

Chapter

Building capacity

Striving to establish climate-friendly patterns of sustainable development means building capacities to address the many complex issues involved. This implies that the less developed but most vulnerable countries should be able to rely on support from the richer countries. This need to build capacity is addressed in the Convention.

This chapter concerns the framework for capacity-building activities under the Convention that cuts across many of the issues under consideration in the climate change process. It has three parts: Section 17.A focuses on the general background; Section 17.B deals with the Marrakesh Accords, which established a framework for capacity-building in developing countries and countries with economies in transition (EITs); Section 17.C concludes with issues relating to funding.

17.A. Capacity-building in the Convention process

Capacity-building, as commonly understood, encompasses activities at the level of individuals, institutions and systems (see Box 17.1). In this context, capacity-building is involved in many issues referred to in Convention articles, such as adapting to climate change, providing financial and technical resources, transferring technology, ensuring research, education and training, and improving national communications. In addition, the Convention explicitly refers to capacity-building:

- Article 4.5 affirms the need to develop and enhance endogenous capacities in the context of technology transfer;
- Article 5 calls on Parties to strengthen systematic observation and national scientific and technical research capacities and capabilities, particularly in developing countries (Article 5(b)), and to cooperate in improving developing countries' endogenous capacities and capabilities to participate in international and intergovernmental efforts related to research and systematic observation (Article 5(c)); and

Box 17.1: Aspects of capacity-building

Capacity-building can be taken as "the actions needed to enhance the ability of individuals, institutions and systems to make and implement decisions and perform functions in an effective, efficient and sustainable manner"¹⁹⁹.

For **individuals**, capacity-building refers to the process of changing attitudes and behaviours, imparting knowledge and developing skills while maximizing the benefits of participation, exchange of knowledge and ownership.

For **institutions**, capacity-building focuses on the overall organizational performance and functioning capabilities, as well as the ability of an organization to adapt to change.

For **systems**, capacity-building addresses the overall framework within which institutions and individuals operate, as well as the relationships of institutions.

¹⁹⁹ *A Guide for Self-Assessment of Country Capacity Needs for Global Environmental Management*, Global Environment Facility, September 2001, p. 5. The remainder of this box also draws on this source. See <http://www.gefweb.org/Documents/Enabling_Activity_Projects/NCSA_Guidebook_-_English.pdf>.

- Article 9.2(d) requires the SBSTA to provide advice on ways of “supporting endogenous capacity-building in developing countries”.

While capacity-building has been addressed by the COP under various agenda items (such as guidance for the operation of the financial mechanism, technology transfer and national communications), it was first dealt with as a separate agenda item at COP 5 in 1999. COP 5 launched a process to address capacity-building in developing countries (decision 10/CP.5) and in EITs (decision 11/CP.5). The decisions specified that this process should involve an assessment of existing capacity-building activities and needs and priorities.

17.B. Frameworks for capacity-building under the Convention

17.B.1. *The Marrakesh Accords*

At COP 7 in 2001, the Parties adopted **frameworks for capacity-building in developing countries** (decision 2/CP.7) and in **EITs** (decision 3/CP.7). Although the frameworks are similar in structure and substance, they differ in many details. This section describes both frameworks, outlining their common elements as well as specific provisions for each group, and reviews their implementation.

Frameworks: objective and purpose

Developing countries:

The **objective** is to assist these countries “to build, develop, strengthen, enhance, and improve their capabilities to achieve the objective of the Convention through the implementation of the provisions of the Convention and the preparation for their effective participation in the Kyoto Protocol process”. The **purpose** is to set out the scope of these activities and to provide the basis for action on them. It is also to serve as a guide for the climate change capacity-building activities of the GEF and other funding bodies.

EITs:

The **objective** is “to enable them to effectively implement the objective of the Convention and to prepare for their participation in the Kyoto Protocol when it enters into force”. In this context, the framework recalls that, as Annex I Parties, EITs have quantified emission limitation and reduction commitments that impose challenges to their existing capacities to implement the Convention. The **purpose** is also to set out the scope and basis for action for capacity-building, and to enable them to participate in the Kyoto Protocol.

