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Capacity-building for countries with economies in transition

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Capacity-building under the Kyoto Protocol

Capacity-building for countries with economies in transition

**Synthesis report on the implementation of the framework for
capacity-building in countries with economies in transition**

Note by the secretariat*

Summary

The Conference of the Parties, by its decision 3/CP.10, requested the secretariat to prepare a synthesis report to support the review of the status of the implementation of the capacity-building framework for countries with economies in transition (EIT countries) for consideration by the Subsidiary Body for Implementation at its twenty-seventh session. This report has been prepared by drawing upon information synthesized from national communications, other national reports and annual submissions from Parties and relevant organizations as received by September 2007. Information is presented according to the elements of the capacity-building framework annexed to decision 3/CP.7. Parties may wish to consider this document to assist in the comprehensive review of capacity-building in EIT countries.

* This document was submitted late because compilation of activities took longer than expected.

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I. Introduction

A. Mandate

1. The Conference of the Parties (COP), by its decision 3/CP.10, decided to review the status of the implementation of the framework for capacity-building in countries with economies in transition (EIT countries), annexed to decision 3/CP.7, at its thirteenth session. In order to complete the review process, the COP, by its decision 3/CP.10, requested the secretariat to prepare a compilation and synthesis report, drawing upon information provided by Parties with economies in transition (EIT Parties), Parties included in Annex II to the Convention (Annex II Parties) and other relevant organizations for consideration by the Subsidiary Body for Implementation (SBI) at its twenty-seventh session. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), by its decision 30/CMP.1, requested the secretariat to report on the review of the framework.

B. Scope of the note

2. This synthesis report presents available information on the capacity-building activities undertaken in EIT countries, identified capacity needs and gaps, experience and lessons learned. The information is drawn from reports of activities provided by Annex II Parties and EIT Parties in their national communications, submissions from Parties and information from other relevant organizations.

C. Possible action by the Subsidiary Body for Implementation

3. The SBI may wish to consider the findings and key issues identified in this document when preparing the draft decisions on the review of the status of implementation of the framework for capacity-building in EIT countries, for adoption by the COP at its thirteenth session and by the CMP at its third session.

II. Capacity-building activities in countries with economies in transition

A. Introduction

4. The capacity-building framework for EIT countries was adopted at COP 7, and is annexed to decision 3/CP.7. In this decision, the COP gave immediate effect to the framework, in order to assist the EIT countries to implement the Convention. Annex II Parties were urged to make available financial and technical assistance for the implementation of the adopted framework through multilateral and bilateral agencies and agreements, as well as through the private sector. Twelve priority areas were identified.

5. Decision 3/CP.7 also provides for the regular review of the effectiveness of the implementation of the adopted framework. A first review was initiated under decision 9/CP.9, and was completed at COP 10. Also at its tenth session, the COP, by decision 3/CP.10, recognized that the scope of capacity-building needs as contained in the framework is still relevant. It also acknowledged the challenges the EIT countries are facing: insufficient financial and human resources, the need for capacity to be sustainable, lack of stakeholder participation, the need to increase support from key decision makers, and the inability to integrate climate change into national policies. In decision 3/CP.10, the key factors that could assist implementation of the capacity-building framework were identified.

6. By its decision 30/CMP.1, the CMP adopted the view that the capacity-building framework is also applicable to the implementation of the Kyoto Protocol. The decision requested Annex II Parties to pay urgent attention to the capacity-building needs of the EIT countries regarding the implementation of the Protocol. Capacity-building is viewed as being crucial since a lack of capacity would lead to non-compliance with one of the eligibility requirements under the Kyoto Protocol.

7. Capacity-building activities under the Convention also contribute towards capacity-building for the Kyoto Protocol. In addition, activities under the Kyoto Protocol are also relevant to the European Union emissions trading scheme (EU ETS).

