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CAPACITY-BUILDING

**Analysis of the implementation of the framework for
capacity-building in developing countries**

Note by the secretariat^{*1}

Summary

This paper has been prepared to support the comprehensive review of the implementation of the framework for capacity-building in developing countries. It addresses the elements of the terms of reference of the comprehensive review contained in annex III of document FCCC/SBI/2003/8; focuses on the gaps in the implementation of the capacity-building framework and key issues in the implementation of capacity-building projects and programmes; and outlines additional requirements to complete the comprehensive review.

* This document is being submitted after the official deadline due to the need for extensive consultations with other agencies.

¹ This paper was prepared in collaboration with, and using inputs provided by, the Global Environment Facility Secretariat, the United Nations Development Programme and the United Nations Environment Programme.

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I. INTRODUCTION

A. Mandate

1. The Conference of the Parties (COP), by its decision 2/CP.7, adopted the framework for capacity-building in developing countries and decided to conduct a comprehensive review of its implementation at its ninth session and every five years thereafter. In order to support the comprehensive review process, the Subsidiary Body for Implementation (SBI), at its eighteenth session, requested the secretariat to prepare a paper for consideration at its nineteenth session, using information provided by the Global Environment Facility (GEF), relevant international organizations and bilateral and multilateral agencies. It also requested the secretariat to specify in the paper any additional requirements to complete the comprehensive review by COP 10.

B. Scope of the note

2. This document uses the elements of the terms of reference for the first comprehensive review, contained in annex III of document FCCC/SBI/2003/8, as a basis for its analysis of the implementation of activities contained in the framework for capacity-building in developing countries. The GEF secretariat, the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP) provided inputs, based on their experiences in implementing capacity-building projects and programmes. Some of the conclusions of this paper are based on an analysis of documents FCCC/SBI/2003/MISC.2 and FCCC/SBI/2003/MISC.5, and therefore should be read in conjunction with those documents.

3. While maintaining a focus on assessing the quality and effectiveness of capacity-building activities directly relating to decision 2/CP.7, the paper also includes an analysis of capacity-building activities that were initiated before the adoption of the framework and are still on-going, and are related to, and consistent with, the activities outlined in decision 2/CP.7.

4. The paper aims to cover the broad range of topics outlined in the terms of reference for the comprehensive review, but little information is available on topics such as impacts of project implementation and the extent of stakeholder participation in capacity-building activities. Such information may be generated at the next session through a concerted effort by the implementing agencies, bilateral and multilateral development agencies and other international organizations.

C. Possible actions by the SBI

5. The SBI may wish to consider the following in drafting its conclusion and/or recommendations to the COP:

(a) Possible actions and steps to enhance the implementation of the framework for capacity-building in developing countries;

(b) Possible activities necessary to complete the comprehensive review by COP 10, such as additional areas to be analysed in the implementation of the capacity-building framework.

II. OVERVIEW OF CAPACITY-BUILDING ACTIVITIES

A. Background

6. The framework for capacity-building in developing country states that capacity-building must be country-driven, addressing the specific needs and conditions of developing countries and reflecting their national sustainable development strategies, priorities and initiatives (decision 2/CP.7, annex, para. 5). Consequently, in the process of implementing projects and programmes relating to the capacity-building framework, the broader sustainable development objectives are also being addressed. The Plan of Implementation adopted by the World Summit on Sustainable Development held in Johannesburg in August 2002 highlighted the need for capacity-building to achieve the Millennium Development Goals (MDGs).² In this regard, the capacity-building framework should address capacity-building needs relating to the mainstreaming of climate change concerns into broader sustainable development programmes. Implementation of the capacity-building framework should also link up with other initiatives, such as the Capacity 2015 of UNDP that aims to develop the capacities needed by developing countries and countries with economies in transition to meet their sustainable development goals under Agenda 21, and the GEF's strategic approach to enhance capacity-building for global environmental management.