Common guiding principles and approaches

Both frameworks provide a set of guiding principles and approaches containing essential common elements. For instance, capacity-building:

- must be country-driven, addressing countries’ specific needs and conditions and reflecting their national priorities;
- should build on existing activities, institutions and endogenous capacities;
- is a continuous process;
- should be implemented in an effective, efficient, integrated and programmatic manner; and
- involves learning by doing.

Common scope

Both frameworks set out lists of priority areas. They may be revised as needs and priorities are further identified. Common or comparable areas include:

- national communications (see chapter 18);
- plans and programmes (*developing countries*: national climate change programmes; *EITs*: national climate action plans);
- national GHG inventories (see chapter 18);
- vulnerability and adaptation (see chapter 12) (*developing countries*: vulnerability and adaptation assessments, implementation of adaptation measures; *EITs*: impact assessments and adaptation);
- mitigation (*developing countries*: assessment for implementation of mitigation options; *EITs*: policies and measures, and the estimation of their effects) (see chapter 11);
- technology transfer (see chapter 14);
- research and systematic observation (see chapter 15);
- education, training and public awareness (see chapter 16); and
- Kyoto mechanisms (see chapter 11) (*developing countries*: clean development mechanism (CDM); *EITs*: joint implementation (JI) and emissions trading).

Specific provisions

Developing countries:

The capacity-building framework has a strong focus on institutional capacity-building and related activities, including:

- strengthening or establishing national climate change secretariats or national focal points;
- improving or creating an enabling environment;
- improving decision-making, including assistance with participation in international negotiations; and
- increasing information and networking, including establishing databases.

Box 17.2: Capacity-building under the Kyoto Protocol

Under the Kyoto Protocol's Article 10(d), all Parties commit themselves to "... promoting the development and strengthening of endogenous capacities and capabilities to participate in international and intergovernmental efforts, programmes and networks on research and systematic observation ...".

Under paragraph (e) of the same Article, all Parties commit themselves to cooperating in and promoting "... the development and implementation of education and training programmes, including the strengthening of national capacity-building, in particular human and institutional capacities ...".

Under paragraph (b)(ii) of the same Article, Parties commit to submitting information in their national communications on capacity-building.

COP/MOP 1 discussed capacity-building needs under the Protocol and decided that the frameworks for capacity-building adopted by decisions 2/CP.7 and 3/CP.7 (see section 17.B) are applicable to the implementation of the Kyoto Protocol. Decision 29/CMP.1 lays emphasis on capacity-building needs of developing countries relating to their ability to participate in project activities under the clean development mechanism (see chapter 11). Decision 30/CMP.1 addresses capacity-building needs of EITs. The secretariat is requested to report to the COP on implementing the framework that is undergoing a second comprehensive review to be finalized in 2007.

The framework also pays special attention to the specific needs of particular groups of developing country Parties. The list of initial priorities includes a reference to the implementation of Article 4.8 (specific needs arising from the adverse effects of climate change and the impact of the implementation of response measures; see chapter 12) and 4.9 (specific needs of LDCs; see chapter 12). In addition, the framework specifically requires that the **special circumstances of LDCs and SIDS** be taken into account. They are amongst the most vulnerable to extreme weather events and the adverse effects of climate change but at the same time have the least capacity to cope with them. Financial and technical assistance to implement the framework is to be provided to these countries as a priority through the GEF and other channels. The framework provides an initial assessment of needs and priority areas specific to LDCs and SIDS, which include:

- developing an integrated implementation programme which takes into account the role of research and training in capacity-building;
- enabling these countries to carry out vulnerability and adaptation assessments and effectively integrate them into sustainable development programmes and develop national adaptation programmes of action (NAPAs);
- strengthening existing national research and training institutions and, where needed, establishing new ones to ensure sustainability of the capacity-building programmes; and
- enhancing public awareness.

EITs:

The framework for EITs contains additional elements such as:

- projections and estimation of GHG emissions;
- reporting obligations; and
- accounting modalities (under the Kyoto Protocol).

Implementation

The frameworks call on developing countries and EITs to continue to provide information on their specific needs and priorities, while promoting cooperation among each other and participation among stakeholders. Annex II Parties, for their part, should provide additional financial and technical assistance to implement capacity-building activities through the GEF (see chapter 13) and other channels, while all Parties should improve the coordination and effectiveness of existing activities.

