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Capacity-building

**Effectiveness of the implementation of the framework for
capacity-building in countries with economies in transition**

Note by the secretariat

Summary

This note contains analyses of the outcomes of capacity-building activities in countries with economies in transition, based on information submitted by Parties. It also outlines key issues that Parties may wish to consider in preparing the draft decision relating to the review of the implementation of decision 3/CP.7 and possible next steps in implementing capacity-building activities and programmes.

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I. Introduction

A. Mandate

1. The Conference of the Parties (COP), by its decision 9/CP.9, decided to complete the review of the effectiveness of the implementation of the framework for capacity-building in countries with economies in transition (EIT) by its tenth session. In order to complete the review process, the Subsidiary Body for Implementation (SBI) requested the secretariat to prepare an analytical paper on the effectiveness of the implementation of the framework for capacity-building in EIT countries, based on submissions from Parties and information provided by the Global Environment Facility (GEF) and its implementing agencies, multilateral, bilateral and other international organizations, for consideration by the SBI at its twenty-first session (FCCC/SBI/2004/10, para. 60 (d)).

B. Scope of the note

2. The secretariat prepared this note to provide Parties with an overview of the state of implementation of capacity-building activities in EIT countries, consistent with decision 3/CP.7. Information submitted by Parties (FCCC/SBI/2004/MISC.14) and other information provided by the GEF, its implementing agencies and international organizations served as basis for analysing the effectiveness of capacity-building activities.

3. The information available on capacity-building in EIT Parties is mostly about activities rather than outcomes; thus, the analysis is based on limited information about the results of capacity-building projects. For example, information on impacts of training, sustainability of activities and resources provided was either limited or nil. In some cases, it was difficult to disaggregate the data because capacity-building cuts across other activities. It would be useful in the future to report on the outcomes of capacity-building activities in order to assist Parties in determining their effectiveness and in drafting conclusions relating to the implementation of the framework for capacity-building in EIT countries.

C. Possible action by the Subsidiary Body for Implementation

4. The SBI may wish to consider the findings of the analysis and key issues identified in this note when preparing the draft decision on the review of the effectiveness of the framework for capacity-building in EIT countries for adoption by the COP at its tenth session. In particular, Parties may wish to consider actions to enhance the implementation of the framework. Parties may also wish to take note of the lessons learned in developing and implementing capacity-building activities at the country and regional level to ensure the success of future capacity-building projects and programmes.

II. Overview of capacity-building activities

A. Background

5. The Convention has identified 14 countries that are undergoing the transition to a market economy. All are Parties included in Annex I to the Convention (Annex I Parties). At COP 6, 11 of these countries formed the Central Group 11 (CG 11) to pursue common positions on issues affecting EIT Parties. Capacity-building was among the issues addressed. At SBI 18, CG 11 announced that it would cease to exist as a formal group after eight of its members had acceded to the European Community (EC). This political development has raised the question of the status of decision 3/CP.7 and its implications for the implementation of the framework for capacity-building in EIT countries. Although most of the EIT Parties have joined the EC, their status under the Convention has not changed. EIT Parties also argue that their capacity-building needs outlined in the framework are still relevant and

that financial and technical assistance should be pursued to address those needs. However, their options to access resources differ depending on whether or not they are members of the EC.

B. Capacity-building needs, priorities and options

6. EIT Parties have identified their capacity needs through the national communications, the national capacity self-assessment (NCSA) and the 'top-up' projects of the GEF. The country review teams and other support programmes for the preparation of national communications have also aided in the identification of capacity needs of EIT countries. Capacity needs assessment is a continuous and iterative process as Parties identify additional measures to fulfil their commitments under the Convention. Therefore, there is a need to integrate capacity needs assessments into the regular climate programmes at the country and regional level.

7. The capacity needs identified by EIT Parties relate mostly to the preparation of national communications and implementation of the Kyoto Protocol mechanisms. Capacity-building needs relating to national communications include improvement in the quality of activity data, development of local emission factors and uncertainty calculation. EIT Parties also identified the need to train experts in joint implementation (JI) and emissions trading, focusing on the development of new legislation and methodological issues, such as baseline projection and project selection.

