



# **CAPACITY DEVELOPMENT INITIATIVE**

## **Country Capacity Development Needs and Priorities**

### **Regional Report for Eastern Europe and Central Asia**

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**G E F - U N D P S t r a t e g i c P a r t n e r s h i p**

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## Abbreviations

AL	Albania
AM	Armenia
AZ	Azerbaijan
BA	Bosnia and Herzegovina
BD	Biodiversity
BG	Bulgaria
BY	Belarus
CC	Climate Change
CBD	Convention on Biological Diversity
CDI	Capacity Development Initiative
CDM	Clean Development Mechanism
GDP	Gross National Product
GIS	Geographic Information Systems
CIS	Commonwealth of Independent States
COP	Conference of the Parties
CZ	Czech Republic
EEA	European Environmental Agency
EBRD	European Bank for Reconstruction and Development
ECNC	European Nature Conservation Center
EE	Estonia
EECA	Eastern Europe and Central Asia
EIT	Economy in Transition
EPC	Energy Performance Contracting
ESCO	Energy Services Company
EU	European Union
FAO	Food and Agriculture Organization
GE	Georgia
GEF	Global Environment Facility
GHG	Green house gas
HR	Croatia
HU	Hungary
IFC	International Finance Corporation
IMF	International Monetary Fund
IPCC	Intergovernmental Panel on Climate Change
JI	Joint Implementation
KG	Kyrgyz Republic
KZ	Kazakhstan
LD	Land degradation
LV	Latvia
LT	Lithuania

MK	Former Yugoslavian Republic of Macedonia (Macedonia FYR)
MT	Malta
MDA	Moldova
NAP	National Action Plan
NBSAP	National Biodiversity Strategy and Action Plan
NC	National Communication
NGO	Non-governmental Organization
NIS	New Independent States
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
PAN	Protected Areas Network
PAs	Protected areas
PL	Poland
RES	Renewable energy sources
RO	Romania
RU	Russian Federation
SK	Slovak Republic
SI	Slovenia
TJ	Tajikistan
TR	Turkey
UA	Ukraine
UNFCCC	United Nations Framework Convention on Climate Change
UNCCD	United Nations Convention to Combat Desertification
UNCED	United Nations Conference on the Environment and Development
UNEP	United Nations Environment Programme
UNDP	United Nations Development Programme
UNGASS	United Nations General Assembly Special Session
UZ	Uzbekistan
YU	Yugoslavia

# CHAPTER 1: INTRODUCTION

## Background and Objectives

1. A concept of sustainable development was elaborated as a solution to a global environmental crisis and is embodied in a number of international instruments. An important landmark in this initiative was the United Nations Conference on the Environment and Development held in Rio de Janeiro from June 3-14, 1992. Three major documents were adopted in Rio namely, Rio Declaration, Agenda 21, and A non-legally binding authoritative statement of principles for a global consensus on the management, conservation, and sustainable development of all types of forests (the Forests Principles). They all they share a concern for many environmental problems and represent a comprehensive set of commitments undertaken by the Earth's nations, however, none of them is legally binding.

2. In addition, two distinctive environmental treaties were opened for signature at the UNCED, namely the Convention on Biological Diversity<sup>1</sup> and the United Nations Framework Convention on Climate Change. The UNCED gave rise to another treaty - the Convention to Combat Desertification in Those Countries Experiencing Serious Droughts and/or Desertification, Particularly in Africa by having called upon the United Nations General Assembly to initiate a negotiating process.<sup>2</sup> All the three Conventions, because of their common association with UNCED, are referred to as the Rio Conventions.

3. Each instrument represents a way of achieving one or more sustainable development goals of Agenda 21 and their binding commitments are concerned with integration of the environmental protection and national resources management with socio-economic development. The Conventions require international actions and promote an international cooperation, however, principally they are to be implemented in countries through the national, regional, district and community level activities.