Box 17.3: Support for capacity-building from Annex I Parties

According to the third national communications from Annex I Parties, the fields of activity which received most support were: training and education; the preparation and implementation of national environmental strategies and plans, including GHG inventories; vulnerability assessments; institutional development; research institutes; environmental management; disaster preparedness, including monitoring and response programmes; the participation of non-Annex II representatives in meetings and workshops; and capacity-building activities relating to developing and implementing CDM/JI projects.

Table 17.1: Bilateral financial contributions related to adaptation in the implementation of the UNFCCC, 1997–2000 (millions of US\$)

Donor	Capacity-building			
	1997	1998	1999	2000
AUS	0.07	0.05	0.8	0.8
AUT				
CAN	21.6	24.5	32.9	
CHE				
DEU				
ESP		1.1	1.4	1.8
EC				
FIN	0.09	2.6	4.7	
FRA				
GBR				
ITA	2.9	4.9	3.7	3.0
JPN	43.2	48.9	46.6	
NLD				
NOR			0.6	0.5
NZL	0.7	1.6	1.6	2.2
SWE	3.0	34.8	31.3	35.7
USA	779.11	754.6	2 484.7	943.24

Note: For an explanation of country codes, please refer to appendices

17.B.2. Review of implementation

Decisions 2/CP.7 and 3/CP.7 mandated the COP to conduct comprehensive reviews of the implementation of both frameworks; the SBI too regularly monitors progress. Parties are invited to provide information and other reports to enable such monitoring to take place²⁰⁰. The secretariat has also regularly provided information on implementation, drawing on sources such as national communications and submissions by the GEF and other international organizations²⁰¹.

COP 9 (2003) adopted terms of reference for the first comprehensive review of the implementation of the framework for capacity-building in developing countries as well as a time frame and process for further reviews (decision 9/CP.9)²⁰². In the decision, the COP decided to complete its review of both frameworks at COP 10 in 2004. A review of the framework for developing

²⁰⁰ See for example, FCCC/SBI/2004/MISC.1 <<http://unfccc.int/resource/docs/2004/sbi/misc01.pdf>>.

²⁰¹ Most recent inputs include FCCC/SBI/2004/8 <<http://unfccc.int/resource/docs/2004/sbi/08.pdf>>, FCCC/SBI/2004/9 <<http://unfccc.int/resource/docs/2004/sbi/09.pdf>>, FCCC/SBI/2003/INF.8 <<http://unfccc.int/resource/docs/2003/sbi/inf08.pdf>>, FCCC/SBI/2003/INF.9 <<http://unfccc.int/resource/docs/2003/sbi/inf09.pdf>> and FCCC/SBI/2003/INF.10 <<http://unfccc.int/resource/docs/2003/sbi/inf10.pdf>>.

²⁰² Contained in FCCC/SBI/2003/8, Annex III <<http://unfccc.int/resource/docs/2003/sbi/08.pdf>> For an analysis of the elements contained in the terms of reference, see FCCC/SBI/2003/14 <<http://unfccc.int/resource/docs/2003/sbi/14.pdf>>.

countries is to be held every five years thereafter, while further review of the framework for EITs should be based on their national communications.

17.B.2.a. Review of the capacity-building framework for developing countries

In its review, COP 10 concluded that the guiding principles, the approaches and initial scope laid down by decision 2/CP.7 were still relevant and valid and that the decision should continue to be the basis of capacity-building activities (decision 2/CP.10). The COP further noted that while resources had been made available for a range of priority issues, significant gaps still remained to be filled. It therefore named a number of **key factors** that should be taken into account in further implementing the decision:

- **institutions:** creating and strengthening basic institutional infrastructure and increasing the involvement of national governmental organizations; promoting the integration of climate change issues into national planning processes;
- **funding:** making financial and technical resources available through the financial mechanism of the Convention and, as appropriate, through multilateral and bilateral agencies and the private sector, in particular for LDCs and SIDS; accessing funding; coordinating international donors; harmonizing donor support in alignment with national priorities, plans and strategies;
- **approaches:** emphasizing learning by doing; exchanging best practices, experiences and information on activities carried out by various Parties.

In addition, the COP invited relevant intergovernmental and non-governmental organizations to take into account in their own programmes the needs identified in decision 2/CP.7 and the key factors identified in decision 2/CP.10. It called on them to cooperate with each other to ensure efficient support for efforts by developing country Parties. It also called for continued cooperation with other appropriate United Nations Conventions (see chapter 4), in order to maximize synergy in implementing capacity-building activities.