B. Assessment of needs through national capacity self-assessments

8. The Global Environment Facility (GEF) assists countries to prepare national capacity self-assessments (NCSAs). The NCSAs provide countries with the opportunity to identify priority capacity needs in order to effectively address cross-cutting global environmental issues. Countries are encouraged to develop a plan of action to achieve global environmental management objectives in the context of the three conventions relevant for NCSAs: the Convention on Biological Diversity, the UNFCCC and the United Nations Convention to Combat Desertification.

9. Seven EIT countries have completed their NCSAs (Bulgaria, Estonia, Hungary, Latvia, Romania, Slovakia and Slovenia). The Russian Federation has not yet started its NCSA, Ukraine is developing thematic profiles and the Czech Republic is conducting a cross-cutting analysis, while several countries are finalizing or have recently finalized their thematic reports and action plan (Belarus, Croatia, Lithuania and Poland). Completed NCSA action plans and intermediate reports are available from the GEF Global Support Programme.¹

10. Conclusions from completed NCSAs from EIT countries reflect capacity-building needs and gaps that existed a few years ago when the NCSAs were developed. These needs and gaps include:

- (a) Lack of political commitment to addressing climate change, limiting implementation of capacity-building activities;
- (b) Inadequacy of organizational capacity to formulate, implement and evaluate national and international climate change policies;
- (c) Lack of well-functioning national systems for the estimation of anthropogenic greenhouse gas (GHG) emissions;
- (d) Lack of functioning national registries for accounting of GHG emissions, a condition for participation in the Kyoto Protocol flexibility mechanisms (emissions trading (ET) and joint implementation (JI));
- (e) Insufficient preparation for participation in the ET and JI flexibility mechanisms in the new European Union (EU) member States and Accession countries, noting that the involvement in the EU ETS is compulsory under the EU scheme;
- (f) Insufficient participation of stakeholders and the general public in national and international climate change related activities.

11. An extensive overview of early needs, projects and actions carried out before 2002 was provided by the Organisation for Economic Co-operation and Development.²

C. Compilation of capacity-building activities

12. A compilation of information on capacity-building in EIT countries as contained in national communications, submissions from Parties and reports from relevant organizations is presented in a table available at the UNFCCC website.³ This list is indicative, and should not be considered exhaustive. Activities are listed in three categories. The first category includes those activities undertaken in

¹ <<http://ncsa.undp.org/about.asp>>.

² Levina E. 2002. *Climate Change Capacity Building in Annex I EITs: Issues and Needs*. Paris: OECD.

³ <<http://www.unfccc.int/4086.php>>.

cooperation with Annex II Parties (Denmark, France, Germany, Japan, the Netherlands, Norway, United Kingdom of Great Britain and Northern Ireland and United States of America). The second category is that of activities undertaken with multiple donors, and includes activities by the EU, the GEF and multiple donors in cooperation with the European Bank for Reconstruction and Development, the World Bank International Bank for Reconstruction and Development (IBRD), the United Nations Development Programme (UNDP), the United Nations Environmental Programme (UNEP) and others. The third category includes activities undertaken in cooperation with international organizations, namely the Organization for Security and Co-operation in Europe, the Renewable Energy and Energy Efficiency Partnership, UNDP, the UNFCCC secretariat and the IBRD.

III. Synthesis of capacity-building in countries with economies in transition

A. Assessment of overall progress

13. All EIT countries have achieved significant progress in the development of institutions and mechanisms necessary for the implementation of the Convention and its Kyoto Protocol since the first comprehensive review of the capacity-building framework under decision 9/CP.9 in 2004. Domestic measures and international efforts contributed significantly towards the achieved progress. Major achievements include the following:

- (a) Strengthening of national climate-related units and offices;
- (b) Strengthening of national legislative systems;
- (c) Establishment of new or strengthening of existing national institutions necessary for the implementation of the Convention and its Kyoto Protocol, such as those related to green investment schemes (GIS);
- (d) Strengthening of national expertise in the areas of GHG inventory preparation, preparation of GHG projections and registry maintenance;
- (e) Wide involvement of stakeholders (government officials, civil society, the business community, academia and the general public) in the process of GHG abatement in a cost-effective manner;
- (f) Increased public awareness of climate change and the related policies.

