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**CAPACITY-BUILDING**

**Progress report on the status of activities to implement decisions 2/CP.7 and 3/CP.7**

**Note by the secretariat**

**Summary**

The COP, at its seventh session, adopted the framework for capacity-building in developing countries annexed to decision 2/CP.7 and requested the secretariat to provide reports to the COP at each of its sessions on activities to implement the framework. At the same session, the COP also adopted the framework annexed to decision 3/CP.7 containing a provision for the secretariat to monitor progress in the implementation of the framework for capacity-building activities in countries with economies in transition. This note provides a status report on capacity-building activities consistent with the scope of needs and areas for capacity-building identified in the frameworks. It also offers a set of questions and issues for Parties to consider in order to facilitate the effective implementation of the frameworks on capacity-building for developing countries and countries with economies in transition.

The SBI may wish to take note of this progress report and, where necessary, provide guidance to the secretariat on its future activities. The SBI may also wish to consider what should be the terms of reference of the comprehensive review of decision 2/CP.7 for the ninth session of the COP. For countries with economies in transition, the SBI may wish to consider the frequency of the review provided for in decision 3/CP.7.

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## I. INTRODUCTION

### A. Mandate

1. The Conference of the Parties (COP) at its seventh session, by its decision 2/CP.7, adopted the framework for capacity-building for developing countries to guide capacity-building activities related to the implementation of the Convention and effective participation in the Kyoto Protocol process. The COP, by its decision 3/CP.7, also adopted the framework for capacity-building activities in countries with economies in transition to assist these Parties to implement the Convention and to prepare for participation in the Kyoto Protocol when it enters into force.<sup>1</sup>

2. The above-mentioned decisions contained provisions requesting the secretariat to provide reports to the COP at each of its sessions on activities to implement the framework for capacity-building for developing countries (decision 2/CP.7, para. 9 (c)) and also to monitor progress in the implementation of the framework for capacity-building activities in countries with economies in transition contained in the annex to decision 3/CP.5 (decision 3/CP.7, para. 8 (b)).

### B. Scope of the note

3. This note provides an initial status report on capacity-building activities that are consistent with the scope of needs and areas for capacity-building for developing countries (decision 2/CP.7, annex, para. 15) and general areas and needs for capacity-building of economies in transition (EIT) Parties (decision 3/CP.7, annex, para. 20). Chapter II is a summary of key ongoing capacity-building activities and needs under each of the priority areas identified in the capacity-building frameworks drawn initially from the reports of activities provided by the Parties in their national communications,<sup>2</sup> the Global Environment Facility (GEF)<sup>3</sup> and its implementing agencies, other international organizations and the secretariat. Since this is the initial secretariat report on capacity-building activities, it may lack some information that is available to Parties but has not yet been reported to the secretariat. The last paragraph under each priority area lists the needs that have been reported by the non-Annex I Parties in their national communications. It also provides a list of needs submitted by the EIT Parties as contained in documents FCCC/SB/2000/INF.2 and FCCC/SB/2000/INF.7. Chapter III provides a set of questions and raises some issues which Parties may wish to consider under this agenda item.

### C. Possible action by the SBI

4. The Subsidiary Body for Implementation (SBI) may wish to take note of this progress report and, where necessary, provide guidance to the secretariat on its future activities, in particular, on the compilation and analysis of information for upcoming reports on capacity-building. It may also wish to encourage further cooperation between organizations involved in capacity-building. It may further wish to provide guidance on what elements may be included in the comprehensive review of the framework annexed to decision 2/CP.7 scheduled for the ninth session of the COP, and in the case of countries with economies in transition, on the frequency and main elements of the reviews of the framework annexed to decision 3/CP.7.

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<sup>1</sup> For the full texts of decisions adopted by the Conference of the Parties at its seventh session, see FCCC/CP/2001/13/Add.1.

<sup>2</sup> FCCC/SBI/2002/16.

<sup>3</sup> FCCC/CP/2002/4.

## II. STATUS OF CAPACITY-BUILDING ACTIVITIES

### A. Background

5. This note by the secretariat provides a preliminary outline of the status of capacity-building activities in developing countries and in EIT Parties. Since there may be some information that is not included in this report, Parties may wish to consider providing this additional information to the secretariat so that it can be included in the preparation of a comprehensive review of the capacity-building framework for developing countries at the ninth session of the COP. Parties may also wish to consider the information provided in drawing up elements for the comprehensive review and in providing further guidance to the secretariat in preparing future progress reports.

