

Sustainability Transitions Assessment Framework

GUIDELINES

October 2021

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Abbreviations

CP	Cohesion Policy
EAFRD	European Agricultural Fund for Rural Development
EC	European Commission
EEA	European Environmental Agency
EGD	European Green Deal
EITI	Energy-Intensive, Trade-Exposed Industries
EMFF	European Maritime and Fisheries Fund
ERDF	European Regional Development Fund
ESF	European Social Fund
ESI	European Structural and Investment funds
EU	European Union
GDP	Gross Domestic Product
ICT	Information and Communication Technology
MS	Member States
SO	Specific Objective
STAF	Sustainability Transition Assessment Framework

Introduction

1.1 Overview and objectives

1. These guidelines introduce governments and public administrations of European Union (EU) Member States (MS) to the Sustainability Transition Assessment Framework (STAF). They aim to facilitate its practical application by providing background information and concrete instructions for its administration.

2. Supporting the transition to sustainability features prominently within Cohesion Policy Funding, precisely, within its second Policy Objective aimed at fostering a “Greener and Low Carbon Europe”. Achieving this objective through Cohesion Policy investments will require improvements in EU MS’ capacities to manage the shift to sustainability in the medium and long term. STAF addresses this specific aspect – its focus is not on examining sustainability performance, for which a range of methodologies and indices already exist, but on assessing governmental capacity for sustainability transitions, which does not yet benefit from a consistent approach.

3. The document first briefly discusses the broader context in which the STAF is embedded, namely EU policies with regard to sustainability transitions. The second chapter lays out the framework’s purpose, content and structure, providing an overview of the framework in its entirety and its single components. The final section provides a blueprint for the processes MS will put in place to conduct the assessment, focusing on the institutional and procedural responsibilities related to administering the assessment and to identifying the capacity gaps priorities and improvement measures.

1.2 Overview of sustainability transitions in EU policy

4. EU policy is today driven by the 2019 European Green Deal (EGD) - “a new growth strategy that aims to transform the EU into a fair and prosperous society, with a modern, resource-efficient and competitive economy where there are no net emissions of greenhouse gases in 2050 and where economic growth is decoupled from resource use”¹. The EGD rests on three key principles: (i) there are no net emissions of greenhouse gases by 2050; (ii) economic growth is decoupled from resource use; and (iii) no person and no place is left behind. Its implementation plan has eight policy components¹:
- a. Increasing the EU’s climate ambition for 2030 and 2050 with the European Climate Law and periodic greenhouse gas inventories every five years in line with the provisions of the Paris Agreement.
 - b. Supplying clean, affordable and secure energy by modernizing infrastructure and promoting energy efficiency with the European Industrial Strategy.
 - c. Mobilizing industry for a clean and circular economy especially in sectors such as textiles, electronics, and plastics.
 - d. Building and renovating in an energy and resource-efficient way to reduce energy consumption.
 - e. Accelerating the shift to cleaner, sustainable and smart public and private mobility on the road and rails, in the air and water.

¹ European Commission (EC), 2019. COM(2019) 640 final. COMMUNICATION FROM THE COMMISSION. The European Green Deal. Access date: 06 October 2020. Accessible via: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52019DC0640&from=EN>

- f. Designing a fair, healthy and environmentally-friendly food system that relies less on pesticides and fertilizers, and takes advantage of innovative techniques and processes.
- g. Preserving and restoring ecosystems and biodiversity on land and in water, including in cities.
- h. Reducing pollution to zero for a toxic-free environment.

5. In May 2020, the European Commission (EC) announced a [Recovery Plan for Europe](#) to help repair the economic and social damage brought by the coronavirus pandemic. The Plan highlights that the EGD is "an engine for job creation" and green economy as a central theme. The Plan is accompanied by a Recovery and Resilience Facility with EUR 750 billion which offers large-scale financial support for public investments and reforms².

1.3 Cohesion Policy

6. Cohesion Policy (CP)'s overarching goal is to "promote [the Union's] overall harmonious development, [by] the strengthening of its economic, social and territorial cohesion"³. Its role is intrinsic to the concept of a politically united Europe and can be traced back to the EU founding treaties. CP is also one of the key investment levers available to the EU to pursue its EGD objectives. CP's 2014 to 2020 funding cycle aims to invest approximately EUR 350 billion, equivalent to about a third of the EU budget, across the different MS⁴. Considering the national contributions and private finance it mobilizes, CP is expected to leverage about EUR 450 billion of investment during the same period⁵. About three-quarters of the total funding are allocated to less developed regions (i.e. those with a per capita gross domestic product (GDP) below 75 % of the EU average) (map 1)⁶.

² European Commission (EC), 2020. *Press corner. Recovery and Resilience Facility: Questions and answers.* Access date: 06 October 2020. Accessible via: https://ec.europa.eu/commission/presscorner/detail/en/qanda_20_1659.

European Commission (EC), 2020. *Recovery and resilience facility: Helping EU countries to come out of the coronavirus crisis stronger.* Access date: 06 October 2020. Accessible via: https://ec.europa.eu/info/sites/info/files/2020mff_covid_recovery_factsheet.pdf.