B. Capacity-building in non-Annex I Parties

Initial national communications

7. Parties not included in Annex I to the Convention (non-Annex I Parties) reported, in their national communications, difficulties in preparing their national greenhouse gas (GHG) inventories and indicated that these difficulties stemmed from a **lack of technical and institutional capacity and of good quality data**. Many Parties reported that the emission factors were not appropriate or applicable to their situation, and some Parties stressed the need to adapt the methodologies to their own circumstances. They expressed the need for assistance to ensure continuous collection and maintenance of activity data, to improve the accuracy and reliability of these data, to enhance local technical capacity and expertise, and to develop national emission factors, mainly in the energy, agriculture, land use change and forestry, and waste sectors. They also identified the need to improve the capabilities of national climate change coordinators and national institutions to manage and coordinate climate change programmes.³

Greenhouse gas mitigation options and vulnerability assessments

8. Parties referred to gaps and difficulties relating either to the assessment or to the possible implementation of GHG mitigation options. Among the problems relating to the assessment of GHG mitigation options were inadequate institutional arrangements, lack of information, and lack of capacity for mitigation analysis and project development.

9. With regard to problems and constraints encountered in the area of vulnerability assessments, many Parties indicated that the **assessments were not sufficiently extensive to cover all vulnerable sectors because of lack of capacity**, technology/methodology, good-quality data and adequate financial resources. The needs identified related to upgrading skills and research, improving data collection and analysis pertaining to vulnerability and adaptation measures, and capacity-building to assess and respond to the impacts of climate change. Many Parties emphasized the need to improve the capacity to carry out the projections of temperature and precipitation changes, as well as of sea-level rise, so as to reduce

² See document A/CONF.199/20.

³ See document FCCC/SBI/2002/16.

uncertainties about their impacts. The main sectors of concern were water resources, agriculture, coastal zones, human settlements, population, health and ecosystems.

C. Capacity-building activities by Annex II Parties relating to decision 2/CP.7

10. Annex II Parties reported, in their national communications, their capacity-building activities in support of developing countries relating to observing networks, equipment, training and assistance for preparing workshops, and adaptation. They noted new and planned commitments, e.g. financial resources relating to the global observation systems for climate and to general capacity-building in developing countries. The national communications also reflected an **increase in the share of bilateral projects in capacity-building**, agriculture and coastal zone management.⁴

11. The bilateral activities of Annex II Parties and their contributions to multilateral institutions have supported capacity-building programmes and projects at the national and regional levels relating to vulnerability studies (agriculture, coastal and forestry), research and application of GHG mitigation technologies, the clean development mechanism (CDM), activities implemented jointly, joint research and development, improvement of climate data management and monitoring capabilities, preparation of national action plans, education, training and workshops, and climate knowledge information systems and networks. Samples of these projects and programmes are contained in documents FCCC/SBI/2003/INF.9, FCCC/SBI/2003/INF.10 and FCCC/SBI/2003/MISC.5.

12. Capacity-building assistance provided by Annex II Parties has covered mainly the priority activities in decision 2/CP.7, but it is difficult to quantify or measure the impact of such activities because information on the outcome of those activities is not provided in the national communications. Annex II Parties may wish to include this information in their national communications and other reports with specific reference to capacity-building priority activities identified in the annex to decision 2/CP.7.

D. Capacity-building activities of the GEF and its implementing agencies

13. This section summarizes capacity-building activities supported by the GEF and its implementing agencies and highlights the opportunities for synergy among them. The GEF stated in its report to COP 9 that support for capacity-building activities as of June 2002 exceeded US\$ 1.46 billion.⁵ Most of the capacity-building support was provided to GHG mitigation projects that include provision for training, information dissemination, institution-building and related activities. The GEF report also noted that resources provided through other focal areas (biodiversity, land degradation, ozone and international waters) often have cross-cutting benefits for climate change by supporting development of human resources and institutions supporting a range of global environmental goals.

14. The GEF is increasing its support for capacity-building for financial years 2004–2006 and proposes the approval by the GEF Council of a **strategic approach to enhance capacity-building**. The strategic approach aims to provide adequate support for nationally determined and prioritized capacity-building needs consistent with the relevant Conventions and the objectives of the GEF in a cost-effective manner, with clearly identified indicators of progress and achievement. The strategic approach also suggested pathways for GEF support for capacity-building: enhanced capacity-building in regular projects; targeted capacity-building; cross-sectoral capacity-building; and country capacity-building programmes for least developed countries (LDCs) and small island developing states.