14. In fulfilling their obligation under Articles 10 and 11 of the Kyoto Protocol, as well as decisions 3/CP.7, 3/CP.10 and 30/CMP.1, Annex II Parties actively participated in the creation and further development of capacity in EIT countries. International organizations also contributed significantly to this process.

15. Efforts were mainly directed at the creation of national expertise, knowledge and know-how in order for each EIT Party to institutionalize its capacity and become self-reliant. Efforts were also made towards ensuring the sustainability of the created capacities. Capacity-building activities took various forms including:

- (a) Assessment of capacity-building needs in legal, administrative, institutional and other areas;
- (b) Financial aid;
- (c) Legal expertise;
- (d) Technical expertise;

- (e) Transfer of technology and know-how;
- (f) Information sharing on best practices as well as on failures;
- (g) Project management;
- (h) Training and workshop organization;
- (i) Preparation of tool kits, guide books and manuals;
- (j) Information campaigns;
- (k) Stakeholder involvement.

16. Most external support was provided for the development of vital capacities in areas that would ensure the eligibility of the EIT Parties to participate in the flexibility mechanisms under Articles 6 and 17 of the Kyoto Protocol. Areas that received the most attention were thus: national GHG inventories; national systems for estimation of GHG emissions; modalities for accounting relating to targets, timetables and national registries; reporting obligations; JI projects; and emissions trading.

17. An overall conclusion is that capacity-building in EIT countries has been focused and quite successful. As a result, a legal and institutional framework for the implementation of the Convention and its Kyoto Protocol has been created. A remaining need in EIT countries (or former EIT countries) is the improvement in existing capacity, to ensure continuity and increased effectiveness in participation in the Convention and its Kyoto Protocol.

B. Assessment of progress by priority area

Inventories of greenhouse gases

18. All EIT Parties have established a legal and institutional framework for the preparation of national inventories of GHG emissions by sources and removals by sinks. This task is assigned to a governmental institution. It can be, for instance, a hydrometeorological institution or agency (such as the Hydrometeorological Institutes of the Czech Republic, Hungary, Slovakia, the Russian Federation and Ukraine, and the Latvian Environment, Geology and Meteorology Agency) or a subsidiary body to the ministry of environment (such as the Executive Environment Agency of Bulgaria, the National Environmental Protection Agency of Romania and the Environmental Protection Agency of Slovenia).

19. All EIT Parties except for Estonia account for all the GHGs not covered by the Montreal Protocol on Substances that Deplete the Ozone Layer. Estonia is currently developing a system for fluorinated gas estimation in cooperation with the Ministry for the Environment, Nature Conservation and Nuclear Safety of the Republic of Germany.

20. The majority of the EIT Parties submit their inventories before the annual deadlines (15 April) though some occasional delays occur.

Projections of greenhouse gas emissions

21. There is great diversity in the scope and coverage of future GHG emission projections. Some Parties (e.g. the Czech Republic and Lithuania) have prepared their projections with details on gases by sector and for 'without measures', 'with measures' and 'with additional measures' scenarios. The others (e.g. Belarus and Bulgaria) concentrated their efforts in GHG emission forecasting on the energy production sector and the energy-intensive sectors of the national economy, since these sectors are the most significant contributors to GHG emissions, and here studies addressing non-energy sectors are more limited.

22. It is mandatory for new EU member States to prepare their GHG emission projections on a bi-annual basis pursuant to Article 3 (2) of the European Parliament and Council Decision 280/2004/EC concerning a mechanism for monitoring European Community (EC) GHG emissions and for implementing the Kyoto Protocol. Emission projections are requested under Article 3 (2) (b) of Decision 280/2004/EC, with sectoral detail relevant to document FCCC/CP/1999/7, part II, and required for the reporting of projection indicators specified in Article 9 (c), annex III, of the Implementing Provision (Decision of the Commission 2005/166/EC). These decisions are yet to be fully implemented in several EIT countries.