³ European Union (EU), 2012. *Article 174. Consolidated Version of the Treaty on the Functioning of the European Union.* Official Journal of the European Union. Access date: 20 April 2020. Accessible via: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:12012E/TXT&from=EN>

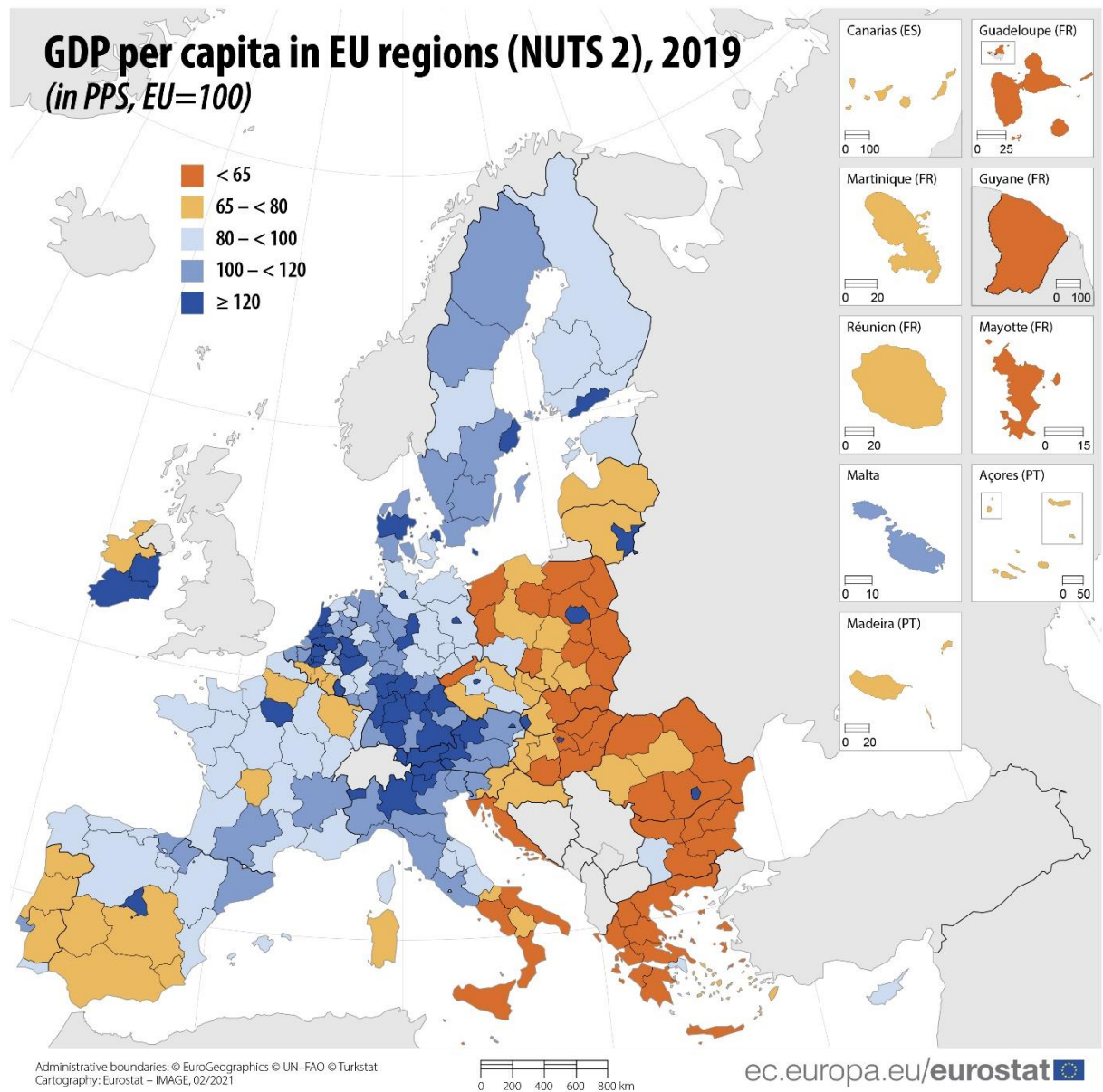
⁴ European Commission (EC), 2020. *Glossary. Cohesion policy.* Access date: 20 April 2020. Accessible via: https://ec.europa.eu/regional_policy/en/policy/what/glossary/c/cohesion-policy

⁵ European Commission (EC), 2014. *An introduction to EU Cohesion Policy 2014-2020.* Access date: 20 April 2020. Accessible via: https://ec.europa.eu/regional_policy/sources/docgener/informat/basic/basic_2014_en.pdf

⁶ In practice, EU Cohesion Policy funds are channeled through the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund. Together with the European Agricultural Fund for Rural Development (EAFRD), and the European Maritime and Fisheries Fund (EMFF), they form the European Structural and Investment (ESI) Funds.

European Commission (EC), 2020. *Cohesion policy Frequently Asked Questions.* Access date: 20 April 2020. Accessible via: https://ec.europa.eu/regional_policy/en/faq/

Map 1: EU and selected neighboring countries and regions by their percentage of the GDP per capita average of 27 MS in 2019
Source: Eurostat (2020)⁷.



7. The 2021-2027 Programming Period of Cohesion Policy funding will target five broad Policy Objectives⁸:

- A smarter Europe - innovative and smart economic transformation.
- A greener, low-carbon Europe.
- A more connected Europe - mobility and regional ICT connectivity.

⁷ Eurostat, 2021. There is considerable variation both between and within the EU MS. In 2019, regional GDP per capita ranged from 32% of the European Union (EU) average in the North-West region of Bulgaria, to 260% in the Grand Duchy of Luxembourg. https://ec.europa.eu/eurostat/web/products-eurostat-news/product/-/asset_publisher/VWJkHuaYvLIN/content/id/12500312/pop_up

⁸ European Commission (EC), 2018. COM(2018) 375 final. Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument. Access date: 20 April 2020. Accessible via: https://ec.europa.eu/commission/sites/beta-political/files/budget-may2018-common-provisions_en.pdf

- A more social Europe - implementing the European Pillar of Social Rights.
- Europe closer to citizens – sustainable and integrated development of urban, rural and coastal areas through local initiatives.

8. This five Policy Objectives are further articulated in specific objectives (SO). For CP Policy Objective 2 - a Greener, Low-carbon Europe - the SO include:

- Promoting energy efficiency measures;
- Promoting renewable energy;
- Developing smart energy systems, grids and storage at local level;
- Promoting climate change adaptation, risk prevention and disaster resilience;
- Promoting sustainable water management;
- Promoting the transition to a circular economy;
- Enhancing biodiversity, green infrastructure in the urban environment, and reducing pollution.