15. Opportunities for GEF capacity-building support are available through regular GEF projects, including technical and institutional support for renewable energy and energy efficiency, vulnerability

⁴ See document FCCC/SBI/2003/7/Add.1, paragraph 204.

⁵ See document FCCC/CP/2003/3.

and adaptation assessments, research and systematic observation, public awareness, training, and database and information systems. Samples of these projects are contained in document FCCC/SBI/2003/MISC.2.

16. The GEF has also provided financial support for a number of regional and global projects on capacity-building in the areas of GHG inventories, adaptation, observing systems for climate, and technology needs assessments. Six projects were initiated under the National Communications Support Programme to strengthen national and regional technical capacities for the preparation of national communications.⁶ In this context, methodologies and tools are being developed to assist non-Annex I Parties to carry out national studies and activities in priority areas. These include a training manual for good practice on GHG inventories, a guidebook on the adaptation policy framework, and a handbook on technology needs assessments.

17. The capacity-building relating to enabling activities aims to “enable” countries to meet their global environment commitments under the Convention through a range of activities, including policy analysis, strategic planning, and monitoring and reporting on implementation. In the context of climate change, enabling activities were defined by the COP as those measures that facilitate the implementation of response measures in accordance with the UNFCCC (decision 11/CP1). **They provided an important vehicle for capacity-building in a number of developing countries, including the LDCs.** Enabling activities in developing country Parties are a programme priority and eligible for funding on a full-cost basis.

18. Apart from the optimized support for the preparation of the national communications of non-Annex I Parties through better coordination of bilateral and multilateral support, and higher funding provision, there is a **need to develop interactions and linkages within and across regions**. This might be achieved through regional and global projects, as well as through **increased support and assistance to existing regional centres of excellence** working on climate change issues.

19. One of the challenges encountered in the analysis of the effectiveness of capacity-building projects and programmes is the selection and the use of performance/output indicators that will serve as a basis for assessing project impacts. UNDP–GEF is currently in the process of developing a framework for indicators for its capacity-building projects that should be useful in the implementation of capacity-building projects relating to decision 2/CP.7.

The NCSA programme

20. As the first multifocal area enabling activity, the national capacity self-assessments (NCSAs) have generally stimulated cross-Convention consultations with respect to process design and proposal development. More than 140 countries have now expressed an interest in doing an NCSA. As of August 2003, 53 project proposals have been approved: one from the World Bank, 16 from UNEP and 36 from UNDP. In addition, several countries are accessing funding for project preparation.

21. The NCSA project type is designed to provide countries with the opportunity to analyse and articulate their own capacity needs and priorities as they respond to global environment issues. The NCSA process also provides resources for countries to identify and analyse possible areas of cooperation relating to the implementation of the three global Conventions that emerged from the Rio summit, thus potentially increasing the efficiency and effectiveness of their global environmental management efforts.

22. One of the operational principles which guide the NCSA process is a holistic approach to capacity-building addressing capacity needs at the systemic, institutional and individual levels while

⁶ See document FCCC/SBI/2003/INF.10 for details of projects.

integrating such capacity-building into wider sustainable development efforts. In spite of being an integrated approach, covering a number of global environmental issues, NCSAs can also respond to the UNFCCC framework for capacity-building in assessing climate-change-related capacity-building needs.

The NAPA process

23. At COP 7, Parties decided to assist the LDCs in the preparation of national adaptation programmes of action (NAPAs) to address urgent and immediate needs and concerns relating to adaptation to the adverse effects of climate change. In December 2001, the GEF Council responded by authorizing GEF support to LDCs for the preparation of NAPAs with funds from the newly created LDC Fund. By 30 August 2003, 13 NAPAs had been approved through UNDP and seven through UNEP.