4. While capacity development had become one of the key words within the regimes of all the three Conventions, it became apparent that a new strategy was needed to address by the international structures capacity development needs on the country level more efficiently. To that end, the GEF Council approved the Capacity Development Initiative at its May 1999 meeting which is a Strategic Partnership between the UNDP, a leading entity within the UN system in the area of capacity development, and the GEF Secretariat, to prepare a comprehensive strategy and multi-year, operations-oriented action plans to assist GEF eligible countries to strengthen their capacity to meet the challenges of global environmental actions.

5. The CDI is an 18-month consultative planning process, which is divided into three phases:

- i. assessment of capacity development needs and past activities,

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<sup>1</sup>The CBD was adopted at the Conference for the adoption of the Convention on Biological Diversity in Nairobi on May 22, 1992.

<sup>2</sup> The CCD was adopted in Paris on June 17, 1994 and opened for signature there on October 14-15, 1994.

- ii. development of a comprehensive strategy for multi-party action to meet identified needs, and
  - iii. development of action plans for the GEF-financed activities to contribute to the strategy.
6. The assessment phase of the CDI is intended :
- (a) to identify the capacity development needs of GEF-eligible countries, and
  - (b) to summarize lessons learned from GEF-financed activities and efforts of other multilateral and bilateral agencies.
7. Its objectives include:
- (a) gaining better understanding of capacity development needs in the context of country priorities to address global environment challenges; and
  - (b) gaining better understanding of how the global system may assist countries to address those capacity development needs.
8. This report represents the assessment of capacity development needs of GEF-eligible countries<sup>3</sup> in the region of the Eastern Europe and Central Asia. The country needs to address global environmental challenges were considered in the context of national priorities relevant to biodiversity, climate change and land degradation.

### **Conceptual Framework for Capacity Development**

9. In the global context, “capacity” refers to the ability of individuals and institutions to make and implement decisions and perform functions in an effective, efficient and sustainable manner.
10. Capacity needs are dependent on “what” the capacity is needed for and should be defined at three levels: individual, institutional or “entity,” and the overall system in which individuals and entities interact and operate. A simplified matrix for assessing capacity at any of the three levels is presented below. Key guiding questions for assessment can be applied to any particular global environmental objective.

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<sup>3</sup> The countries, which are the subject of this report are eligible for GEF funding pursuant to Article 9(b) of the Instrument for the Establishment of the Restructured Global Environment Facility.

### Capacity needs assessment matrix

<b>Systemic Capacity</b> <i>(the overall country environment)</i>	<b>Entity / Institutional</b> <i>(the institutions with designated responsibility)</i>	<b>Individual</b> <i>(the individuals whose task it is to do this)</i>
<i>Policy Framework</i> Is the overall policy environment conducive?	<i>Mission / Strategic Management</i> Are there clearly defined and understood institutional missions and mandates?	<i>Job requirements and skill levels</i> Are jobs correctly defined and are the required skills available?
<i>Legal and Regulatory Framework</i> Is the appropriate legislation in place and are these laws effectively enforced?	<i>Culture / Structure / Competencies</i> Are the institutions effectively structured and managed?	<i>Training / Retraining</i> Is the appropriate learning taking place?
<i>Management Accountability Framework</i> Are institutional responsibilities clearly defined?	<i>Processes</i> Do institutional processes such as planning, quality management, monitoring and evaluation, etc. work effectively?	<i>Career progression</i> Are individuals able to advance and develop professionally?
<i>Systems Level Resources</i> Are the required human, financial and information resources available?	<i>Human Resources</i> Are the human resources adequate, sufficiently skilled, and appropriately deployed?	<i>Accountability / Ethics</i> Is responsibility effectively delegated and are individuals held accountable?
<i>Processes and Relationships</i> Do the different institutions and processes interact and work together effectively?	<i>Financial Resources</i> Are there sufficient financial resources available for effective operation?	<i>Access to Information</i> Is there adequate access to needed information?
	<i>Information Resources</i> Is required information available and effectively managed?	<i>Personal / Professional networking</i> Are individuals in contact and exchanging knowledge with appropriate peers?
	<i>Infrastructure</i> Are material requirements such as buildings, offices, vehicles, computers, etc., adequate?	<i>Performance / Conduct</i> Is performance effectively measured?
		<i>Incentives / Security</i> Are these sufficient to promote excellence?
		<i>Values, integrity and attitudes</i> Are these in place and maintained?
		<i>Morale and motivation</i> Are these adequately maintained?
		<i>Work redeployment and job sharing</i> Are there alternatives to the existing arrangements?
		<i>Inter-relationships and team work</i> Do individuals interact effectively and form functional teams?
		<i>Interdependencies</i> Are there appropriate levels of interdependence?
		<i>Communication skills</i> Are these effective?