9. Progress towards the achievement of these objectives is measured through a performance framework with quantifiable targets for output and result indicators identified by the programs, which are reviewed annually in policy dialogues between the managing authorities implementing the programmes and the EC. Indicator data is reported to EC twice a year which makes the data publicly available on to the Cohesion Open Data Platform⁹. The list of common indicators under PO2 and the most relevant types of interventions can be found in annex 1. All SOs will contribute significantly to several of the policy components¹ of the EGD.

1.4 Sustainability transitions

10. Reaching the CP goals under objective two, and more broadly those set out by the EGD, requires fundamental changes to be made to Europe's economic and social systems. Experts agree that incremental improvements within the realms of business as usual will be insufficient to meet the targets. Rather, MS will have to prepare and facilitate sustainability transitions, i.e. *"long-term, society-wide processes that depend critically on the emergence and spread of diverse forms of innovation triggering alternative ways of thinking and living – new social practices, technologies, business models, nature-based solutions"*¹⁰.

11. Sustainability transitions are couched in uncertainty, require a mixture of top-down and bottom-up efforts, thrive on actions coordinated between policy areas and government levels, and benefit from the participation of all stakeholders. Importantly, sustainability transitions imply economic and social trade-offs, and their socio-economic, technological, institutional and cultural drivers often face barriers to their implementation¹¹. The concomitant needs to promote experimentation and innovation, navigating tradeoffs, mobilizing financing, facilitating behavior change and promoting coherence across policies show the critical role

⁹ European Commission (EC), 2020. *New Cohesion Policy*. Access date: 20 April 2020. Accessible via: https://ec.europa.eu/regional_policy/en/2021_2027/

¹⁰ European Environment Agency (EEA), 2019. *From Words to Action: How Can EU Policy Drive Sustainability Transitions?* Access date: 20 April 2020. Accessible via: <https://www.eea.europa.eu/themes/sustainability-transitions/how-can-eu-policy-drive-1/from-words-to-action-how/view>

¹¹ European Environment Agency (EEA), 2019. *From Words to Action: How Can EU Policy Drive Sustainability Transitions?* Access date: 20 April 2020. Accessible via: <https://www.eea.europa.eu/themes/sustainability-transitions/how-can-eu-policy-drive-1/from-words-to-action-how/view>

that governments play in steering sustainability transitions, but also the enormous demands placed on their capacities. To support this a toolkit on sustainability transitions and cohesion policy is available¹².

The Framework

2.1 Purpose

12. The Sustainability Transitions Assessment Framework (STAF) offers a tool to MS to assess and contribute to the improvement of their capacity to support sustainability transitions. While its immediate goal is to enhance the effectiveness of CP resources during the 2021-2027 cycle, STAF also allows MS to identify capacity gaps in the design and implementation of their own policies and investments oriented towards sustainability transitions.

2.2 Content

13. STAF assesses government capacities across ten sectors and six horizontal, cross cutting areas. The sectors' selection has been driven by their relationship with the "specific objectives" (SO) falling under Cohesion Policy Objective 2, namely:

- a. Energy efficiency (SO 1)
- b. Renewable energies (SO 2)
- c. Smart energy systems (SO 3)
- d. Climate change adaptation, risk prevention and disaster resilience (SO4)
- e. Water (SO 5)
- f. Circular economy (SO 6)
- g. Biodiversity (SO 7)
- h. Forestry (SO 7)
- i. Urban development (SO 7)
- j. Air quality (SO 7)

14. Given the importance of managing the needed transition process, especially addressing trade-offs and mitigating adverse impacts, especially on the vulnerable groups of society, a specific assessment area has been included in the AF – Just Transitions. This will assess a country's capacities carry out the transition in a just manner taking account of possible adverse impacts and trade-offs.

15. In addition to considering sectoral bottlenecks, the framework takes a whole-of-government approach to identifying cross sectoral pinch points in the overall machinery of government, including core government functions such as public investment management, procurement systems, fiscal frameworks. Therefore, six horizontal, crosscutting areas have been identified based on their relevance the achievement of the SOs above, or more generally to policies and investments oriented towards sustainability transitions. These include:

- xi. Tax policy
- xii. Public expenditure
- xiii. Distributional impact

¹² [Commission publishes a toolkit on sustainability transitions for cohesion policy - Regional Policy - European Commission \(europa.eu\)](https://ec.europa.eu/eip/regionaleconomicdevelopment/en/commission-publishes-a-toolkit-on-sustainability-transitions-for-cohesion-policy)

- xiv. Land administration
- xv. Strategic communication
- xvi. Behavioral insights

16. Government capacities in different sectors and crosscutting areas are assessed through different components/modules.

2.3 Structure: attributes and features

17. STAF assesses how different attributes of government capacity perform according to key features of sustainability transitions (Table 1).

Table 1: Attributes of government capacity and features of sustainability transitions

Attributes of government capacity	Features of sustainability transitions
Leadership	Trade-offs and synergies
Strategy and legal framework	Long-term horizons
Coordination	Evidence based
Policy instruments	Resources
Accountability	Social inclusion and buy-in

18. Attributes of government capacity include material elements under the control of government deemed to be crucial to the attainment of transition goals. These include:

- **Leadership** articulates visions, goals and provides a collective direction for the utilization of resources and clarity on accountabilities. Rather than being concentrated within individual actors or agencies, effective leadership tends to be present across sectors and government levels. This attribute does not have to be linked to specific actors within a government but aims to assess the way in which leadership is exercised across the government, horizontally and vertically.
- **Strategy and legal framework:** Strategies represent vision statements and an articulation of roadmaps towards the achievement of sustainability targets. Legal acts provide the de jure bases for policy making and implementation towards those targets. The framework will attempt to capture the extent to which the strategic and legal framework takes into consideration the critical feature of transitions, and whether and how their content is applied in practice.
- **Coordination** maximizes synergies and minimizes trade-offs in the implementation of sustainability transitions. Robust coordination mechanisms must exist between both horizontal and vertical government levels, including by integrating new stakeholders into established coordination mechanisms.
- **Policy instruments** such as regulations, economic and market-based (dis)incentives, green public procurement and private sector investments can, in addition to public investments, support changes towards sustainability transitions.
- **Accountability** refers to both internal and external mechanisms allowing for scrutiny of government action and results. External accountability is fostered by government transparency and stakeholder participation (e.g. open government practices, independent audit institutions, parliamentary oversight). Internal accountability can take the form of internal audit functions, monitoring and evaluation frameworks and public agencies performance agreements. Ultimately, accountability mechanisms aim at strengthening the design and implementation of policies and investments oriented towards sustainability transitions across sectors.