24. The rationale for NAPAs is based on the assumption that the low adaptive capacity of LDCs renders them in need of immediate and urgent support to start adapting to current and projected adverse effects of climate change. The NAPA process can also be seen as a capacity-building measure because it would help build the capacity for addressing urgent and immediate adaptation needs.

25. Although the NAPA process addresses urgent concerns relating to adaptation to the adverse effects of climate change, and the NCSA process focuses on analysis and prioritization of capacity-building activities, there are a number of important similarities. First, NCSAs and NAPAs are both cross-cutting in nature and require the input and involvement of a wide range of stakeholders from diverse technical backgrounds. Second, they have structural similarities in terms of the processes and products required by their respective operational guidelines.⁷ Each set of guidelines requires countries to conduct a stocktaking exercise, multi-stakeholder consultations, and priority-setting, and to develop an action plan (optional in the NCSA process). The NCSA requires that countries prepare a thematic profile of their priority capacity needs in climate change, and analyse cross-cutting issues representing areas of possible interaction with the NAPA process. **Both processes also provide opportunity for synergy between Conventions**, such as identification of prioritized capacity-building activities and adaptation to adverse impacts of climate change which may be common across the Conventions. This has also provided an opportunity for increased collaboration between agencies such as UNEP and UNDP in the case of NCSA implementation

The second national communication process

26. The adoption of decision 17/CP.8 marked the launching of a new set of guidelines for the preparation of national communications from non-Annex I Parties that should be used for the preparation of second and, where appropriate, third or initial national communications.

27. The comprehensive scope of the second national communications will encourage countries to take a more holistic and integrated approach to their climate-change-related activities, including capacity-building, in order to avoid unnecessary duplication of efforts and to maximize their positive impacts. Second national communications will, inter alia, encourage a more systematic assessment and inventory of all climate-change-related technical assistance as countries prepare their communications.

28. Non-Annex I Parties are now encouraged to provide, in accordance with decision 2/CP.7, information on how capacity-building activities, as contained in the framework annexed to that decision, are being implemented at national and, where appropriate, subregional and/or regional levels. This could include options and priorities for capacity-building, participation in and promotion of South-South

⁷ See GEF documents on *Operational Guidelines for Expedited Funding of National Self Assessments of Capacity Building Needs* and *Operational Guidelines for Expedited Funding for the Preparation of National Adaptation Programs of Action by Least Developed Countries*. These documents are available at www.gefweb.org

cooperation, the involvement of stakeholders in capacity-building, coordination and sustainability of capacity-building activities, and the dissemination and sharing of information on capacity-building activities, as well as integrating adaptation to climate change into medium- and long-term planning.

The climate change “top ups”

29. Pursuant to decision 2/CP.4, the GEF provided funding for approximately 80 projects, including a regional one with 10 participating countries, under its expedited procedure for the implementation of specific capacity-building activities by non-Annex I Parties within the framework of phase II enabling activities. The projects are designed to strengthen activities initiated during the preparation of their initial national communications and may lead to project proposals for the second national communications. Almost 80 countries have accessed or begun accessing funding for climate change “top-ups” through UNDP, and by August 2003 about 35 countries had completed their “top-up” activities.

30. Eligible activities under the “top ups” include identification and assessment of technology needs; capacity-building to design, evaluate and host projects; capacity-building for systematic observation networks; studies leading to the preparation of national programmes to address climate change; improvement of emission factors; maintenance and enhancement of national capacities to prepare national communications; and developing or strengthening national activities for public awareness and education, and access to information.

III. KEY ISSUES IN CAPACITY-BUILDING IMPLEMENTATION

A. Stakeholder participation

31. The promotion of participation by a wide range of stakeholders including government agencies, national and international organizations, civil society and the private sector, in implementing the framework for capacity-building in developing countries is one of the provisions of the framework (decision 2/CP.7, annex, paragraph 19 (c)). This section analyses the type and extent of stakeholder participation in various capacity-building activities.

32. The stakeholders that are most frequently involved in capacity-building activities at the national level include government agencies, research/academic institutions, non-governmental organizations (NGOs) and the private/business sector. Public participation is emphasized in GEF-financed projects. Non-Annex I Parties have included limited information in their national communications on the wide range of stakeholder participation in their climate change activities.