6. The UNFCCC secretariat has recently initiated informal collaboration on capacity-building between key agencies, including the GEF Secretariat. The objective of this collaboration is to improve the exchange of information in the production and dissemination of resource materials in the area of capacity-building and to enhance strategic collaboration in three possible areas for collaboration, including activities related to: (i) mainstreaming sustainable development into climate change programmes; (ii) development and implementation of national climate change policies and programmes; and (iii) active participation in the Convention and the Kyoto Protocol processes.

### B. Capacity-building in developing countries

7. The framework for capacity-building in developing countries sets out the scope of, and provides the basis for action related to, the implementation of the Convention and preparation for effective participation in the Kyoto Protocol process. Below is a brief overview of capacity-building activities undertaken in developing countries consistent with the initial scope of needs and areas for capacity-building identified in the annexed framework to decision 2/CP.7. The last paragraph under each priority area lists the needs that have been reported by the non-Annex I Parties in their national communications. The activities identified often cut across several scopes of needs and areas, and may thus be mentioned in several areas.

#### *Institutional capacity-building, including the strengthening or establishment, as appropriate, of national climate change secretariats or national focal points*

8. The United Nations Development Programme (UNDP) is implementing a GEF-funded regional project in ten Pacific island States to strengthen climate change institutions to enable them to meet their reporting obligations under the United Nations Framework Convention for Climate Change (UNFCCC). Through a GEF-funded and UNDP-implemented project, the United Nations Institute for Training and Research (UNITAR) is providing climate change focal points in 41 Least Developed Countries (LDCs) with support in order to obtain, process and exchange data and improve electronic communication between each other and with the UNFCCC secretariat. This is being achieved through equipping the climate change focal points in LDC Parties with computers and connectivity, as well as through providing support for related training programmes. As a result of an assessment of capacity-building needs in 33 developing countries, and in close cooperation with a team of national centres of expertise in Africa and Asia, UNITAR is in the process of developing country-based training facilities. These programmes will propose, inter alia, training on scientific (regional and subregional climate modelling) and policy/decision-making tools as well as provision of other relevant advisory sources of information related to climate change and sustainable development.

9. There is an identified need, as indicated by Parties in their national communications, to provide further assistance in strengthening the national climate change secretariats or national focal points to enable them to respond to their obligations relating to the Convention.

Enhancement and/or creation of an enabling environment

10. Assistance related to the enhancement and/or creation of an enabling environment is regularly incorporated in the implementation of different climate change projects funded by GEF and its implementing agencies. Such assistance includes the study of, or enhancements to, the implementation of climate change-related policies, the removal of technical, legal, social and administrative barriers, and regulatory frameworks. The Subsidiary Body for Scientific and Technological Advice is planning to organize a workshop in March/April 2003 to examine various aspects of enabling environments related to the transfer and development of technologies.

11. There is a need to assess further the requirements to strengthen national institutions and develop human resources in the development of enabling environments in order to enable Parties to participate effectively in the UNFCCC and the Kyoto Protocol processes.

National communications

12. To date, more than 130 non-Annex I Parties have received financial support and technical guidance from the GEF and its implementing agencies to assist them in preparing their first national communications. Eighty-five of them have already submitted their initial national communication. Uruguay received funds from the GEF for the preparation of its second national communication in the year 2000 and the GEF has recently approved Argentina's enabling activities project for the preparation of its second national communication. Costa Rica has submitted a project proposal to the GEF. Mexico has also already submitted its second national communication.

13. Pursuant to decision 2/CP.4, the GEF provided funding for 53 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.<sup>4</sup> 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. Sixty-two Parties are currently undertaking various national or regional projects in six areas:

- (a) Assessment of technology needs, the identification of sources and suppliers of these technologies, and the determination of modalities for the acquisition and absorption of those technologies
- (b) Improvement of national activities for public awareness and education on climate change
- (c) Effective participation in systematic observation networks
- (d) Facilitation of national and/or regional access to the information provided by international centres and networks, and working with those centres for the dissemination of information, provision of information services, and the transfer of environmentally sound technologies and know-how
- (e) Design, formulation, management, implementation and evaluation of projects which would help Parties to fulfil their commitments under the Convention
- (f) Studies leading to the preparation of national programmes to address climate change, including the improvement of local emission factors.

14. In the fourth compilation and synthesis of initial national communications from Parties not included in Annex I to the Convention, the Parties have reported the need for capacity-building in the collection, archiving and management of data needed for the preparation of national communications (FCCC/SBI/2002/16). The Parties have also identified the need to promote information sharing and

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<sup>4</sup> See document FCCC/CP/1998/16/Add.1, paragraph 1 (g) (i-iv).

networking at the national, sub-regional/regional and international levels. In addition, the Parties identified the need to improve institutional arrangements to enable data collection and analysis and to further build capacity in the sense of human resource development for the preparation of national communications.

