, offering a mix of topics and themes relevant to policy evaluation that appeal to different groups

- e. The barrier for participation should be low. The network should therefore not take too much time and be practical
- f. Build on and learn from existing networks. Concerted Actions are, for example, well established and successful and linked to specific EU energy policy areas. A similar set-up for the Effort Sharing legislation could be an option.



T: +44 (0) 1235 753000

E: enquiry@ricardo.com

W: ee.ricardo.com