33. NGOs and community groups, academia and research centres are involved in capacity-building relating to public awareness, research, advocacy, training and education services, contributing to national and local issues and policies relating to climate change. Government agencies are in-charge in various public awareness and education programmes but in some instances, NGOs and other institutions lead these programmes with the financial assistance provided by the GEF and other bilateral agencies. These organizations also take the lead in organizing multi-stakeholder consultations, and/or training to build the capacity of host communities to manage and implement climate-change-related projects and programmes. The private/business sector has had a role in providing data and information.

34. **The CDM provides an opportunity for private sector involvement** in climate change issues. Over the past few years, there has been an increasing awareness and involvement of the private sector, including local and international entrepreneurs, commercial investors and project developers, both at the policy level at the international and national levels, and at the project level through the CDM and other GHG mitigation projects. The private sector is also actively engaged in project development and

assisting civil society and government agencies in developing their institutional and technical capabilities to implement CDM projects.

35. Municipal and local governments also benefit from capacity-building assistance in the form of training, seminars and other forums to increase their awareness on climate change issues and their role in managing and implementing GHG and adaptation projects. The devolution of governance from national to local governments that is taking place in some developing countries places the responsibility for managing natural resources under the local government units. **Building the capacity to understand and respond to climate change will increase the level of local government participation** in climate change projects such as the CDM and other GHG mitigation and climate change adaptation projects.

36. More than 130 developing countries have received financial and technical support from the GEF and its implementing agencies to prepare their initial national communications. The ministry of environment is often the lead agency in preparing the national communication and therefore is responsible for coordinating GHG inventories. In some instances, however, the lead agency may be the ministry of agriculture, energy, or planning, or the meteorological office. In other cases, the national communication is prepared by consultants, particularly in small countries that lack of human resources, such as the small islands states. In a few cases, the lead agency may commission an NGO or research/academic institutions for the task.

37. **Stakeholder participation is one of the prerequisites for the success of climate change projects.** However, it is difficult to assess the extent to which stakeholder involvement has been institutionalized in non-Annex I Parties in the absence of a clear process for assessment and the lack of such information in their national communications. The GEF and its implementing agencies have reported the active involvement of various stakeholders in project implementation particularly in enabling activities and other regular GEF climate change projects. The private/business sector is one stakeholder that needs to be brought into the process of climate-change because of its important role in steering resources and investments towards environmentally sound technologies, together with the available skills and wealth of information at its disposal.

B. Sustainability of capacity-building activities

38. The framework for capacity-building in developing countries recommends that developing countries should promote the coordination and sustainability of activities undertaken within the framework, including the efforts of national coordinating mechanisms, focal points, and national coordinating entities (decision 2/CP.7, annex, paragraph 19 (d)). This section examines how capacity-building activities are integrated with other sustainable development programmes to ensure sustainability.

39. Experience from project monitoring efforts has clearly shown that the projects that achieved the best results in terms of sustainability criteria were invariably those that incorporated and addressed the issue of **sustainability at the project design stage**. Sustainability may also be attained by institutionalizing capacity-building activities in various institutions and agencies, project replication, and setting up a mechanism for continuous assessment of capacity-building needs and designing programmes and projects to respond to those needs. The capacity-building component of climate change programmes should have the necessary support mechanisms and the potential to be institutionalized, e.g. enshrined in the curricula of academia or mainstreamed into the programmes of training institutions.

40. Sustainability of capacity-building projects and programmes depends on human and institutional capacity at local, national, and regional levels, and national ownership and availability of financial resources. Experiences suggest that the **sustainability of capacity-building programmes relating to**

climate change is optimized by integrating them into the national planning and sustainable development strategies. The articulation of climate-change-related capacity-building needs in relevant government plans and programmes assists in enabling the host government to allocate resources to such programmes.