19. The importance of each government attribute varies depending on the component (sector or horizontal) to be assessed. For example, coordination may be more important for urban development, which relies on the articulated provision of goods and services from various sectors, whereas strategy may be more important for disaster prevention, which must be planned in anticipation of hazards. The guidance notes provide a rationale for the treatment of the different attributes in each component.

20. Features refer to critical characteristics of transitions which public agencies need to consider and actively address for sustainability goals to be attained. These include:

- **Trade-offs and synergies** - the transitions' cross-cutting nature leads government interventions in one area to impacts in others. Thinking of the promotion of climate policy in the agricultural sector for instance, a classic example of tradeoffs in mitigation policy revolves around the promotion of biofuels and its impacts on other crops' production. An example of synergy arises from the promotion of tilling practices leading to a triple win of drought resistance, lower emissions and increased productivity.
- **Long term horizons** - The long-term nature of transitions, often objectives straddling multigenerational horizons, leading to problems of policy making under uncertainty, disincentives due policies that transcend short-term electoral cycles and technology and behavioral changes.
- **Evidence-bases** – uncertainties arising from the long term and multi-sectoral nature of transitions require that adequate evidence bases drive policy and implementation, particularly around the internalization of costs and benefits. Evidence based policy provides for robust policy design, additional foresight and capacity to manage trade-offs. The evolving nature of transitions also calls for collective and reflexive learning environments where failure is accepted as part of the incremental changes to business-as-usual scenarios.
- **Social inclusion and buy-in** – Political economy challenges of transitions arise from their socially, spatially, and temporally differentiated impacts. Addressing these is crucial to attain sustainability goals by creating long-term buy in from public opinions and stakeholders.
- **Resources** – whilst providing benefits of also a material and monetary nature, transitions often entail incremental costs and a related need to mobilize adequate technical and financial resources.

21. The overall scope of the assessment is defined by the intersection of attributes and features (Figure 1) for each component which, for each sectoral or horizontal component generates sets of questions as of the general examples laid out in Table 2. The importance of each feature varies depending on the component and the attribute under which they are assessed. The scope of the assessment is defined by the intersection of attributes and features (Figure 1) for each sector and cross-cutting component.

Figure 1: Assessment matrix

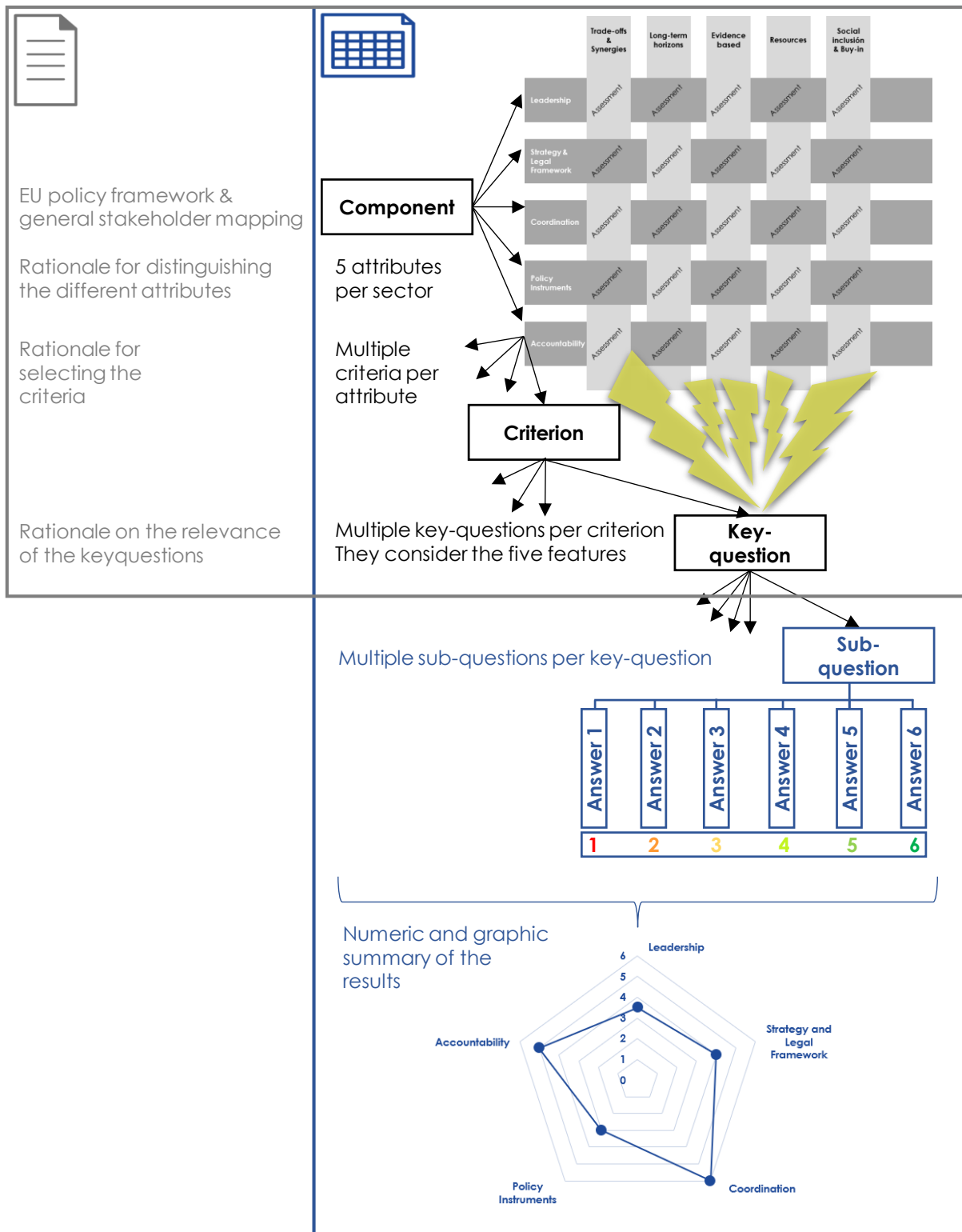
	Trade-offs & Synergies	Long-term horizons	Evidence based	Resources	Social inclusion & Buy-in
Leadership	Assessment	Assessment	Assessment	Assessment	Assessment
Strategy & Legal Framework	Assessment	Assessment	Assessment	Assessment	Assessment
Coordination	Assessment	Assessment	Assessment	Assessment	Assessment
Policy Instruments	Assessment	Assessment	Assessment	Assessment	Assessment
Accountability	Assessment	Assessment	Assessment	Assessment	Assessment