COP 10 decided that the second comprehensive review was to be started at SBI 28 (June 2008) and completed at COP 15 (November–December 2009). In the meantime, as requested in decision 2/CP.10, the SBI is to consider the steps necessary to monitor capacity-building activities undertaken according to decision 2/CP.7²⁰³.

17.B.2.b. Review of the capacity-building framework for EITs

COP 10 noted that the capacity-building priorities in the framework for EITs (decision 3/CP.7) were still pertinent, that EITs still needed support, and that many issues and lessons learned from the developing countries were also

²⁰³ FCCC/SBI/2006/5 <<http://unfccc.int/resource/docs/2006/sbi/eng/05.pdf>> and FCCC/SBI/2006/MISC.4 <<http://unfccc.int/resource/docs/2006/sbi/eng/misc04.pdf>>, FCCC/SBI/2006/MISC.4/Add.1 <<http://unfccc.int/resource/docs/2006/sbi/eng/misc04a01.pdf>> and FCCC/SBI/2006/MISC.4/Corr.1 <<http://unfccc.int/resource/docs/2006/sbi/eng/misc04c01.pdf>>

applicable to them (decision 3/CP.10). By the same decision, COP 10 identified a number of **key factors** for further implementation of the framework, including:

- enhancing enabling environments to promote sustainability and effectiveness of capacity-building activities;
- improving information sharing, as well as cooperation and coordination among EITs;
- expanding training, education and public awareness;
- enhancing national capacities, expertise and coordination at the governmental level, as well as improving the abilities of EITs to participate effectively in international negotiations in the climate change process; and
- increasing participation by all stakeholders in capacity-building activities.

COP 10 invited the GEF, Annex II Parties and multilateral, bilateral and other international organizations to provide further financial support for implementation by EITs. It encouraged EITs to use the results of national capacity needs self-assessments (NCSAs; see section 17.C) in prioritizing their capacity-building activities nationally, and to improve the capacity of experts and institutions to implement the action plans derived from their NCSA projects. The status of implementation of decision 3/CP.7 is to be further reviewed at SBI 27 (November 2007), on the basis of information from Parties and the GEF and its implementing agencies collated by the secretariat.

17.C. Funding for capacity-building

For the GEF, capacity-building is a strategic priority that cuts across all its six thematic focal areas, of which climate change is one (see chapter 13). A review undertaken by the GEF implementing agencies (UNDP, UNEP and the World Bank) found that 96 per cent of the UNDP projects, 100 per cent of the UNEP projects and 86 per cent of the World Bank projects had capacity-building components. As stated in the 2005 GEF report to the COP²⁰⁴, this review found that GEF support for capacity-building in all its focal areas exceeded US\$1.46 billion as of June 2002. The GEF programme category of enabling activities is dedicated to capacity-building, including in the context of national communications. Within this category, the GEF has established funding options under expedited procedures for several types of activities²⁰⁵ (see also chapter 13). Such expedited funding can be provided for projects that do not exceed a certain volume; above this ceiling, projects may also be funded, but under more complicated standard procedures. Guidelines for expedited funding were issued for:

- national communications (up to US\$420,000; see chapter 18);
- (interim) capacity-building measures in priority areas, building upon initial national communications (see chapter 18);
- NCSAs (up to US\$200,000; see below); and
- NAPAs for LDCs (up to US\$200,000; see chapters 12 and 13).

²⁰⁴ FCCC/CP/2005/3 <<http://unfccc.int/resource/docs/2005/cop11/eng/03.pdf>>.

²⁰⁵ <http://thegef.org/Documents/enabling_activity_projects/enabling_activity_projects.html>.

The aim of NCSAs is to identify national priorities and needs for capacity-building to address global environment issues. An NCSA is intended to cover not only climate change, under the Convention, but also biodiversity and desertification/land degradation, which are covered by the other two 'Rio Conventions', i.e. the Convention on Biological Diversity (CBD) and the United Nations Convention to Combat Desertification (UNCCD; see chapter 4). In addition to capacity assessments for each of these areas, NCSAs are also intended to explore the synergies among them, as well as linkages with wider concerns of environmental management and sustainable development. The NCSA action plan is expected to outline priority strategies and actions for developing capacities to address the priority issues identified, in response to 2/CP.7 and 2/CP.10.