41. **Institutional capacity-building of the national climate change secretariats** and member institutions of the national coordinating committees, particularly in the areas of GHG inventories, climate change mitigation programmes, and international negotiations on climate change, greatly assists in creating an enabling environment for climate change activities to succeed. An institution with sufficient mandate and capacity to lead the capacity-building process on climate change issues is key to instilling a sense of commitment and ownership of projects and programmes. In the absence of such institutional capacity, interventions should target the establishment of such institutions, as a first step towards long-term sustainable capacity-building programmes.

C. Availability of, and access to, resources

42. Capacity-building activities relating to decision 2/CP.7 have been funded as part of regular GEF climate change projects, as part of the preparation of national communications, or as stand-alone projects targeting capacity-building. Such projects usually contain capacity-building components, such as technical training, educational tours, public awareness and consultations, acquisition of equipment, development of policies, particularly in renewable energy and energy efficiency, and establishment of databases. A review undertaken by the GEF implementing agencies to assess the role of capacity-building in GEF projects found that 96 per cent of UNDP projects, 100 per cent of UNEP projects and 86 per cent of World Bank projects have capacity-building components.

43. In addition, capacity is being built through the enabling activities project category, which includes the NCSAs, the “top up” and the NAPAs. These project categories involved the identification and prioritization of capacity-building activities. The GEF has established operational guidelines for expedited funding to assist Parties in accessing up to US\$ 200,000 for NCSAs and up to US\$ 100,000 for “top up” activities. LDCs and small island developing states can also access project development and preparation facility resources up to an amount of US\$ 25,000. The GEF is also funding up to US\$ 200,000, using the expedited procedure, to support the preparation by LDCs of NAPAs. LDC Parties, however, may opt to go through regular and non-expedited procedures to apply for funding beyond the funding ceiling. The Small Grants Programme, which provides funding of up to US\$ 50,000, also builds the capacity of non-government and community-based organizations to address climate change. An average of 20 per cent of the total GEF financing for enabling activities was used for public awareness campaigns.

44. Experiences of UNDP in implementing capacity-building projects and programmes reflect the following insights relating to availability and access of resources for climate change programmes:

- (a) The adequate and optimal usage of available resources for a sustained capacity-building process remains a major challenge due to varying nature of institutional capacity across Parties;
- (b) There is a need to coordinate donor activities as well as various national stakeholders;
- (c) From the point of view of the recipient country, the resources from the regional projects are often insufficient to undertake the planned capacity-building activities at the national level;
- (d) The development of CDM capacity at the national level assumes importance in attracting resources from the private sector and investors.

D. Challenges and opportunities

45. Human, institutional, and technological capacities to address climate change interventions in the framework of national sustainable development and poverty eradication priorities in developing countries are limited and vary considerably. Although developing countries are addressing the issue of climate change in their national policies, these issues are usually reflected under the broader context of environment and development. This stems from a general lack of awareness and capacity to tap the various climate change activities. In framing their development priorities, most developing countries do not perceive climate change to be an important issue per se and there is a **pressing need for increased awareness, information and knowledge** that demonstrates climate change as an issue of sustainable development and poverty eradication.

46. The **lack of technical skills and institutions** that deal with climate change at the national level poses a major challenge in the implementation and coordination of capacity-building programmes. Although national climate change committees exist in many developing countries, they are either inactive or not operational due to lack of human, technical and financial resources to effectively implement the activities under the Convention.⁸

47. Climate change requires a **concerted effort by stakeholders**. Prior experience indicates that lack of coordination among various government ministries in addressing climate change concerns leads to either inadequate or duplicated efforts. This situation has led to difficulty in interaction between government agencies and the stakeholders, particularly the private sector. On the donor side, the lack of coordination of bilateral and multilateral development agencies in implementing climate-related projects and programmes leads to inefficiency in using limited resources. Better coordination of donor funds at global, regional and national levels is necessary.

48. Climate change is a complex issue and impacts such areas as water, energy, health, agriculture and biodiversity. There is a need, therefore, to seek **synergy between the climate change Convention and other multilateral environmental Conventions**, particularly the biodiversity and desertification conventions. Such synergy, though often difficult to achieve, can lead to strengthening the capacity to cope with climate variability and to create and/or strengthen sustainable livelihoods.

