

## Evaluation of Decision 406/2009/EC (Effort Sharing Decision) Evaluation Mandate

**Directorate General/Unit:** DG CLIMA Unit C.1

**Type of evaluation:**       interim                       final              X ex-post  
    internal                      X external

**Start date:** 26/03/2015

**Expected completion date:** 26/12/2015

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### 1. Purpose

#### 1.1. Justification

Article 14 of Decision 406/2009/EC (Effort Sharing Decision, ESD) states that the Commission shall draw up a report evaluating the implementation of the ESD and present the results to the European Parliament and to the Council by 31 October 2016.

#### 1.2. Purpose of the evaluation

To perform an ex-post evaluation of the implementation of the ESD in line with its Article 14 and, in view of the Commission's preparations of a legislative proposal to continue ESD after 2020 within the 2030 Climate and Energy Framework, to provide input for the impact assessment of that proposal.

### 2. Initiative/Intervention to be evaluated

#### 2.1. Background/Context

The Climate and Energy package adopted in 2009 sets a 20 % GHG emission reduction target for the European Union by 2020 compared to 1990, which is equivalent to -14 % compared to 2005. This effort has been divided between the sectors covered by the Emission Trading System ('ETS') and sectors under the ESD.

While the ETS provides an EU-wide cap, the ESD sets binding greenhouse gas emission targets for Member States for the period 2013–2020. These targets concern the emissions from sectors not included in the EU ETS such as transport, buildings, agriculture and waste. Emissions or removals from land use, land-use change and forestry (LULUCF) are not included in the ESD. Each Member State has an emission reduction or limitation commitment for the year 2020 under this Decision which varies between -20% and +20% as compared to its 2005 GHG emissions. Taken together these commitments correspond to an EU-wide reduction of around 10% compared to 2005 for the sectors covered by the ESD.

In addition to the 2020 targets the ESD establishes binding annual GHG emission limits — so-called annual emission allocations (AEAs) — for all Member States for the period 2013–2020 with annual reporting obligations and compliance checks in accordance with a linear reduction path towards the final 2020 target.

Member States are responsible for implementing policies and measures to meet their obligations under the Effort Sharing Decision according to their national situation. In order to facilitate that Member States meet their commitments and as a means to enhance the overall cost-effectiveness of reaching the EU-wide 2020 target, the ESD provides a number of flexibility mechanisms in order to meet their annual target. The ESD allows Member States to borrow 5% of their AEAs from the next year and buy AEAs from other Member States or use international project credits in order to cover any deficit. Should a Member State reduce its emissions by more than needed, thus exceeding its target for a given year, it can bank the surplus AEAs for later use (until 2020) or sell it to other Member States.

## 2.2. Objectives

The overall objective of the ESD is to achieve its contribution to the EU's overall 20% reduction target in 2020 and to promote reductions of greenhouse gas emissions (GHG) within its scope in a cost-effective manner. The expected results of the ESD are as follows:

- EU-wide emission reductions of CO<sub>2</sub> and other greenhouse gases in the sectors covered by the ESD.
- Member States implementing national policies and measures in sectors covered by the ESD limiting their GHG emission by 2020.
- Member States reporting on their annual greenhouse gas emissions and projected progress towards meeting their ESD obligations.
- Member States applying flexibility instruments to enhance cost-effectiveness and compliance, if needed.

## 2.3. Intervention logic

The intervention logic frames the evaluation questions that the study is seeking to answer, as well as defining the scope and depth of the analysis. The intervention logic first considers the rationale and objectives of the policy, and the problems the policy was designed to address. It then describes the actions taken under the Decision (e.g. establish national limits for GHG emissions in ESD sector), the expected results, and the wider impacts.

### Needs and issues to address

- Need to stabilise the concentration of greenhouse gases in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system.
- Developed countries, including the EU Member States, should continue to take the lead in global mitigation efforts. This will require action in all sectors of the economy.
- Market failures, including external costs of climate change, mean that the economic costs of climate change is not reflected in market prices.
- Individual Member States reporting face different costs of abatement, and at the same time are at different stages of economic development.



### **Objective**

To promote reductions of greenhouse gas emissions (GHG) in a cost-effective and fair manner.

### **Actions**

- Establish national limits for GHG emissions from sectors covered by the ESD for all Member States including the determination of annual emission allocations (AEAs) for each year of the compliance period 2013-2020.
- Establish the necessary infrastructure and capacity for annual Union reviews of Member State emission inventories.
- Establish the necessary infrastructure for Member State reporting on annual greenhouse emissions and on projected progress towards their obligations under the ESD.
- Establish the necessary infrastructure for Member States ESD accounts in the Union registry.

### **Expected results**

- Emission reductions of CO<sub>2</sub> and other greenhouse gases in the sectors covered by the ESD.
- Member States implementing national policies and measures in sectors covered by the ESD limiting their GHG emission by 2020.
- Member States applying flexibility instruments to enhance cost-effectiveness and compliance, if needed.
- Member States reporting on their annual greenhouse gas emissions and projected progress towards meeting their ESD obligations.

### **Expected impacts**

- Preparation of national policies and measures to reduce long-term GHG emissions (beyond 2020).
- Promotion of low-carbon energy sources and energy efficiency measures and other mitigation actions in Member States.
- Additional benefits on Member State level in terms of reduced air pollution and health costs, green jobs and cleaner production in ESD sectors.
- Preservation of the integrity of the internal market.