8. The priority capacity-building needs identified by EIT countries in their submissions include:

- (a) Establishment of a national system for the estimation of greenhouse gas (GHG) emissions
- (b) Development and implementation of policies and measures, including adaptation to climate change and development and transfer of technologies
- (c) Establishment/strengthening of national and regional institutions
- (d) Development of national registries, monitoring, verification and certification systems for emission reduction units
- (e) Participation in international negotiations
- (f) Establishment of a good practices database
- (g) Public information, education and training.

C. National capacity self assessments

9. NCSAs aim to assist Parties, through a country-driven process, to identify their priority needs for capacity-building in order to address global environmental issues such as biological diversity, climate change and land degradation. All EIT Parties have initiated the NCSA process with financial assistance from the GEF. By August 2004, two EIT Parties had completed their NCSAs and three more were expected to complete them by the end of the year.

10. Key initial lessons gained by Bulgaria and Latvia in implementing their NCSAs may provide insights to other countries:

- (a) Active stakeholder participation in all stages of project development and implementation is crucial in ensuring project success
- (b) Participants to the NCSA process are not keen to consider synergy among the Rio Conventions until they analyse comprehensively each Convention separately

- (c) The NCSA provides a good opportunity to analyse the needs and possible actions to build the capacity of countries to address climate change
- (d) The term 'capacity-building' and its elements should be clearly defined and understood at the early stages of project implementation.

III. Effectiveness of capacity-building projects and programmes

A. Outcomes, impacts and challenges

11. All the priority needs outlined in the framework for capacity-building in EIT countries have been covered through various capacity-building projects and programmes supported by Parties included in Annex II to the Convention (Annex II Parties), the GEF and bilateral and multilateral agencies. However, most of the capacity-building activities were designed to support the preparation of national communications and participation in JI and emissions trading. EIT Parties in their submissions emphasized the importance of addressing other priority areas, such as vulnerability and adaptation assessments and public information and education.

12. Most capacity-building activities have been aimed at strengthening human capacity. Capacity-building activities reported included training, workshops, exchange of experts, learning-by-doing, education and public awareness. Even prior to the preparation of first national communications, eight EIT countries benefited from the United States Country Studies Program, which trained experts in GHG inventory, vulnerability and adaptation assessments and development of national climate change action plans. Japan, through its Japan International Cooperation Agency (JICA), has trained 113 participants from 13 EIT countries in energy efficiency.

13. Some of the EIT countries have already initiated their JI projects through capacity-building assistance provided by Annex II Parties. Estonia, Latvia and Lithuania, have benefited from the training organized under the auspices of the Council of the Baltic Sea States. The support provided by the Government of the Netherlands enabled the Government of Bulgaria to develop its National Climate Change Strategy and Action Plan, establish a JI Unit and train experts to prepare JI projects.

14. EIT countries reported that training and other capacity-building activities to support the preparation of national communications led to improvement in the quality and timeliness of their national communication submissions. Most EIT countries also reported that capacity-building activities contributed to the development and adoption of national climate policies and/or programmes, such as in Bulgaria, the Czech Republic and Poland. In the case of the Russian Federation, capacity-building activities relating to the promotion of energy efficiency in residential buildings in Moscow are expected to reduce energy consumption by 40 per cent, which is equivalent to avoiding 85,800 tonnes of CO₂ emissions.

15. Although capacity has been built, particularly with regard to the preparation of national communications, retaining capacity is a problem. In Bulgaria, of 60 trained experts only 10 are still working on climate change and there is a concern that if the problem of capacity retention is not addressed there will be a severe shortage of experts working on climate change issues. This situation is not unique to Bulgaria. Other EIT countries have also reported shortages of experts in areas such as development of policies and measures, JI and emissions trading.