From the assessment matrix to the assessment tool

22. The framework is administered through a) an assessment and rating tool containing layered questionnaires for sectoral and horizontal components, and b) accompanying guidance. Questions are clustered around “criteria” and broken down into sub-questions when additional specificity is warranted. Each sub-question allows for multiple-choice answers leading to six-points scale scoring.

23. Scores are numerically and graphically aggregated to allow for the identification of capacity gaps across attributes and features in each component. The spreadsheets contain instructions on how to answer the questions and fill them in, as well as background information. Figure 2 provides an overview of the tool's structure and where the different assessment parts can be found (guidance and/or spreadsheet). Figure 2 provides an overview of the tool's structure and where the different assessment parts can be found (guidance and/or spreadsheet).

Figure 2: Assessment tool's overview



24. The tool accounts for similar capacity gaps across components through shared criteria and questions across components. Table 2 provides some examples of such criteria and questions for each one of the five attributes. drawing up conclusions regarding cross-cutting gaps and bottlenecks affecting government capacities and identifying actions for improvement.

Table 2: Cross-cutting criteria, key- and sub-questions

Attribute	Criterion	Sub-question
Leadership	Champion of change	Do/ Does the champion empower subnational governments to lead?
	Implementation capacity	Do leading national institutions have political will, financial and human resources (time, staff, budget)?
Strategy	Strategy	Are cross-sectoral trade-offs and synergies between strategies addressed?
	Investment	Does the legal framework ensure adequate investment levels in the mid- and long-term?
	Legislation	Does the legal framework impose policy makers to set measurable long-term goals for the sector?
Coordination	Vertical	Are there joint investment programs between ministries and authorities at the national and sub-national level?
	Horizontal	Are there cross-sectoral research programs?
	Other stakeholders	Does the government encourage the active involvement of all relevant types of stakeholders (i.e. private sector, civil society organizations/ NGOs) at different levels to participate in the development and implementation of vision, strategy and policy?
Policy instruments	Policy instruments	Are policies coherent across sectors?
	Economic tools	Does the government mobilize private finance that fosters sustainability transitions?
Accountability	Implementation	Are there procedures for feedback on administrative burdens of regulations and policies, and are these reviewed to reduce administrative burdens?
	Information and monitoring and evaluation	Do policies and strategies contain provisions for their periodic review and improvement, and are these based on monitoring and evaluation (M&E) mechanisms?
	Transparency	Are there clear budget transparency principles and rules applied at all levels of government?

Application of the framework

3.1 Assessment process

25. The assessment process involves a six-step procedure. The below provides a blueprint for such procedure which can be adapted in light of specific characteristics and circumstances.

STEP 1 Organizing the assessment

26. In order to organize the assessment, MS may set up a **steering committee** with the following features:

- The steering committee is headed by a representative of the body/ agency in charge of the overall coordination of the assessment. This representative is the person who is ultimately responsible for the smooth and fruitful implementation of the assessment. Ideally, the **head of the steering committee** shares the following characteristics:
 - A sufficiently high rank allowing for the capacity to coordinate, and if necessary, delegate the assessment across sectors, ministries and/or government agencies.
 - Ability to leverage adequate resources to fulfill their role continuously and proactively.
 - Capacity to motivate others through the demonstration of high levels of conviction of the added value of and commitment to the exercise;
 - Inclination to fostering ownership through consultation and participation;
 - Commitment to using the results of the assessment to explore concrete course of actions to fill the identified capacity gaps.

- In addition to its head, the steering committee is composed of several members covering each sectoral and cross sectoral component (the three components related to the energy sector might be represented by one single member). These are selected by the steering committee head in close coordination with relevant agencies. In addition to the same features characterizing the head, the members display:
 - Adequate technical knowledge in their field.
 - Capacity to mobilize stakeholders inside and outside their agency within their field.
 - Levels of authority allowing for a smooth implementation of the assessment;
 - Commitment to the utilization of assessment results.

27. The tasks suggested for the steering committee, its head and members, are outlined in table 3.

Table 3: Tasks of the steering committee

	Head of the steering committee	Members
Responsibility	<ul style="list-style-type: none"> • Assumes ultimate responsibility for delivering the assessment. 	<ul style="list-style-type: none"> • Assume responsibility for their component.
Teamwork	<ul style="list-style-type: none"> • Assigns members to the steering committee. 	<ul style="list-style-type: none"> • Identify the stakeholders/ institutions relevant to their assessment part.
Commitment and ownership	Clearly communicate the purpose of the assessment.	
Process	<ul style="list-style-type: none"> • Agrees on an implementation timeline with the ordinary members. 	<ul style="list-style-type: none"> • Validate the implementation timeline with stakeholders/ institutions.