Policies and measures, and the estimation of their effects

23. Pursuant to Article 2 of the Kyoto Protocol, EIT Parties have established and implemented a number of policies and measures leading to GHG emission reductions. Each country has developed specific policies and measures that reflect the country's circumstances. Moreover, the new EU member states are obliged to integrate and implement in their respective national legislations, 37 key policies and measures arising from the European Climate Change Programme in the sectors indicated in Annex A of the Kyoto Protocol, and policies in cross-cutting areas.

Impact assessment and adaptation

24. A number of EIT countries have carried out activities in impact and vulnerability assessment, mainly through international grants. Models used were acquired through various capacity-building activities. Examples include assessment of climate change impacts on crop production in Bulgaria and Romania, and assessment of the environmental and socio-economic consequences of climate change on coastal zones and marine biodiversity in Croatia, with assistance from UNEP.

Research and systematic observation

25. Capacity-building activities in research and systematic observation were conducted at meteorological institutes through various international and EU activities. While these activities did not always focus directly on climate change issues, they nevertheless contributed significantly to capacity-building. Domestic capacity-building activities were few.

Education, training and public awareness

26. Available information points to very few activities in education and public awareness. The need for sustained efforts to raise awareness and provide information on climate change was recognized by most countries. Many of the EIT countries reported gaps and difficulties in the implementation of education and outreach activities, because of a lack of legal and institutional support, limited dedicated financial resources and capacity, lack of reliable or accessible information, or lack of coordination among stakeholders.

Transfer of environmentally sound technologies

27. The transfer of environmentally sound technologies (ESTs) occurred mainly through JI projects. The design of GIS promoted the transfer of technology through learning by doing.

National communications and national climate action plans

28. The legal and institutional framework for the preparation of national communications is well established in EIT countries. All EIT Parties have already submitted four national communications. Belarus, Croatia and Ukraine have each submitted their second, third and fourth national communications as one document. Lithuania has combined its third and fourth national communications in one document. The in-depth review teams assessing the fourth national communications of Estonia, Hungary, Latvia, Lithuania, Slovakia and Slovenia stated that their national communications comply generally with

UNFCCC reporting guidelines. Among the common recommendations of the expert review teams is a call for more completeness and transparency of the information provided.

29. All the Parties have developed either climate change action plans or GHG reduction action plans. Croatia has an environmental action plan in which climate change related activities are an integrated part. Information on activities planned to abate climate change and targets vary significantly in their completeness.

National systems for estimation of greenhouse emissions

30. Under Article 5 of the Kyoto Protocol, each Party included in Annex I to the Convention shall implement a national system (NIS) for estimating anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol by 1 January 2007. In addition, for EU member States, under Decision 280/2004/EC of the European Parliament and of the Council, the NIS must be in place by the end of 2005. In accordance with the annex to decision 19/CMP.1, the NIS has to ensure the functioning of all institutional, legal and procedural arrangements required to evaluate GHG emissions and removals. The NIS is designed and operated to ensure the quality, transparency, consistency, comparability and accuracy of inventories through planning, preparation and management of inventory activities.

Modalities for accounting relating to targets, timetables and national registries

31. The EIT Parties except Croatia and including the three non-EU States (Belarus, Russian Federation and Ukraine) have already implemented their national registry system under the Kyoto Protocol as a consolidated system together with the registry used for the EU ETS. The registry software used is either Seringas, a software program developed by Caisse des Dépôts et Consignations (France), or a software package licensed from the Department for Environment, Food and Rural Affairs of the United Kingdom. Descriptions of the national registries are presented in the initial reports in accordance with the reporting requirements laid down in the annex to decision 22/CP.7. The operating entities are designated, and the equipment is in place.