16. The challenge of developing and retaining capacity may be solved in the long term through the introduction of climate change into public education, including higher education. Some EIT countries have already developed curricula incorporating climate change. The involvement of several research institutions/universities in the preparation of national communications, as is the case in Estonia, is another means of strengthening human as well as institutional capacity.

17. Some of the key challenges encountered by EIT countries in implementing capacity-building activities as outlined in their submissions are:

- (a) Insufficient financial and human resources to implement the projects
- (b) Lack of active stakeholder participation
- (c) Lack of institutions to carry out capacity-building activities
- (d) Inability to integrate climate change into national policies
- (e) Increasing public awareness and support of key decision makers.

B. Sustainability of capacity-building activities

18. Most EIT countries identified the need to regularize allocations of resources to capacity-building activities to make them more sustainable. This may be possible if capacity-building activities are included in the budget of national governments. However, climate change is not an agenda priority of most EIT countries. Therefore, increasing the awareness and political will of decision law makers may be necessary before climate change is integrated into national policies.

19. Strengthening national and regional institutions also sustains capacity-building activities. Through assistance provided by the European Commission, Italy, Japan, Netherlands and the United States of America, the Regional Environmental Center for Central and Eastern Europe (REC) launched the project "Capacity for Climate Protection in Central and Eastern Europe". The project has facilitated dialogue between and among government officials, industry representatives and non-governmental organizations (NGOs). The project has also published case studies relating to good practices in policies and measures, capacity needs to implement national systems for inventories, and challenges and opportunities in implementing the Kyoto Protocol.

20. EIT countries also pointed out that experts trained in developing and implementing capacity-building activities are needed. Presently, there is a shortage of personnel working on climate change, making it difficult to launch capacity-building projects that are supported by donor organizations. The NCSA, which is funded by the GEF, is the only stand-alone capacity-building activity being implemented by EIT countries. It is expected that with the identification of their capacity needs, EIT countries should be able to initiate capacity-building activities aimed at strengthening their participation in the Convention and the Kyoto Protocol.

C. Financial and resource needs

21. The past 15 years have seen the rapid transformation of EIT countries. Throughout this transition from centrally planned to market economies, government resources have been focused on economic and social welfare rather than the environment and climate change. However, financial and technical assistance was extended to EIT countries to support their various climate change related activities, in particular preparation of national communications and Kyoto Protocol mechanisms.

22. Although EIT countries carry out few capacity-building projects, such as the United States Country Studies Program, the Capacity for Climate Protection in Central and Eastern Europe and NCSA, capacity-building is embedded in various projects relating to energy efficiency, GHG mitigation and policies and measures. For example, the United States Environmental Protection Agency's Natural Gas STAR Program in the Russian Federation includes capacity-building activities involving small and medium-sized energy service companies.

23. EIT countries appreciate the support provided to them by Annex II Parties, which has enabled most of them to fulfil their obligations under the Convention. There are still areas that require support, such as in the establishment of national registries, strengthening national and regional institutions, development and implementation of legal frameworks, and vulnerability and adaptation assessments. In recognizing the assistance needed for capacity-building activities, EIT countries also acknowledge that meeting capacity needs is primarily a national responsibility.

D. Stakeholder participation

24. Stakeholder participation in EIT countries is given prominence in the implementation of capacity-building activities. NGOs take an active role in public awareness campaigns and provide inputs in the development of climate change policies. The role of women is also emphasized in capacity-building projects, particularly in project preparation. Private sector involvement is critical in JI and emissions trading so training and workshops are organized to increase private sector participation.

25. Local government units key to the successful implementation of climate change measures are less involved in capacity-building activities. This may be attributed to the lack of legislative authority of local government units and lack of awareness about climate change. However, some local governments are actively involved in climate-related projects, such as the Municipal Network for Energy Efficiency (MUNEE). MUNEE is a regional network aimed at promoting energy efficiency at the local level by strengthening the capacity of regional and municipal stakeholders to develop and attract financing for energy efficiency projects.