	Head of the steering committee	Members
Leadership	<ul style="list-style-type: none"> Delegates the parts of the framework to the respective members for implementation. 	<ul style="list-style-type: none"> Delegate the questions to the respective stakeholders/ institutions for them to answer them.
Practicalities	<ul style="list-style-type: none"> Calls in steering committee meetings. 	<ul style="list-style-type: none"> Organizes a training session on how to conduct the assessment (see step 3). Calls in a stakeholder meeting to develop the improvement plan (see step six).
Reports	<ul style="list-style-type: none"> Produces the final framework results report (see step five). 	<ul style="list-style-type: none"> Produces assessment results (see step five). Produces the improvement plan (see step six).
Communication	<ul style="list-style-type: none"> Communicates the overall assessment framework's purpose and application (see step two). Communicates the final framework results report across sectors (see step five). 	<ul style="list-style-type: none"> Communicates the final framework results report across their sector (see step five).
Results orientation	<ul style="list-style-type: none"> Raises the profile of the assessment results across the government in order to generate change and actions to fill capacity gaps. 	<ul style="list-style-type: none"> Raises the profile of the assessment results across their sector in order to generate change and actions to fill capacity gaps.

28. The steering committee's initial tasks include:

- Identifying stakeholders/ institutions relevant to their assessment part, and
- Delegating responsibility for answering the questions to specific stakeholders/ institutions (respondents identification).

29. To facilitate the first task, each one of the 16 components provides a generic stakeholder mapping. This offers a rough guidance to each steering committee member on which stakeholders/ institutions could be relevant for their assessment. Based on this guidance and their own experience, Members call in a stakeholder meeting with **representatives of the institutions they consider most important**. The representatives should display the following features:

- They have an in-depth knowledge of the sector;
- They are trusted upstream by the steering committee member as well as downstream by the staff of their institutions.
- They are available to the staff during the assessment process to answer questions and clear doubts.
- Prior experience or involvement in sector assessments or similar process would be a plus;

30. The stakeholder meeting addresses task two, i.e. the identification of respondents. Prior to the meeting, representatives revise all the questions and consider who within our outside their institution is most apt to act as respondents. The results are discussed during the meeting and a consensus on respondents (and institutions) is found. The institutional representatives and

the respondents they nominate form a dedicated team that will carry out the actual assessment. Respondents have adequate technical and institutional knowledge of the areas addressed by the assessment. Each sectoral and cross-sectoral component is likely to rely on multiple respondents. Institutional representatives retain responsibility for the quality of the group's composition.

STEP 2 Communicating the assessment

31. In order to ensure that all stakeholders fully commit to the assessment an adequate communication effort is required. A cross-sectoral **communication plan** is drafted to include:

- Messaging:
 - Purpose of the assessment and its potential impact.
 - The steps, activities and procedures behind the assessment.
 - The linkages with wider objectives of the institutions involved.
 - The intended use of the assessment results.
- Target audience
- Channels by which to deliver the communication.
- Timing and frequency.
- Institution(s) in charge of implementing the communication plan.

STEP 3 Assessment training

32. The purposes, structure and process of the assessment should be clear to all the participants involved, and particularly to the respondents. Therefore, each steering committee member will organize (a) training session(s) prior to the actual assessment. The agenda of the training session should cover the following items:

- Purpose of the framework.
- Overall assessment process.
- Structure and content (guidance notes and spreadsheets) of the framework and assessment procedure.
- Review of questions and sub questions.
- Identification of areas where additional clarity is needed.

STEP 4 Undertaking the assessment

33. During the assessment respondents are approached by their institutional representative with the questionnaire. The respondents then answer all the questions they were assigned, paying particular attention to indicate:

- the sources of evidence they rely on to back their answers. These may include official documents of binding character such as laws, strategies and policy instruments, statistics, studies and reports, organigrams and institutional set-ups, or informal knowledge.
- gaps between formal arrangements and the actual state of play – for instance, in assessing the degree of inter-agency collaboration, respondents might note that while no formal agreements are in place in practice, strong informal collaboration may exist based on a shared institutional history or other factors.
- areas for improvement (based on the cumulative questions' highest scoring answer, which indicates the best-case scenario).

34. Annex 2 provides a template to organize evidence and areas for improvement the respondents present. The respondents share their answers with one another, explore upfront and underlying reasons for disagreement and discuss their answers until reaching consensus. This exercise also functions as a quality check for the answers, evidence and areas for improvement provided by the respondents.

STEP 5 Reporting the assessment results

35. The *respondents* are responsible for reporting agreed and final results (the scoring, including accompanying evidence and areas for improvement) to their institutional representative. The *institutional representatives* then aggregate these results and share them with the corresponding steering committee member. The *steering committee member* is responsible for the integration of their representatives' inputs into one assessment result. The *head of the steering committee* then integrates all the members' assessment results into a **final STAF results report**. This report should include the following elements:

- **Executive summary** – key strengths and weaknesses
- **Overall results** - synthesis of scores of government capacity attributes.
- **Sector and cross sector results** by attribute.

36. The final STAF results report is eventually shared with all participants directly involved in the assessment and ideally across their institutions.

STEP 6 Developing improvement plans

37. The **assessment results** (see previous step) offer the starting point for the development of **improvement plans**. These are developed in a highly participative process through **stakeholder meetings** involving the original steering committee member (who assumes responsibility for the plan) and the representatives of the institutions that participated in the assessment. Where necessary, additional institutions that did not participate in the assessment but are of relevance for designing improvement actions may also participate. The stakeholder meetings should carry out the following:

- **Review of the assessment results, identification of key capacity gaps, and discussion of the key drivers of capacity gaps** - The assessment results are first confirmed by the institutional representatives, who shared them with the steering committee member for their integration. Then, the institutional representatives identify the key capacity gaps that underly the assessment results, across attributes and questions. In addition, the stakeholders identify several drivers for each capacity gap. The drivers, their relation to one another and the resulting capacity gaps are mapped in the form of an impact chain.
- **Selection of key areas for improvement** - The discussion of key capacity gaps should lead into the identification of key areas of improvement. This should also draw on the respondents' own identification of areas for improvement (see step five).
- **Formulation and Prioritization of improvement actions** - This step relies on the employment of criteria to define which improvement actions have the greatest impact and should thus be prioritized. Criteria may include:
 - Effectiveness: Likely outcome to be attained vis-à-vis actual target.
 - Efficacy: Expected benefits in terms of capacity improvement attained through the action versus its cost considerations (see resources). Co-Benefits – i.e. expected non-sustainability transition related gains would also be considered here.