11. To address the capacity needs, the term “capacity building” has been frequently used in the development field. However, for this initiative the term “capacity development” has been proposed since this terminology shifts emphasis from a process that is externally driven to one which is self-motivating and takes place gradually from within.

12. Capacity development:<sup>4</sup>

- (a) at the individual level refers to the process of changing attitudes and behaviors, imparting knowledge and developing skills while maximizing the benefits of participation, knowledge exchange and ownership,
- (b) at the institutional level it focuses on the overall organizational performance and functioning capabilities of the single institution, as well as its ability to adapt to change. It aims to develop the institution as a total system, including individuals, groups and the organization itself, and
- (c) at the systemic level it emphasizes the overall country environment in which individuals and organizations operate and interact with the external environment, as well as the formal and informal relationships of institutions.

13. Traditionally, interventions at the systemic level were simply termed “institution strengthening.” This reflected a concern with human resource development as well as assisting in the emergence and improvement of organizations.

### **Methodology for Preparation of the Country Needs Assessments**

14. The assessment was conducted by the three regional experts,<sup>5</sup> who together possessed expertise related generally to biological diversity, climate change, land degradation, and had also particular experiences in science and technology, policy making and capacity development.

15. Information for the assessment were gathered through the following activities:

- (a) *review of relevant documents*; the documents included national communications and reports submitted by parties to the CBD, CCD, and UNFCCC as well as other available country-related reports addressing issues concerning the global environment and/or economic and political situation in the countries<sup>6</sup> (see Annex 5 for details).

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<sup>4</sup> United Nations Development Program, Capacity Building for Environmental Management: A Best Practices Guide, United Nations Development Program, October, 1999.

<sup>5</sup> From the Czech Republic, Slovak Republic and Russian Federation respectively.

<sup>6</sup> Country-related reports included UNDP country programs, Capacity 21 reports, Country Assistance and Strategy reports, National Environmental Action Plan reports, etc.

- (b) *review of responses to the questionnaire*; a questionnaire was sent to all the countries in the region and within countries the following stakeholders were the recipients: Governments (GEF focal points and the Rio Conventions focal points), GEF accredited NGOs, STAP Roster experts, field office staff of the implementing agencies, chairs of Small Grants Committee, GEF project directors. Responses were received from 18 countries, including Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Czech Republic Estonia, FYR of Macedonia, Kazakhstan, Kyrgyz Republic, Latvia, Lithuania, Romania, Russia, Slovakia, Slovenia, Tajikistan, Ukraine, Uzbekistan, Yugoslavia.
- (c) *interviews with different stakeholders*; those stakeholders were interviewed that replied to the questionnaire and from whom additional information was needed.
- (d) *compilation of sectoral reports on country needs and priorities in the three countries*; nationally-based teams of Estonia, Hungary and Kazakhstan carried out assessments of the capacity development needs in the context of national priorities to enable respective country to cope with the global environmental challenges; and
- (e) *regional workshop*; a regional workshop to review the draft regional integrated report was held in Prague on July 17 and 18, 2000. Participants from 24 EECA countries<sup>7</sup> confirmed through the discussions that findings as contained in the report represented informed regional synthesis of the general situation in the EECA region, while specific national priorities and needs might differ from country to country.