National climate change programmes

15. The preparation of the national communications and national action plans on climate change has often led to the establishment of national climate change programmes. In this respect, capacity-building is required to establish or strengthen national institutional frameworks, including national and regional coordination and, in particular, the national UNFCCC focal points or national authorities designated to coordinate climate change activities so as to enable them to formulate and implement national climate change programmes.

Greenhouse gas inventories, emission database management, and systems for collecting, managing and utilizing activity data and emission factors

16. Two regional capacity-building programmes are due for implementation by UNDP, funded by GEF, in the Non-Annex I Parties in Central Europe and countries in francophone Africa to improve the quality of greenhouse gas (GHG) inventories in order (a) to strengthen capacity for improving data on emission factors and other appropriate data through data collection procedures, and (b) to strengthen the capacity of national institutions to estimate national GHG emissions.

17. Developing country Parties have reported in their national communications that difficulties in preparing their national GHG inventories generally stem from a lack of quality data, a lack of technical and institutional capacity and problems related to methodologies. Initial capacity-building needs in this area include the improvement of infrastructure, equipment and facilities; the development of local technical capacities and expertise; the establishment of reliable and effective database systems; improvement of data quality; the development of country-driven methodologies; and the enhancement of information-sharing and networking systems.

Vulnerability and adaptation assessment

18. The GEF, through its implementing agencies, has been supporting developing country Parties in undertaking Stage I<sup>5</sup> adaptation activities through its enabling activities programme. A regional project in the Pacific Islands implemented by UNDP and funded by GEF, provides training, institutional strengthening and planning to enable them to meet their reporting obligations under the Convention and to prepare preliminary vulnerability assessments and adaptation strategies. The recipient countries are able to conduct vulnerability and adaptation assessments within the context of their national communications. In the Caribbean, the World Bank is assisting countries, through a GEF-funded project, to cope with the adverse effects of climate change and capacity-building linked to adaptation planning and national communications. UNDP, with GEF funding, is in the process of developing an Adaptation Policy Framework (APF). The United Nations Environment Programme (UNEP) and the Intergovernmental Panel on Climate Change (IPCC) have a programme to fund research in developing countries for vulnerability and adaptation. The UNFCCC secretariat has also prepared a report and a web site on methods and tools for assessing impacts and adaptation. The goal of the web site is to inform Parties of the available tools and assist them with evaluating impacts and adaptation.

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<sup>5</sup> Planning, which includes studies of possible impacts of climate change, to identify particularly vulnerable countries or regions and policy options for adaptation and appropriate capacity-building (decision 11/CP.1, paragraph 1 (d) (i)).

19. Developing country Parties identified the need to upgrade their research capacity, data collection, and analysis of vulnerability and adaptation measures. Vulnerability and adaptation assessment involves extensive collection and analysis of data, the application of computer models and the interpretation of results. There is a need to strengthen the relevant national and regional institutions; build requisite national and regional expertise through adequate training; improve methodologies for local conditions; and improve systems for the exchange of information and sharing of experiences.

Capacity-building for implementation of adaptation measures

20. UNDP is currently implementing a GEF-funded project in Central America to build capacities for Stage II<sup>6</sup> adaptation to climate change. The aim is to develop an adaptation policy framework and to prepare national adaptation strategies for priority sectors that can be integrated into the sustainable development plans of the participating countries. The World Bank has recently initiated a GEF-funded project to strengthen capacity in the agriculture sector in 13 African countries to support the mainstreaming of climate-change adaptation in agriculture planning and policy. In addition, the World Bank is initiating a process to integrate climate variability and climate change adaptation concerns in projects in water resources management, agriculture, and land management through country-driven assessments. Two such assessments have been carried out: one for Bangladesh, and another for nine Pacific island States.

21. The initial needs identified by developing country Parties on adaptation measures comprise: improving human and institutional capacities; improving methodologies and models; promoting awareness of the community-based organizations and government and private-sector agencies which work on issues related to adaptation; promoting the transfer of adaptation technologies; and improving scientific research, data collection and analysis.

Assessment for implementation of mitigation options

22. The GEF is currently financing projects in Central America, the Philippines and Sri Lanka that address capacity-building for mitigation options related to energy efficiency and renewable energy. The activities include strengthening and building capacity for sustainable renewable energy, adoption and application of energy codes for buildings, the removal of barriers to renewable energy development and the reduction of GHG emissions through improved energy efficiency.

23. Capacity-building needs identified by Parties include: the analysis of socio-economic sectors for energy efficiency; renewable resources inventory and computerized databases, the installation, maintenance, trouble-shooting and repair of renewable energy technologies, the development of appropriate regulatory and legislative frameworks, and the exchange and sharing of experiences.