### **External factors**

- Economic crisis,
- Fluctuations in energy prices,
- Other EU-wide climate and energy policies, including CO<sub>2</sub> emission standards for light-duty vehicles, F-gas regulation, Renewable energy directive, Energy performance of buildings directive and Eco-design directive.
- Other EU-wide policies in sectors covered by the ESD, such as transport and agriculture, that might affect greenhouse gas emissions.
- Other Member States activities in sectors covered by the ESD.

## 3. Evaluation

### 3.1. Scope of the evaluation

The evaluation shall examine the actual implementation and the achievements of the Effort Sharing Decision on Member State and EU level, including to what extent it is contributing to the overall EU 2020 GHG emissions target as expected. It will provide conclusions on:

- how the Effort Sharing Decision has performed so far;
- what experience has been gained; and,
- what lessons can be learned with respect to policies and measures implemented and actions taken by Member States to reduce greenhouse gas emissions in the sectors covered by the Decision, and their effect on their national emissions.

### 3.2. Main evaluation questions

#### Relevance:

1. How well do the objectives of the Decision still correspond to the needs within the EU

#### Effectiveness:

2. How do the observed effects correspond to the objectives of the ESD? To what extent can the effects reasonably be credited to the ESD?
3. To what extent is the EU on track to meet its 2020 GHG emission reduction target for the ESD? To what extent are Member States on track to meet their 2020 emission limits?
4. What drivers and barriers (including actions by Member States and other stakeholders) contributed to or stood in the way of achieving the objectives? How are these factors addressed in the Decision? For example: How well are co-operation between central and regional/local authorities working in Member States?

#### Efficiency:

5. To what extent are the costs resulting from the implementation of the ESD proportionate to the results and benefits that can be linked to the observed effects of the ESD? This should include analysis of secondary impacts concerning administrative and other costs, including for SMEs, employment etc.?
6. What factors influenced the efficiency of the ESD to achieve its objectives?
7. Which role did the flexibility instruments play until now? Are Member States using or planning to use them?

#### Coherence:

8. How well does the ESD fit with other EU climate and energy policies, including on CO<sub>2</sub> emission standards for light-duty vehicles, on non-CO<sub>2</sub> gases, energy efficiency and renewable energy sources? To what extent are the different requirements under the ESD working coherently as they were expected to?

#### EU added value:

9. How is the ESD contributing as expected to the EUs international commitments under the second commitment period of the UNFCCC's Kyoto Protocol? To what extent could the changes brought by the Decision have been achieved by national or individuals' measures only?
10. What would be the most likely consequences of stopping or not continuing the ESD?

#### Competition:

11. To what extent have the policies and measures implemented by Member States in order to achieve obligations under the Effort Sharing Decision affected competition on national, Union and international level?

### **3.3. Other tasks**

The results of the evaluation will also provide input for the impact assessment of the legislative proposal the Commission is preparing to continue ESD after 2020 within the 2030 Climate and Energy Framework.

## **4. Data and Monitoring Provisions**

### **4.1. Monitoring Provisions**

Member States are obliged to annually report their greenhouse gas emissions and also to report on their emission projections and expected progress towards their 2020 targets under the ESD and the Monitoring Mechanism Regulation (Regulation (EU) No 525/2013). The emission inventories and projections are quality checked and reviewed by the EU and the inventories are also reviewed internationally under the UNFCCC.

### **4.2. Previous evaluations and other reports**

This is the first ex-post evaluation of the ESD. Annual progress reports on how the EU and its Member States are performing in meeting their targets are published by the European Commission and the European Environment Agency.<sup>1 2</sup>

### **4.3. Infringements, compliance and complains**

Not available yet. The first annual compliance check should be completed by early 2016.

## **5. Steering Group (SG)**

### **5.1. SG Composition**

#### ***Directorate General:***

CLIMA

SG

LS

AGRI

COMP

ECFIN

ENER

ENV

GROW

JRC

MOVE

RTD

<sup>1</sup> Report from the Commission to the European Parliament and the Council: Progress towards achieving the Kyoto and EU 2020 objectives:

[http://eur-lex.europa.eu/resource.html?uri=cellar:eb290b32-5e8e-11e4-9cbe-01aa75ed71a1.0019.03/DOC\\_1&format=PDF](http://eur-lex.europa.eu/resource.html?uri=cellar:eb290b32-5e8e-11e4-9cbe-01aa75ed71a1.0019.03/DOC_1&format=PDF)

and Annex:  
<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52014SC0336&from=EN>

<sup>2</sup> Trends and projections in Europe 2014: Tracking progress towards Europe's climate and energy targets for 2020:  
<http://www.eea.europa.eu/publications/trends-and-projections-in-europe-2014>

## 5.2. SG Meetings

At least three meetings are planned for the evaluation steering group: An initial meeting in March 2015, a meeting when the interim report is expected (July), and a meeting to discuss the draft final report (September).

## 6. Stakeholders consultation

Who?	When?	How?
Within the Commission:	March to October 2015	Inter-service steering group meetings
Member States:	May to September 2015	Questionnaire and interviews
Business, trade, NGOs etc.:	May to September 2015	Questionnaire and interviews
Public:	26 March to 18 June 2015	As part of the public consultation organised for preparing a new legislative proposal.

## 7. Planning

Steering Group set up	15/01/2015
Validation of evaluation mandate	18/03/2015
Signature of external contract	26/03/2015
Kick off external contract	31/03/2015
Draft final report	30/09/2015
Final Report approved	26/12/2015
Draft Communication finalised	First half 2016
ISC launched (for draft Communication)	First half 2016
Deadline for report to Parliament/Council	31/10/2016
Legislative proposal for ESD in the 2030 framework	First half 2016