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<sup>7</sup> Albania, Armenia, Azerbaijan, Belarus, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyz Republic, Latvia, Lithuania, Macedonia FYR, Poland, Romania, Russian Federation, Slovak Republic, Slovenia, Tajikistan, Turkey, Ukraine, Uzbekistan.

## CHAPTER 2: STATUS AND CHALLENGES IN MANAGING THE EASTERN EUROPE AND CENTRAL ASIA ENVIRONMENT

16. The EECA region spreads from the Central Europe in the West to the Pacific Ocean in the East, and between the deserts of the Central Asia and Arctic tundra. It contains a diversified mosaic of ecosystems and landscapes pertaining to Mediterranean, temperate, and sub-polar climate zones of the northern hemisphere. While covering the geographical area of 24 mil km<sup>2</sup>, it currently includes 29 countries<sup>8</sup> inhabited by 475 mil <sup>9</sup> people.

17. Since 1989, the countries have been undergoing a series of profound political and economic changes to restructure their political and economic systems. Politically, they claim to be young democracies, having left the totalitarian political systems to history, and decentralization of decision-making power has been taking place. Another feature common to them is a transition from a centrally planned economy to one which is regulated by the market demands, therefore “economies in transition”<sup>10</sup> has become a widely used term when referring to the EECA countries.

18. This general concept has been carried out through a number of approaches, including making reforms based on private ownership, including to ownership of land, and thus allowing private sector to emerge. However, reforms have had a number of negative consequences including decline in production levels, hyperinflation in some countries and high level of unemployment. Poverty, carefully hidden in the times of the totalitarian regimes, has proved to be an unpleasant reality for thousands of people in the region.

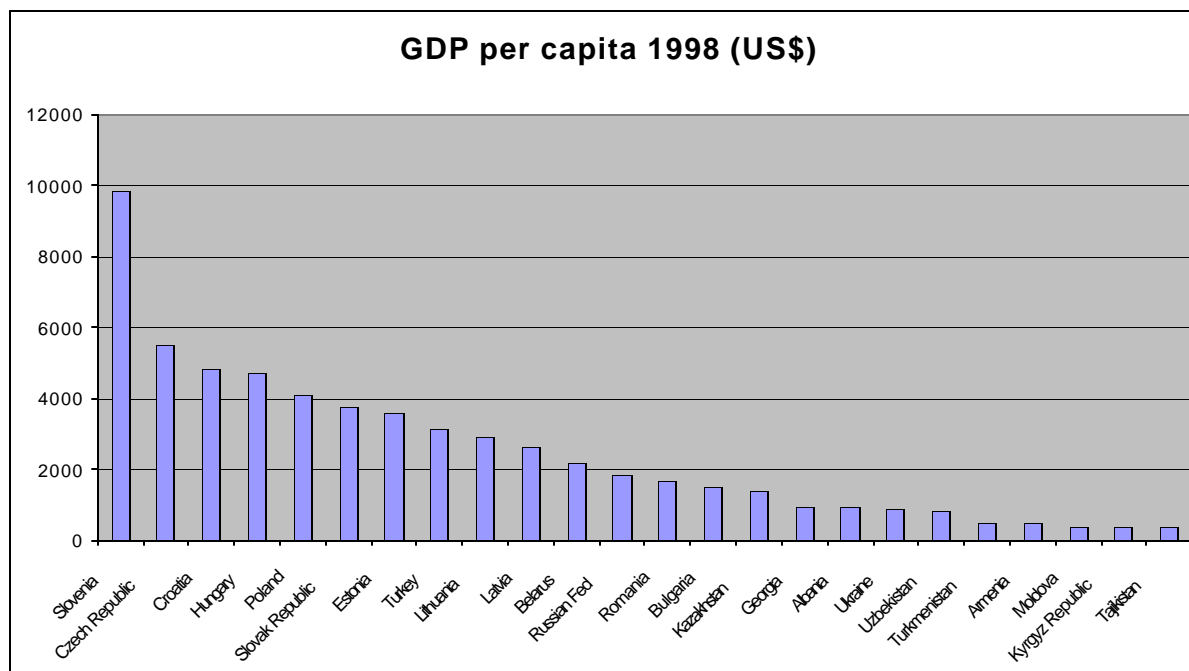
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<sup>8</sup> See Annex 1 for list of countries.