- Resources: Actual presence of financial and technical resources to implement the action.
- Political feasibility: Adequate internal and external conditions to implement the action, such as leadership and institutional buy-in.
- Time horizon: actions which can be taken in the short and medium term to influence long-term improvements.

- **Formulation of an improvement plan**

Once actions are prioritized, improvement plans can be drafted in order to address key dimensions of their implementation including

- Identifying responsibilities for each improvement action
- Developing indicators to monitor and evaluate the improvement actions
- Establishing timeframes
- Securing resources to implement the improvement plan
- Ensuring political ownership

- **Monitoring, evaluation and review of the improvement plan**

38. Table 4 provides an overview of the tasks of the institutional representatives and respondents during step five and six.

Step	Institutional representative	Respondent
Step 5 Reporting the assessment results	<ul style="list-style-type: none"> ● Summarizes the results of the respondents and reports them to the corresponding steering committee member. 	<ul style="list-style-type: none"> ● Reports the final results per attribute, accompanying evidence and areas for improvement to the institutional representative.
Step 6 Developing improvement plans	<ul style="list-style-type: none"> ● Participates in the stakeholder meeting, develops and prioritizes improvement actions. 	None.

3.2 Inherent challenges

39. Applying the framework poses several challenges. It is based on qualitative questions that rely on expert opinion. It assesses government capacity across multiple sectors and government levels. It aims to capture cross-cutting capacity gaps in horizontal government functions. The nature of these challenges requires their consideration at the outset of the assessment process:

- Cross-sectoral and multi-stakeholder: The framework is composed of sixteen individual assessments. Some of these clearly imply one sector (e.g. the assessments on energy efficiency, renewable energy, smart energy systems and water). Other assessments are cover several sectors (e.g. just transition, circular economy). Therefore, applying the framework depends on a multitude of stakeholders and institutions across sectors.
- Government levels: The framework assesses national capacity, but considers all government levels, from national and regional to local, where relevant. Therefore, stakeholders and institutions to consult may not only be distributed across sectors, but also across government levels, or should at least demonstrate some expertise on sub-national conditions, where applicable.

- Subjectivity: The assessment depends on qualitative questions and expert opinion. This means any assessment result can only be as good as the respondents that are involved in the assessment.
- Coordinated efforts: Applying the framework is one of many tasks MS must complete. Considering institutional resource constraints and the multitude of actors involved in the assessment, its efforts must be efficiently coordinated to guarantee a high buy-in and quality results – De jure versus de facto. The framework attempts to capture both formal and informal institutions and actual practices and behaviors, but the latter is challenging. Changes to formal arrangements are often critical, but ultimately reforms are about changing the informal de facto behaviors of agents within processes. It is about focusing on institutions in place and their practice rather than formal arrangements.
- Political economy considerations.

Annex 1: Indicators and interventions of CP objective two

Output indicators

- RCO 18 Households supported to improve energy performance of their dwelling
- RCO 19 Public buildings supported to improve energy performance
- RCO 20 District heating network lines newly constructed or improved
- RCO 22 Additional production capacity for renewable energy (of which: electricity, thermal)
- RCO 97 Number of energy communities and renewable energy communities supported
- RCO 23 Digital management systems for smart grids
- RCO 98 Households supported to use smart energy grids
- RCO 24 New or upgraded disaster monitoring, preparedness, warning and response systems
- RCO 25 Coastal strip, riverbanks and lakeshores, and landslide protection newly built or consolidated to protect people, assets and the natural environment
- RCO 26 Green infrastructure built for adaptation to climate change
- RCO 27 National/ regional/ local strategies addressing climate change adaptation
- RCO 28 Areas covered by protection measures against forest fires
- RCO 30 Length of new or consolidated pipes for household water connections
- RCO 31 Length of sewage collection networks newly constructed or consolidated
- RCO 32 New or upgraded capacity for wastewater treatment
- RCO 34 Additional capacity for waste recycling
- RCO 36 Surface area of green infrastructure supported in urban areas
- RCO 37 Surface of Natura 2000 sites covered by protection and restoration measures in accordance with the prioritised action framework
- RCO 99 Surface area outside Natura 2000 sites covered by protection and restoration measures
- RCO 38 Surface area of rehabilitated land supported
- RCO 39 Systems for monitoring air pollution installed

Result indicators

- RCR 26 Annual final energy consumption (of which: residential, private non-residential, public non-residential)
- RCR 27 Households with improved energy performance of their dwellings
- RCR 28 Buildings with improved energy classification (of which: residential, private non-residential, public non-residential)
- RCR 29 Estimated greenhouse gas emissions
- RCR 30 Enterprises with improved energy performance
- RCR 31 Total renewable energy produced (of which: electricity, thermal)
- RCR 32 Renewable energy: Capacity connected to the grid (operational)
- RCR 33 Users connected to smart grids
- RCR 34 Roll-out of projects for smart grids
- RCR 35 Population benefiting from flood protection measures
- RCR 36 Population benefiting from forest fires protection measures
- RCR 37 Population benefiting from protection measures against climate related natural disasters (other than floods and forest fires)
- RCR 96 Population benefiting from protection measures against non-climate related natural risks and risks related to human activities
- RCR 38 Estimated average response time to disaster situations
- RCR 41 Population connected to improved water supply

- RCR 42 Population connected to at least secondary wastewater treatment
- RCR 43 Water losses
- RCR 44 Wastewater properly treated
- RCR 46 Population served by waste recycling facilities and small waste management systems
- RCR 47 Waste recycled
- RCR 48 Recycled waste used as raw materials
- RCR 49 Waste recovered
- RCR 50 Population benefiting from measures for air quality
- RCR 95 Population having access to new or upgraded green infrastructure in urban areas
- RCR 51 Population benefiting from measures for noise reduction
- RCR 52 Rehabilitated land used for green areas, social housing, economic or community activities