In September 2001, the GEF issued two guidance documents for NCSAs:

- *Operational Guidelines for Expedited Funding of National Self Assessment of Capacity Building Needs*²⁰⁶; and
- *A Guide for Self Assessment of Country Capacity Needs for Global Environmental Management*²⁰⁷, prepared with the assistance of the United Nations Institute for Training and Research (UNITAR) and other UN bodies and agencies, which provides more detailed, non-prescriptive guidance on carrying out an NCSA.

In its report to COP 8, the GEF made clear that "NCSAs are neither a precondition for GEF assistance through regular projects and enabling activities, nor a necessary first step before launching capacity-building activities in particular sectors"²⁰⁸.

The possibility of receiving funding for NCSAs resulted from the recommendations of the Capacity Development Initiative (CDI)²⁰⁹, which the GEF launched in cooperation with UNDP in January 2000. The CDI was an 18-month project, involving extensive consultations, which aimed to:

- undertake a broad assessment of capacity-building needs of developing countries and EITs;
- take stock of earlier and ongoing efforts to assist national capacity-building; and
- prepare a strategy and a GEF-specific action plan to provide enhanced and sustained assistance.

The CDI's conclusions were presented to the GEF Council in May 2001²¹⁰. The GEF outlined a strategic approach for capacity-building based on

²⁰⁶ <http://thegef.org/Documents/Enabling_Activity_Projects/Operational_Guidelines_-_English.pdf>.

²⁰⁷ <http://thegef.org/Documents/Enabling_Activity_Projects/NCSA_Guidebook_-_English.pdf>.

²⁰⁸ FCCC/CP/2002/4 <<http://unfccc.int/resource/docs/cop8/04.pdf>>.

²⁰⁹ For information, see <<http://www.gm-uncd.org/FIELD/Multi/GEF/CDI.htm>>.

²¹⁰ *Elements of strategic collaboration and a framework for GEF action for capacity-building for the global environment*, GEF/C.17/Rev.1. See also the CDI's synthesis report *Country Capacity Development Needs and Priorities* (October 2000), available at <http://thegef.org/Documents/Enabling_Activity_Projects/CDI/Synthesis_Report.pdf>.

them in 2003²¹¹ which envisaged addressing capacity-building in various ways, including:

- enhanced attention to capacity-building components in GEF projects that primarily address other strategic priorities;
- targeted capacity-building by free-standing projects, specific to a focal area, in cases where capacity-building needs cannot be adequately addressed through projects targeting other strategic priorities;
- targeted capacity-building across focal areas to assist countries to manage global environmental issues in a more general way;
- country-specific capacity-building programmes for LDCs and SIDS.

The strategy also envisages clarifying the scope of enabling activities funded by the GEF so as to focus them more on assisting countries to meet reporting requirements (such as national communications). Other capacity-building needs are to be addressed under the new funding opportunities once they have been put into operation (see chapter 13).

COP 10 welcomed the GEF's strategic approach to capacity-building and its efforts to put this approach into operation. In its report to COP 11, the GEF indicated that 153 countries were engaged in the NCSA programme, preparing to identify and prioritize their capacity needs, according to their circumstances, existing strengths and gaps.

Relevant COP decisions:

- | | |
|-------------------|---|
| Decision 10/CP.5: | Capacity-building in developing countries (Non-Annex I Parties)
Annex: List of capacity-building needs of developing country parties |
| Decision 11/CP.5: | Capacity-building in countries with economies in transition |
| Decision 2/CP.7: | Capacity-building in developing countries (non-Annex I Parties)
Annex: Framework for capacity-building in developing countries |
| Decision 3/CP.7: | Capacity-building in countries with economies in transition
Annex: Framework for capacity-building in countries with economies in transition |
| Decision 9/CP.9: | Capacity-building |
| Decision 2/CP.10: | Capacity-building for developing countries (non-Annex I Parties) |
| Decision 3/CP.10: | Capacity-building for countries with economies in transition |

²¹¹ *Strategic Approach to Enhance Capacity-building*, GEF/C.22.8, October 2003 <http://thegef.org/Documents/Council_Documents/GEF_C22/C.22.8_Strategic_Approach_to_Capacity_Building_FINAL.pdf>.