E. Best practices

49. Development of human, institutional, and systemic capacity at national and local levels is crucial in effectively formulating policies and undertaking interventions to combat climate change within the framework of national sustainable development. Enhanced awareness through a learning-by-doing strategy in a participatory and transparent manner can produce clearer understanding and a sense of commitment to capacity-building projects and programmes. **Adequate institutional capacity is needed to develop efficient legal and regulatory frameworks** for addressing climate change at national and local levels. Furthermore, such capacity can assist in instilling a sense of ownership of the process, and hence responsibility in ensuring its sustainability.

50. “**Learning by doing**” is an effective capacity-building strategy in the areas of climate change adaptation and mitigation, and a necessary condition for sustainability of capacity-building initiatives. Experience shows that stakeholders enthusiastically engage in this strategy as the results of their efforts are tangible and can be easily translated across sectors and institutions, and are therefore easy to integrate into national planning priorities. As the strategy involves diverse stakeholders including the government,

⁸ See document FCCC/SBI/2002/15.

private sector, and civil society, this capacity-building tool results in greater transparency of actions and participation.

51. The **mainstreaming of climate change activities into national planning and sustainable development strategies** ensures that climate change is given appropriate national priority. Approaching climate change as part of sustainable development efforts, rather than as an isolated issue, ensures that adaptation measures are formulated and implemented in the context of reducing the vulnerability of the poor in maintaining sustainable livelihoods, and that mitigation measures are pursued concurrently with national poverty eradication plans and economic development strategies. Experience from UNDP country offices shows that the mainstreaming of climate change concerns into national planning and development strategies also adds visibility to climate change concerns, the earmarking of some funds for climate change activities, and commitment to the project.

52. **Public-private partnerships** are crucial in meeting national demands and interest on mitigation and adaptation efforts. Active public-private partnerships require well-structured frameworks that maximize potential for large transfers of finance and technology without imposing unacceptable high risks on investors. Successful partnerships assist in encouraging investments in technologies and sustainable development programmes such as CDM activities, and in maintaining the objective of the UNFCCC and the integrity of the Kyoto Protocol. The success of such projects can demonstrate the viability of specific climate change activities, particularly CDM projects, to other investors and in turn lead to further mobilization of resources and possibilities of project replication.

53. **Knowledge networks, such as regional centres of excellence**, are effective mechanisms to disseminate the experiences and lessons learned from past and ongoing project activities. These networks can assist in South-South knowledge exchange and in effectively demonstrating the challenges and opportunities in undertaking specific climate change activities.

54. There are successful instances of capacity-building activities which could provide insights into how best to implement projects and programmes relating to activities outlined in decision 2/CP.7. Experience shows that learning by doing, mainstreaming of climate change into national development priorities, multi-stakeholder participation, and building of knowledge networks, are some of the areas where best practices in capacity-building can be documented for purposes of disseminating this information to Parties.

IV. ISSUES FOR CONSIDERATION

A. Possible actions and steps to enhance the implementation of the framework for capacity-building in developing countries

55. Based on the analysis in chapters II and III above and previous related secretariat documents, Parties may wish to identify specific actions to operationalize paragraphs 18–20 of the annex to decision 2/CP.7, such as improving the coordination and effectiveness of capacity-building efforts among Annex II Parties, developing country Parties and bilateral and multilateral institutions; promotion of South-South cooperation; facilitating the dissemination and sharing of information; and the provision of additional technical and financial resources.

56. The areas identified as needing priority attention in developing countries are the following:

(a) **Institutional strengthening.** The strengthening of climate change focal points is one of the urgent capacity-building needs due to the growing responsibilities being undertaken by the national focal points such as the preparation of national communications, the coordination of climate change projects, the in-country coordination of capacity-building activities, and the provision of information in

response to requests from the subsidiary bodies. Parties may wish to provide additional guidance to the GEF in this regard.