Types of intervention

- 024 Energy efficiency and demonstration projects in SMEs and supporting measures
- 025 Energy efficiency renovation of existing housing stock, demonstration projects and supporting measures
- 026 Energy efficiency renovation of public infrastructure kk, demonstration projects and supporting measures
- 027 Support to enterprises that provide services contributing to the low carbon economy and to resilience to climate change
- 028 Renewable energy: wind
- 029 Renewable energy: solar
- 030 Renewable energy: biomass
- 031 Renewable energy: marine
- 032 Other renewable energy (including geothermal energy)
- 033 Smart Energy Distribution Systems at medium and low voltage levels (including smart grids and ICT systems) and related storage
- 034 High efficiency co-generation, district heating and cooling
- 035 Adaptation to climate change measures and prevention and management of climate related risks: floods (including awareness raising, civil protection and disaster management systems and infrastructures)
- 036 Adaptation to climate change measures and prevention and management of climate related risks: fires (including awareness raising, civil protection and disaster management systems and infrastructures)
- 037 Adaptation to climate change measures and prevention and management of climate related risks: others, e.g. storms and drought (including awareness raising, civil protection and disaster management systems and infrastructures)
- 038 Risk prevention and management of non-climate related natural risks (i.e. earthquakes) and risks linked to human activities (e.g. technological accidents), including awareness raising, civil protection and disaster management systems and infrastructures
- 039 Provision of water for human consumption (extraction, treatment, storage and distribution infrastructure, efficiency measures, drinking water supply)
Water management and water resource conservation (including river basin
- 040 management, specific climate change adaptation measures, reuse, leakage reduction)
- 041 Wastewater collection and treatment
Household waste management: prevention, minimisation, sorting, recycling
- 042 measures

- 043 Household waste management: mechanical biological treatment, thermal treatment
- Commercial, industrial or hazardous waste management
- 044 Promoting the use of recycled materials as raw materials
- 045 Rehabilitation of industrial sites and contaminated land
- 046 Support to environmentally friendly production processes and resource efficiency
- 047 in SMEs
- Air quality and noise reduction measures
- 048 Protection, restoration and sustainable use of Natura 2000 sites
- 049 Nature and biodiversity protection, green infrastructure
- 050

Annex 2: Format for organizing evidence and areas for improvement.

Respondent	<i>Name Position Institution</i>
Attribute	<i>E.g. policy instruments</i>
Sub-question(s)	<i>E.g. 3.1.4. Has your MS introduced one or more voluntary energy labelling schemes and are they actively promoted?</i>
Type(s) of evidence	<i>E.g. Directive on the energy efficiency labelling 2019/0785, Law 3647 on the promotion of energy efficiency in private housing</i>
Source(s)	<i>E.g. URL or complete reference</i>
Evidence	<i>100 words per type of evidence</i>
Areas for improvement	<i>100 words</i>

Annex 3. Piloting the framework – suggested approach to phase 2 of the activity

In order to test and improve STAF, the activity includes a piloting phase involving its administration in a small subset of EU. The Pilot will focus on:

- evaluate the relevance of design of the overall assessment framework (transitions and features, sectors and crosscutting areas);
- evaluate and improve the design and content of its various tools (questionnaire, guidance notes, etc.) both from a process and technical/ content perspective;
- calibrate the suggested blueprint of process and procedures related to administering the pilot;
- assess how the inherent challenges identified at design stage (see section 3.2 of the guidance note) can be addressed.

The selection of MS for piloting the framework first of all depends on the time, human and financial resources available for piloting, both on the side of the EC and the selected MS. Piloting should be directed towards less developed countries likely to currently suffer the highest capacity gaps and expected to benefit the most from piloting the framework. Moreover, supervised piloting offers substantial co-benefits such as the strengthening of institutional and human capacity to conduct self-assessments. Finally, less advanced MS are likely to face additional constraints in applying the framework. Therefore, reviewing the framework with less developed MS will provide a least common denominator that countries in transition and more developed countries will be able to readily comply with.

Piloting will be facilitated by both the Bank team and the EC. The facilitation will aim at closely accompanying the MS in both process and technical aspects of administering the assessment, and in offering technical as well as institutional advice on leveraging its results. Only by accompanying the complete assessment process can meaningful conclusions be drawn on how to improve its future application.

As mentioned above, the piloting aims at improving the process and content of the assessment. This review and evaluation function is conducted during the pilot itself by addressing the following guiding questions:

Are the technical documents (guidance notes and spreadsheets) fit for purpose with regards to extent and content?

Are the guidelines and technical report fit for purpose with regards to extent and content?

Should all components remain as stand-alone assessments or should some components be integrated into others: The components on strategic communication, behavioral insights, distributional impact, tax policy, public expenditure and land administration do not correspond to an SO of the CP objective two. They bear the potential to be integrated into various sectoral frameworks, e.g. it can be assessed whether MS have sufficient capacity to consider the distributional impacts of renewable energy policies, but also whether MS have sufficient capacity

to consider the distributional impacts of water policies. The two results may differ drastically, warranting for two separate assessments, and thus the integration of the component on distributional impacts into the components on renewable energies, water, etc.

Does the suggested assessment process guarantee that all relevant governmental stakeholders are included in the analysis and, therefore, that the assessment is holistic and balanced? Should non-governmental stakeholders be included in the assessment process?

Is the suggested assessment process efficient and effective?

How can MS be motivated and engaged in participating in the assessment?

Do the results of the assessment lend themselves to identify clear paths to improve capacity?

The evaluation process will involve all who contributed to the pilot.

- The Bank, the EC and the MS authorities shall conduct internal evaluation processes based on their individual experiences. The evaluation process in the MS should harvest feedback from all actors who participated in the assessment, i.e. members of the steering committee, institutional representatives and respondents.
- A stakeholder meeting between the Bank, the EC and the MS shall be held to verify and complement the internal evaluations and produce a final evaluation result.
- The results of the piloting evaluation will inform the necessary revisions to the framework.