Research and systematic observation, including meteorological, hydrological and climatological services

24. The Global Climate Observing System (GCOS) secretariat, with funding from GEF, is implementing a programme that includes organizing regional workshops to address the priority capacity-building needs of developing countries in relation to their participation in systematic observation and the follow-up regional action plans. The GCOS secretariat has prepared an interim report on the adequacy of the global climate observation systems based on the synthesis and analysis of national reports on global climate observing systems from Parties and on the progress made in the holding of regional workshops to address priority capacity-building needs of developing countries in

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<sup>6</sup> Measures, including further capacity-building which maybe taken to prepare for adaptation, as envisaged by Article 4.1(e) (decision 11/CP.1, paragraph 1 (d) (ii)).

relation to their participation in the systematic observation. The report is contained in document FCCC/SBSTA/2002/MISC.10.

25. The World Meteorological Organization (WMO),<sup>7</sup> through its education and training programme and a network of 23 Regional Meteorological Training Centres, is assisting developing countries by providing comprehensive instruction in the use and maintenance of modern and complex equipment now available for observing and collecting data on weather and climate. In addition, WMO has a Climate Information and Prediction Services (CLIPS) project, which assists developing countries to improve their climate services through better use of contemporary and historical climate information. WMO provides capacity-building through seminars, regional climate outlook forums, specialist training programmes and user-oriented workshops.

26. The initial gaps and needs that exist for many developing country Parties for systematic observation include: improvement of technical capabilities and capacities; upgrading and maintaining equipment; coordinating and strengthening institutions responsible for education, training and research of database development and management; and upgrading, rehabilitation and strengthening of existing observation systems, stations and networks.

#### Development and transfer of technology

27. The Expert Group on Technology Transfer included in its work programme for the next two years a set of actions to promote capacity-building activities, including the strengthening of capacity for conducting technology needs assessments and accessing information about technologies. UNDP and the Climate Technology Initiative (CTI)<sup>8</sup> developed handbooks on technology needs assessment and are planning to organize hands-on training in conducting these. Sixty countries are currently taking part in the UNDP enabling activities programme under the "top-up fund", funded by GEF, to conduct technology needs assessments, and so far 25 countries have completed their assessments. Several Parties have noted the potential of TT:CLEAR (a technology transfer information clearing-house mechanism) developed by the secretariat to provide useful information and services related to capacity-building for technology transfer.

28. The technology transfer framework identified the following initial needs for capacity-building for technology transfer: the establishment or strengthening of relevant organizations and institutions; training and expert exchange; and the development of scholarship and cooperative research programmes in relevant national and regional institutions. The framework further identified the need to build capacity for adapting to adverse effects of climate change, strengthen endogenous capacities and capabilities in research, development and technological innovation, and improve knowledge in the areas of energy efficiency and the utilization of renewable energy technologies (decision 4/CP.7, annex, para. 19).

#### Improved decision-making, including assistance for participation in international negotiations

29. Through the Trust Fund for Participation in the UNFCCC Process, the secretariat offers funding to one delegate per eligible country to enable them to participate in the sessions of the Convention bodies. For the sessions of the Conference of the Parties, it is the practice for least developed countries and small island developing States to be offered financial support for a second delegate.

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<sup>7</sup> Report of the WMO to the SBSTA at its seventeenth session, on capacity-building and technology transfer activities related to "Adapting to Climate Change: Observing, Monitoring and Predicting Climate", 26 August 2002.

<sup>8</sup> The CTI was launched at the first session of the COP in Berlin in 1995 by the International Energy Agency/Organisation for Economic Co-operation and Development (IA/OECD) countries and the European Commission. It promotes the objectives of the UNFCCC by fostering international cooperation for accelerated development and diffusion of climate-friendly technologies.



30. The limited number of delegates from eligible Parties being funded to attend the international negotiations causes difficulties in their participation during sessions when meetings take place simultaneously.

31. The UNFCCC secretariat provides information support to Parties, enabling them to participate in the negotiation process more effectively. It maintains the secretariat's web site, produces a series of on-line and off-line information products, and provides for communications and media-related services.