(b) **Technical training.** Although technical training has been conducted, in particular during the preparation of initial national communications, factors such as the high turnover of technical staff and the adoption of the new guidelines for the preparation of national communications, contained in decision 17/CP.8, suggest a need for additional training. Training programmes focused on climate change, for scientific, technical, and managerial personnel at the national and, as appropriate, subregional, regional and international levels, are also necessary.

(c) **Access to information systems.** Non-Annex I Parties reported the need for software and hardware to establish information systems to collect, process, and maintain data and information relating to GHG inventories, vulnerability and adaptation assessment and mitigation analysis, and climate observation systems. They suggested that such information systems be linked to related data systems. They also expressed the need to establish and/or enhance national and/or regional centres of excellence in order to improve the exchange of information between stakeholders and facilitate public access to information on climate change. Parties may wish to provide additional guidance to the GEF in this regard.

57. Parties may wish to **address the need for better coordination between agencies and stakeholders** so as to effectively implement the capacity-building framework. Parties may also wish to **explore the means of improving links** between the capacity-building framework under the UNFCCC and the GEF's strategic approach to enhancing capacity-building. Parties may also wish to strengthen the links between the capacity-building framework, the Capacity 2015 of UNDP and the capacity-building provisions of the Plan of Implementation of the World Summit on Sustainable Development to ensure synergy among the different capacity-building initiatives.

58. Without prejudging the outcome of the comprehensive review, Parties may wish to **provide appropriate additional guidance to the GEF** in the light of the planned increase of funding towards capacity-building envisaged in the GEF Business Plan for financial years 2004–2006.⁹

59. To enable the SBI to effectively carry out its mandate to monitor the progress of the implementation of the framework for capacity-building in developing countries, Parties may wish to consider the following questions

(a) What type of information and format should the secretariat follow in preparing the annual progress report relating to the implementation of the framework for capacity-building in developing countries?

(b) What additional data on capacity-building are required to supplement the information submitted by Parties through their national communications to facilitate the assessment of progress on the implementation of the capacity-building framework?

(c) What additional and specific information (output/performance indicators, project impacts, stakeholder participation, etc.) do Parties expect from the GEF and its implementing agencies, bilateral and multilateral development agencies, international organizations and non-government organizations to assist them in monitoring the progress of the implementation of the capacity-building framework?

⁹ See Council document GEF/C.299, GEF Business Plan FY04–06, at www.gefweb.org

B. Possible activities necessary to complete the comprehensive review by COP 10

60. The SBI, at its eighteenth session, endorsed the terms of reference of the comprehensive review of the implementation of the framework for capacity-building in developing countries, contained in annex III to document FCCC/SBI/2003/8. It also recommended that the COP at its ninth session adopt a decision on the actions and steps necessary to complete the comprehensive review of the implementation of the framework for capacity-building in developing countries by its tenth session.

61. The terms of reference for the first comprehensive review of the implementation of the framework for capacity-building in developing countries defined the elements and structure of the review. This present document responds to a request from the SBI, at its eighteenth session, for the preparation of a paper to address the elements of the terms of reference and support the comprehensive review. Due to lack of information and available methodologies to assess the effectiveness of capacity-building projects and programmes relating to decision 2/CP.7, Parties may wish to consider pursuing the following activities:

(a) Request the **preparation of a technical paper on best practices** in capacity-building relating to the implementation of decision 2/CP.7, highlighting the elements and indicators of success in these projects;

(b) Initiate the **development of a methodology for establishing performance indicators** to be able to assess the **impacts of capacity-building programmes** relating to decision 2/CP.7 and also to determine the effectiveness of stakeholder participation in these programmes;

(c) **Convene a technical meeting** involving the GEF and its implementing agencies, bilateral and multilateral development agencies, international organizations and non-government organizations to discuss means to effectively implement the framework for capacity-building in developing countries and address activities contained in paragraph 61 (a) and (b) above.

62. In addressing the above-mentioned activities, Parties may wish to **build upon the work of UNDP-GEF in developing a framework for indicators for capacity-building** and other initiatives of bilateral and multilateral agencies and international organizations relating to other multilateral environmental agreements that may be useful in the context of capacity-building within the Convention.