Reporting obligations

32. The EIT Parties have fulfilled their reporting obligations under the Convention and its Kyoto Protocol, which are: an annual submission of GHG inventories, regular submission of national communications, submission of a report on demonstrable progress under the Kyoto Protocol, and submission of an initial report.

Joint implementation projects and emissions trading

33. The EIT Parties that have expressed interest in hosting JI projects have already established the legal and institutional framework for the national approval procedures of such projects. They have also made all the submissions to meet the requirements for eligibility, at least for the JI Track 2 procedure⁴ pursuant to decision 16/CP.7.

C. Remaining capacity needs and gaps

34. Capacity-building took place to address many priority areas, with less intensity in some areas and countries, and with science-intensive areas receiving limited support. The following are the major areas where needs remain.

⁴ The verification procedure under the Joint Implementation Supervisory Committee, defined in paragraphs 30–45 of the annex to decision 9/CMP.1.

Inventories of greenhouse gases

35. The following needs and gaps were identified with a view to improving GHG inventories in EIT countries:

- (a) Lack of sustainable funding for the preparation of inventories which leads to a loss of expertise and unpredictable outputs by relying on external consultants;
- (b) Limited financial resources for the training of experts, for new equipment and software, and for research on country-specific emission coefficients;
- (c) Lack of legal mandates at the national level for the provision of data by relevant sectoral institutions;
- (d) A need for training in quality assurance and quality control methods for preparing GHG inventories using the Tier 2 approach;⁵
- (e) Lack of compatibility between requirements of different reporting systems (e.g. the reporting system of the Convention, the Co-operative Programme for Monitoring and Evaluation of the Long-range Transmission of Air Pollutants in Europe and EU ETS).⁶

Projections of greenhouse emissions

36. The following needs and gaps were identified:

- (a) Lack of access to information on future development plans at the sectoral level and from private sector activities;
- (b) Lack of human capacity, especially in the area of accounting for fluorinated gases;
- (c) Lack of methodologies to quantify the effects of activities undertaken to reduce GHGs;
- (d) A need for modern equipment to run necessary computer simulation models.

Policies and measures, and the estimation of their effects

37. Lack of cooperation between government ministries as well as the low awareness among non-environmental governmental bodies of climate change issues has led to the following capacity gaps:

- (a) Lack of inclusion of climate change issues in the development of sectoral strategies, action plans, policies and measures;
- (b) Incomplete information on these policies and measures in environment ministries;
- (c) Lack of methodologies for estimating the effects of policies and measures on future GHG emissions by sources and removals by sinks.

Impact assessment and adaptation

38. The following gaps were identified:

- (a) Lack of regional and country specific modelling to assess the impact of climate change, especially on surface and underground water resources, forests and coastal zones;

⁵ See *Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories* of the Intergovernmental Panel on Climate Change.

⁶ The lack of compatibility in reporting systems is relevant for the new EU member States, except for Slovenia and Poland, where common databases for GHGs and ambient air pollutants are under development.

- (b) Lack of regional and country specific models to assess the socio-economic consequences of climate change;
- (c) Lack of awareness of climate change in general and, as a consequence, lack of a proactive approach to adaptation;
- (d) Lack of legal and institutional capacity to prepare proposals for adaptation plans both in the different economic sectors and at the national level;
- (e) Lack of human, scientific and technical capacity to carry out the necessary studies and assessments.

Research and systematic observation

39. The following gaps were identified:

- (a) Lack of widespread involvement of national academia in international scientific forums;
- (b) Lack of modern equipment and of technical capacity for research and observation in the meteorological research centres of some countries (Belarus, Bulgaria and Ukraine).

Education, training and public awareness

40. The following needs and gaps were identified:

- (a) Low awareness of climate change issues among stakeholders, including governmental officials in non-environmental government bodies;
- (b) A need to raise awareness among the business community and provide training in relation to applicable legislation, the audit scheme of the EU and other technical areas;
- (c) A need for training of journalists in the area of climate change;
- (d) Lack of information on climate change in national languages.