#### Clean development mechanism

32. A variety of activities are being undertaken by different multilateral institutions and bilateral donors, that contribute to capacity-building for implementing the CDM. Amongst capacity-building activities reported to the UNFCCC secretariat so far, UNEP through its Collaborating Centre on Energy and Environment in Risø, Denmark is implementing a four-year project on capacity-development for CDM with funding from the Government of the Netherlands. The objective of this project is to generate in 12 developing countries a broad understanding of the opportunities offered by CDM, and to develop the necessary institutional and human capabilities that will allow them to formulate and implement projects under CDM. A capacity-building project for CDM and industry is being implemented by the United Nations Industrial Development Organization (UNIDO) to assist host countries in preparing CDM project proposals. The World Bank launched the National Joint Implementation/Clean Development Mechanism (JI/CDM) Strategy Studies Programme (NSS Programme) with the objective of providing capacity-building assistance to the JI/CDM host countries regarding the application of the Kyoto Protocol mechanisms which promote trade in GHG emission reductions. The NSS Programme, funded by various donors led by Switzerland, and including Australia, Finland, Canada and Italy, targets nearly 30 of the Bank's client countries and promotes the integration of global climate change issues into their sustainable development. In addition, the PCFplus programme, associated with the World Bank's Prototype Carbon Fund (PCF), provides capacity-building, most importantly project development training, as well as research and assistance with methodological issues related to the CDM. The Government of Japan is funding a capacity-building CDM project in five Asian countries to strengthen expertise, knowledge and understanding of CDM in both the government and the industrial sector to help in the development and implementation of national strategies for CDM.

33. The secretariat, through its UNFCCC CDM web site, is providing information on the work of the Executive Board and is also providing information and networking capacity needed by potential project participants and governments. It has also actively participated in the different forums and workshops, particularly during the World Summit for Sustainable Development in Johannesburg, held to inform the public about the CDM.

34. Key capacity-building needs continue to be the development of a national institutional framework to coordinate actions for the preparation, acceptance, revision and implementation of CDM projects; the elaboration of studies about specific methodological and institutional aspects of the implementation of CDM; and the enhancement or strengthening of technical capability to increase public awareness of CDM.

#### Needs arising out of the implementation of Article 4, paragraphs 8 and 9, of the Convention

35. With a GEF-funded UNDP project, UNITAR has provided computers and information/technology support and training to the LDC climate change focal points to help them to obtain, process and exchange data and improve electronic communication between them and the UNFCCC secretariat. Arrangements for the preparation of National Adaptation Programmes of Action (NAPAs) are under way, which will articulate the urgent and immediate needs of LDCs relating to vulnerability and adaptation. The LDC Expert Group (LEG) is mandated to provide recommendations on capacity-building needs for the preparation of NAPAs. To further assist LDCs in NAPA preparation,

the LEG held a workshop on capacity-building for NAPA preparation, hosted by the Government of Bangladesh in Dhaka, in September 2002. The workshop was organized by UNDP, and funds were provided by Canada, the UK, France and the GEF. The development of LDC NAPAs is seen as an effort which in itself contributes to capacity-building for identifying and prioritizing urgent adaptation-related activities at the national level.

36. The work programme for LDCs, as established by decision 5/CP.7, includes activities relating to institutional capacity-building, in particular for national climate change focal points and for meteorological and hydrological services, as well as capacity-building in support of training in negotiating skills and language for LDC negotiators.

#### *Education, training and public awareness*

37. A draft work programme on Article 6 (Education, training and public awareness) will be considered by the Parties at the eight session of the COP. It emphasizes the need to enhance, strengthen or develop institutional and technical capacity, as needed. The objectives of the draft work programme on Article 6 of the Convention, are to share experiences and practices; to enhance coordination and cooperation between activities at international and regional levels, including the identification of partners and networks; and to enhance public participation in, and public access to information on, activities to address climate change and its effects and develop and implement adequate responses.

38. The gaps of in terms of capacity-building needs for education, training and awareness include the development of or improvements to national programmes for formal or non-formal education, as well as raising awareness on climate change issues in academic and research institutions and among the public at large. There is a continued need for training of media practitioners as well as a system for exchanging information among experts on the national, regional and international levels.

#### *Information and networking, including the establishment of databases*

39. The World Meteorological Organization is providing training in the establishment and use of climate data systems. In addition, WMO has prepared and implemented a strategy for capacity-building for supporting the establishment and maintenance of marine observation and information systems. The secretariat, through its web site and its provision of CD-ROM, databases and media clipping services, provides the Parties with regular updates about the latest information on climate change.

40. According to the information provided by NAI Parties in their national communications, capacities are required to be built in the information and networking area. Information and networking includes information and communication technologies (hardware and software).

### **C. Capacity-building activities in countries with economies in transition**

41. In the framework for capacity-building activities in countries with economies in transition, the Parties have identified the general priority areas where capacity-building actions are needed for the implementation of the Convention. These actions may also be relevant to the EIT Parties' preparations for participation in the Kyoto Protocol. Below is a brief overview of capacity-building actions undertaken in EIT Parties consistent with the priority areas identified by these Parties in the annexed framework to decision 3/CP.7. This section also lists general capacity-building gaps in each priority area in EIT Parties as they were identified in the annex to Decision 3/CP.7 and the documents that laid down the basis for it.<sup>9</sup>

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<sup>9</sup> FCCC/SB/2000/INF.2 and FCCC/SB/2000/INF.7.