26. Increasing stakeholder participation is one of the challenges of capacity-building. Active participation will only be achieved when stakeholders become aware of climate change issues. With this in mind, some EIT countries have advanced programmes in public awareness and education. For example, through the Ministry of National Education and the Ministry of Environment, Poland is implementing the National Strategy on Environmental Education. The programme includes training communities of teachers, youth, government personnel and representatives of local/regional governments on environmental protection, including climate change. The Czech Republic, through its State Programme on Environmental Education and Public Awareness, organized the international EKOFILM festival. Bulgaria declared a national climate change day as part of this year's Green Week marked by various public events on climate change. EIT Parties have also recognized the need to translate climate change documents in order for the public to understand the issues.

E. Best practices and lessons learned

27. Although building human, institutional and systemic capacities in EIT countries remains a challenge, there are some success stories from which lessons can be drawn. One example is the establishment of effective mechanisms for financing, such as the Environmental Funds, EcoFund and Bank for Environmental Protection in Poland, the Lithuanian Environment Investment Fund and the Green Investment Scheme of Bulgaria. These financial mechanisms are aimed at supporting GHG mitigation projects and programmes and capacity-building.

28. Strengthening regional and national institutions has proved successful in building the capacity of EIT countries to prepare national communications, conduct public education, implement GHG mitigation measures and participate in the Kyoto mechanisms. For example, REC has trained experts in the region on GHG inventory and development of policies and measures. The Government of Japan assisted in the establishment of the Energy Efficiency Center in Bulgaria and the Energy Conservation Technology Centre in Poland. These centres provide training courses and disseminate information on energy conservation. Parties may wish to explore the possibility of replicating experiences in strengthening/establishing institutions as a strategy to sustain capacity-building activities in EIT countries.

29. Capacity-building activities that have strong stakeholder participation have a higher success rate due to the varied inputs provided by the participants and their commitment to implement them. The NCSA, energy conservation and other capacity-building projects have involved wide stakeholder participation from their earliest stage of implementation. The active stakeholder participation resulted in increased interest and commitment of NGOs and the general public to climate change activities, such as the promotion of energy conservation programmes.

30. Cooperation among EIT countries through CG 11 was effective in facilitating the flow of information among key delegates. The group also served to build the capacity of new negotiators taking part in various negotiating groups during the sessions of the subsidiary bodies and the COP. Some EIT countries cooperate with other EIT and Annex II Parties to exchange information, resources and expertise in GHG inventory, JI and emissions trading.

IV. Matters for consideration by the Subsidiary Body for Implementation

31. In preparing the draft decision on the outcome of the review of effectiveness of the framework for capacity-building in EIT countries, Parties may wish:

- (a) To regularly assess the status of implementation of decision 3/CP.7 through information provided by EIT and Annex II Parties in their national communications and to develop means of collating this information. Parties may wish to consider the following in reviewing decision 3/CP.7:
 - (i) The types of information on capacity-building that could be collected from the national communications;
 - (ii) Ensuring that project outcomes and their effectiveness are included in the reports to be provided by project/programme implementers, such as the GEF and its implementing agencies, bilateral and multilateral agencies and other international organizations;
- (b) To consider the outcomes of capacity-building activities and the results of NCSA in updating the priorities outlined in decision 3/CP.7 and in enhancing the implementation of the framework for capacity-building in EIT countries;
- (c) To consider continued support for the capacity-building activities of EIT Parties and diversify the assistance provided to cover activities such as vulnerability and adaptation and education, training and public awareness;
- (d) To invite the GEF and bilateral, multilateral and other international organizations to disseminate, on a regular basis, information regarding opportunities for technical and financial support for capacity-building activities in EIT countries;
- (e) To encourage exchange of information and experts among EIT and Annex II countries to build human and institutional capacity relating to the preparation of national communications, development of policies and measures, vulnerability and adaptation assessments and participation in JI and emissions trading;
- (f) To strengthen regional and national institutions to build the capacity of EIT countries to address the various issues under the Convention and Kyoto Protocol through training and public education and awareness programmes.