Transfer of environmentally sound technologies

41. Proper design of GIS would promote the transfer of ESTs.

National communications and national climate action plan

42. Capacity needs and gaps for the preparation of national communications correspond to those given in the respective priority areas: GHG inventories, policies and measures, GHG projections, impact assessment and adaptation, research and systematic observation, education and awareness-raising. Lack of funding is a major constraint in conducting the necessary assessments for some countries. There is also a need to harmonize national statistics to improve reporting.

Modalities for accounting relating to targets, timetables and national registries

43. The only capacity need in this priority area is a need for training for the personnel operating the registry software.

Joint implementation projects and emissions trading

44. The following needs were identified:

- (a) Establishment of Track 1 under JI (gap analysis on the way to eligibility and modification of legal and institutional frameworks to meet the needs of the Track 1 system);
- (b) Rules and regulations for managing already acquired emission reduction units;
- (c) Capacity needs in the preparation and implementation of GIS to ensure eligibility of a Party to participate in the international ET pursuant to decision 18/CP.7;
- (d) Assessment of the projected surplus in assigned amount units of a country, taking into consideration possible commitments in the second commitment period. In the case of new EU member States, the Parties also need to take into account burden sharing within the EU;
- (e) Legislative drafting for laws on GIS (only Latvia has adopted such a law);
- (f) Preparation of an operational manual for GIS;
- (g) Institutional capacity-building to support management of GIS, and training of personnel;
- (h) Training of potential project developers in preparation of documents for GIS tenders, implementation of projects, and monitoring and reporting.

D. Lessons learned

45. Many of the lessons highlighted in national communications and submissions from Parties are similar to the lessons learned in capacity-building in other regions and in other contexts. These include the following:

- (a) Capacity-building is most effective when carried out in conjunction with the design and implementation of real systems, such as registry systems;
- (b) Continuous training is necessary to maintain a steady supply of human capacity to counteract brain drain and staff movements;
- (c) When a national climate change centre or office is in place and has adequate capacity, ability of a Party to address all climate change issues is greatly enhanced;
- (d) The capacity-building framework for EIT countries that is annexed to decision 3/CP.7 has served as a useful tool for bringing country-driven priorities to the attention of those bilateral, multilateral and international organizations in a position to respond;
- (e) Building capacity in the new member States of the EU has led to the simultaneous capacity-building for implementation of the Convention and its Kyoto Protocol. For example, registry software programs commissioned under the EU ETS were also designed to serve transactions under the UNFCCC system.

IV. Conclusions

46. According to available information, the EIT countries have achieved significant progress in their capacity-building since the last comprehensive review. When the state of affairs and needs expressed in NCSAs are used as a baseline, then the information in national communications and information submitted by Parties shows a high intensity of capacity-building to the present day. The EIT countries

have carried out their capacity-building activities independently or in cooperation with Annex II Parties, as well as with international organizations.

47. The following capacity-building needs and gaps are common to almost all the priority areas and all EIT countries:

- (a) Lack of prominence of climate change on the political agenda in most participating EIT governments in spite of the pressing needs related to the approaching deadlines to meet Kyoto Protocol requirements;
- (b) There is a need for awareness-raising, education and training for decision makers, the general public, experts, the media, and pupils and students at all levels of the educational system;
- (c) Although there is an increase in the number of employees in the climate change units of the environment ministries and other institutions involved in climate change, human capacity remains insufficient;
- (d) Sustainability and diffusion of knowledge have not been fully achieved. There is a need to improve the transfer of skills and knowledge from the national climate change office to other institutions within a country and to promote integration of climate change issues into all sectors and planning processes;
- (e) For the new EU member States, completion of obligations under the Convention and its Kyoto Protocol as well as the EC is a considerable challenge, owing to limited capacity. A single body to coordinate reporting activities under the Convention and its Kyoto Protocol and EU reporting activities is a common need.