### National GHG inventories

42. Some capacity-building activities have been initiated by Annex II Parties (i.e., the USA and the European Union), multilateral institutions and the secretariat to assist EIT Parties in developing and improving their national GHG inventories. UNITAR, in consultation with the UNFCCC focal points, has formulated a project proposal entitled "Institutional building to facilitate the implementation of the UNFCCC and the Kyoto Protocol in Central Group 11 (CG11)", focusing on the establishment and maintenance of permanent national GHG inventory systems in 11 EIT countries. The proposal also envisions training and institutional support to address the human resource development needs of CG11 Parties in a way that facilitates the development of qualified experts and improves the national inventory systems. Funding is, however, still being sought for this proposal. In the context of the technical review established by Decision 6/CP.5, the secretariat is planning training for the inventory experts, including participants from EIT Parties, to review GHG inventories. It is envisioned that the training will increase the effectiveness of the review activities and at the same time enhance the capacities of experts to prepare national GHG inventories.

43. EIT Parties have indicated that additional assistance in the area of national GHG inventories is needed. Some Parties have indicated that capacity-building efforts are needed in the following areas: the development of local emission factors; the collection of statistical data, especially for HFCs, PFCs, and SF<sub>6</sub>; the improvement of inventories of sectors other than energy; the implementation of quality control and quality assurance procedures; raising awareness of decision-makers; and the improvement of institutional frameworks. These needs vary from country to country.

### Projections of GHG emissions

44. Although projections of GHG emissions have not been, strictly speaking, a focus of international capacity-building assistance to the EIT Parties, some assistance is provided through activities organized by the secretariat in the preparation and review of national communications of which they are an essential component. The secretariat organizes workshops at Parties' request to assist them with the preparation of national communications. These workshops cover each area required in the national communications, and detailed guidance is provided to Parties on how to implement specific requirements, including the development of projections of GHG emissions. The in-depth review process itself also assists Parties in developing further understanding of the issue.

45. Many EIT Parties have sufficient technical resources to develop good projections of GHG emissions. They have qualified staff members and the necessary hardware and software, including models that are used for projections. There are two main areas where capacity-building activities might further assist EIT Parties in enhancing their ability to produce reliable and accurate projections of GHG emissions:

- (a) Financial resources that will allow the use of qualified internal resources, and
- (b) Detailed guidelines for projections.

46. The development of detailed guidelines on specific aspects and the organization of workshops to discuss and clarify these guidelines could be a useful capacity-building exercise. Some Parties will benefit from assistance in developing methods and models for projections of non-energy-related emissions, energy demand and transportation models.

### Policies and measures, and the estimation of their effects

47. According to the decision of the seventh session of the COP on "good practices" in policies and measures, work will continue in the SBSTA in preparation for the Protocol's entry into force. This work is aimed at improving the transparency, effectiveness and comparability of policies and measures. It is

also aimed at identifying further options for cooperation in order to enhance the individual and combined effectiveness of policies and measures. A participatory process is envisaged, with workshops and other activities also involving environmental non-governmental organizations (NGOs) and the business community, along with interested international organizations.

48. EIT Parties have indicated that capacity-building assistance is needed in establishing relevant institutions, developing legal mechanisms of implementation, and developing methodologies to project and estimate the effects of policies and measures. To further assist EIT Parties in the area of policies and measures, more guidance is needed from the Parties on the specific aspects where assistance is needed and on the type of assistance that is required.

#### Impact assessment and adaptation

49. UNDP, through GEF funding, is supporting some EIT countries to prepare their vulnerability and adaptation assessments for their national communications. The UNFCCC secretariat has prepared a report and a web site on methods and tools for assessing impacts and adaptation. The objective of the web site is to inform Parties of the available tools and assist them with evaluating impacts and adaptation.

50. Some EIT Parties have indicated that additional assistance is needed in the area of sea-level rise impact assessment and in developing adaptation strategies. Human resources development is needed for the establishment of research programmes and activities in the area of vulnerability and adaptation. To further assist EIT Parties in the area of impact assessment and adaptation, more guidance is needed from the Parties on the specific aspects where assistance is required and on the type of assistance that is required.

#### Research and systematic observation

51. Many EIT Parties have strong scientific bases for and long history of research and systematic observation. That is why only few Annex II Parties and multilateral and bilateral organizations offer their assistance to the EIT countries in the area of climate change research and systematic observation. The Global Climate Observing System (GCOS) secretariat, through funding from the GEF, is implementing a programme of regional workshops to address the priority capacity-building needs in the area of systematic observation. Some assistance to EIT countries in relation to their participation in systematic observation and the follow-up regional action plans will be provided through this programme. WMO is assisting several EIT Parties with hydrological observations in the Baltic Sea and the Black Sea regions. Sweden has provided some assistance to the EIT countries in the Baltic Sea Region through its climate research programme.

52. To better serve the needs of EIT Parties that require assistance with research and systematic observation, it would be necessary to clarify the specific areas where assistance is needed. The needs might also vary from country to country.

#### Education, training and public awareness

53. Several Annex II Parties and multilateral organizations provide education and training support to EIT Parties. These activities include education, training, research grants, study tours, and workshops in the climate change field. The draft work programme on Article 6 of the Convention will be considered by the COP at its eighth session. The draft work programme builds on 2/CP.7 and 3/CP.7 and emphasizes the need to enhance, strengthen or develop institutional and technical capacity. It also provides a framework for the implementation of Article 6.

54. There is a need in the EIT parties for public awareness support, education and training on climate change issue. EIT Parties would benefit from training on technical issues related to JI and

emissions trading. EIT Parties suggested the following activities to meet some of the capacity-building needs in the area of education, training, and public awareness: participation of experts from EIT Parties in international workshops; training and certificate programmes; and on-the-job training. Financial support is needed in the preparation of educational materials and television programmes, to support the activities of NGOs, and to incorporate climate change education into school curricula.

#### Transfer of environmentally sound technologies

55. Transfer of environmentally sound technologies occurs through various forms of international cooperation. The experience in implementing activities implemented jointly (AIJ) projects and planning for JI in EIT Parties suggests that the introduction of new technologies, methods and techniques takes place under these activities. The GEF is implementing several projects in EIT Parties that address technology transfer issues through technology needs assessments, information, and by implementing specific GHG mitigation projects. Some assistance to EIT Parties has been provided through the Climate Technology Initiative (CTI).

#### National communications and national climate action plans

56. The level of internal capacity to prepare national communications varies between EIT Parties. Many EIT countries have already submitted their third national communication while others are still preparing their second or have just submitted their first national communication.

57. Some assistance is provided to all EIT Parties through activities organized by the secretariat in the preparation and review of national communications. The secretariat organizes workshops at Parties' request to assist them with the preparation of national communications. The in-depth review process itself also assists Parties in developing further understanding of the issues.

58. To provide for a more effective use of limited international resources, it will be necessary to define concrete needs in the development of national communications by country.

#### National systems for estimation of GHG emissions

59. National systems for the estimation of GHG emissions are the basis for the development and regular updating of national GHG inventories. Current capacity-building activities in the area of national GHG inventories are described in paragraph 42.

#### Modalities for accounting relating to targets, timetables and national registries

60. Some capacity-building activities relating to joint implementation projects and emissions trading also include a component of capacity-building for national registries. The OECD, IEA and IETA recently sponsored a workshop to identify the systems needed to implement the mechanisms in the EIT countries, which also included needs identification in the field of registry development. A study on how a possible registry could be designed and developed in Bulgaria was used as a case study at the workshop. The Regional Environment Centre for Central and Eastern Europe (REC) is in the process of providing assistance on registry development in EIT countries.

61. Additional targeted assistance with the development of national registries is still needed in EIT Parties. EIT Parties may wish to specify what type of capacity-building activities in the area of national registries would be most appropriate.

#### Reporting obligations

62. No assistance has yet been provided. EIT Parties may wish to provide specific information on the type of capacity-building that is necessary in this area.

*Joint implementation projects and emissions trading*

63. Many Annex II Parties and multilateral institutions carry out activities in EIT Parties that contribute to capacity-building in the area of joint implementation and emissions trading. Examples of such capacity-building efforts include, among others, the NSS carried out by the World Bank to assist potential host country governments in exploring opportunities and potential benefits from participating in the AIJ pilot phase and in formulating their own positions regarding AIJ and JI. The Prototype Carbon Fund (PCF plus) provides some assistance to EIT Parties with methodological issues related to Joint Implementation. The European Community supports several JI-related capacity-building efforts in EIT Parties. OECD and IEA through some of their activities provide support to EIT Parties in formulating their climate response policies, including on emissions trading and JI. Energy ministers of the Baltic Sea region countries and the European Commission have launched an inter-governmental Baltic Sea Region Energy Co-operation (BASREC) project that includes EIT Parties in the Baltic Sea region. The work of the Climate Change Group within BASREC seeks to establish the Baltic Sea Region as a testing ground for the use of the Kyoto mechanisms, and to build capacity in the region for the mechanisms' implementation.

64. Additional capacity-building assistance in joint implementation and emissions trading is needed in all EIT Parties. Specific areas for capacity-building activities include: institutional infrastructure development for the implementation of JI and emissions trading, methodological issues of JI (baselines, project selection) and emissions trading, development of new legislation authorizing JI and emissions trading.

**D. National capacity self-assessments**

65. In addition to the above activities, there are a number of other ongoing capacity-building activities that encompass all the above activities. GEF, as a sequel to the Capacity Development Initiative (CDI), is assisting both developing and EIT countries with National Capacity Self Assessments (NCSAs). Several non-Annex I Parties and Annex I Parties with economies in transition have submitted project proposals to GEF for financial support. The objective of the NCSAs is to identify country-level priorities and needs for capacity-building to address global environmental issues, in particular biological diversity, climate change and land degradation.

66. The SBI at its sixteenth session, invited Parties to submit, by 20 August 2002, their views on the extent to which the implementation of the NCSA projects, funded by GEF, addressed activities identified under the national scope of needs and areas for capacity-building listed in the annex to decision 2/CP.7 for the consideration of the SBI at its seventeenth session (FCCC/SBI/2001/6, para 30 (f)). The secretariat received six submissions: from Azerbaijan; Denmark on behalf of the European Community and its member States plus Croatia, Cyprus, Czech Republic, Lithuania, Slovakia and Slovenia; Ghana on behalf of the Group of 77 and China; Myanmar; Uruguay, and Uzbekistan. The compilation of these submissions can be found in document FCCC/SBI/2002/MISC.7.

**III. ISSUES FOR CONSIDERATION BY THE SBI**

67. This is the first progress report on capacity-building, and may not, therefore, contain the complete list of capacity-building activities being carried out by Parties, international and bilateral organizations to implement the capacity-building frameworks for developing countries and EITs. A complete list of capacity-building activities to implement the frameworks should be developed before the ninth session of the COP so that a comprehensive analysis of the needs and gaps can be undertaken.

68. In considering this agenda item, Parties may wish to note that based on the initial needs identified in national communications (see Chapter II above), two key areas of needs in developing countries seem to emerge as priority, that is:

(a) Institutional capacity-building, including the development of technical and policy issues relating to climate change and sustainable development: the formulation of climate change project proposals; coordination and cooperation between relevant institutions and agencies to facilitate the integration of climate change concerns into policy-making processes; the management and coordination of climate change programmes; and technical support for other climate-related national institutions;

(b) Access to information technology and databases to promote information sharing and networking at the national, sub-regional/regional and international levels. The databases are needed in the preparation of technology needs assessments and vulnerability assessments, and in the development of climate change programmes.

69. In considering this agenda item, Parties may wish to note that based on the initial needs identified by submissions by the EIT Parties contained in documents FCCC/SB/2000/INF.2 and FCCC/SB/2000/INF.7 (see Chapter II above), two key areas of needs seem to emerge as priority, that is:

(a) Institutional capacity development and strengthening; systematic human resource development and regular training; methodological and financial assistance with the development, analysis and implementation of policies and measure to reduce GHG emissions; technical assistance with issues related to JI (Article 6 of the Protocol); and emissions trading (Article 17 of the Protocol); institutional and technical assistance with the development of national GHG inventories and registries; awareness raising on climate change issues; and coordination and cooperation between relevant institutions and agencies to facilitate the integration of climate change concerns into policy-making processes;

(b) Access to information technology and databases, and participation in international workshops to promote information sharing and networking at the national, sub-regional/regional and international levels.

70. Parties may wish to consider the following questions in providing guidance to the secretariat in preparing future progress reports and in the implementation of the capacity-building frameworks:

(a) What would be the appropriate terms of reference for, and content of, the comprehensive review of the capacity-building framework in developing countries?

(b) What would be the appropriate terms of reference for, and content of, the review of the effectiveness of capacity-building framework in countries with economies in transition?

(c) What could be the possible elements to be included in the draft capacity-building decision related to the implementation of the Kyoto Protocol to be forwarded by the ninth session of the COP for consideration at the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, at its first session (COP/MOP1)?

(d) What specific tangible and time-bound capacity-building activities could be included to better define the scope of activities in each priority area? What are the Parties' specific priority capacity-building needs and what are the barriers in their effective implementation? Consequently, what additional, and more specific guidance may be given to the financial mechanism to ensure effective implementation of the capacity-building decisions?

(e) How can international organizations involved in capacity-building activities improve their cooperation to ensure more effective support to the Parties taking into account the three areas for possible collaboration identified in paragraph 6?

(f) When should the first comprehensive review of the capacity-building framework for EITs take place, and with what frequency should reviews take place thereafter?

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