<sup>9</sup> *Encyclopedie Zemepis sveta* ( Praha: Columbus a Knižní klub, 1994).

<sup>10</sup> Malta and Turkey being an exception.

**Figure 1: GDP per capita in the selected EECA countries**



19. The degree of these problems differs from country to country and diversified is their overall political and economic performance (GDP per capita, as an indicator of economic development, varied in 1997 from 9,040 USD in Slovenia to 354 USD in Tajikistan,<sup>11</sup> for comparison of other countries see the above Figure 1), the legal and regulatory framework, including the enforcement mechanism, the state of development of the market economy including the state of privatization, liberalization and banking system development.

20. A distinct feature of the region is that as many as 22 countries<sup>12</sup> (76%) are new independent states that have emerged on the political maps of Europe and Asia since 1989. Establishment of the countries has involved, *inter alia*, rapid changes in their administrative structures and legislative frameworks. In terms of environmental protection in the context of sustainable development this generated a number of challenges but also historical opportunities.

### Issues and Priorities in Biodiversity

21. Compared to regions involving tropical ecosystems, the EECA region appears to feature a relatively modest range of flora and fauna, however, centers of biodiversity are found in some countries

<sup>11</sup> The Economist Intelligence Unit Country Profiles 1998-99.

<sup>12</sup> Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Croatia, Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyz Republic, Latvia, Lithuania, Macedonia FYR, Moldova, Russian Federation, Slovak Republic, Slovenia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan, Yugoslavia.

- in the Mediterranean basin, the Caucasus and Central Asian Mountains, and concern for biodiversity issues is high as confirmed through the significant participation of the countries in the CBD (See Annex 1 for details).

22. However, *awareness* of the complexity of issues associated with the conservation of biodiversity and sustainable use of its components, as outlined by the CBD is still insufficient.

23. As a far-reaching instrument, implemented through an ecosystem approach, the CBD requires an extremely high level of *integration* of biodiversity concerns into a number of human activities. Amongst the sectors, agriculture, forestry, fisheries, game management, tourism, transport, trade, industry, banking, defense, structural and regional policies, urban and rural planning and water management have important impact on the status and trends of biological diversity. The integration is therefore a major challenge the region is facing, taking into consideration historical sectoral approaches to resource management.

24. Also the *value of biodiversity*, except for commercial crops, timber, etc, or species subject to trade (game, CITES species) is not being considered in national accounts for many reasons, including methodological constraints, but principally for underestimation of the potential value of biodiversity for the country's economies.

25. Commonly, the status of *genetic resources* (with some exceptions of those for food and agriculture) in many countries of the EECA region has not been considered. However, the CBD process has started to be a driving force in this respect.

26. During the last decade, *legislation* relating to biodiversity has been almost entirely replaced by new acts in most countries.

27. *In-situ conservation* measures were easier to enforce in the past when land in majority of EECA countries was public and land use and management of biological resources was ensured through Government-controlled entities. Privatization, re-privatization,<sup>13</sup> and restitution<sup>14</sup> of land within the region has resulted in a mosaic of ownership relations. Non-state ownership is generally not considered to be an obstacle to effective protection, however, it is challenged by the need for developing proper *incentive systems and compensation mechanisms*.

28. Rapid changes in land ownership have produced a very specific challenge: restoration of "relation" between the farmer (and generally landowner) and his land, including the associated biodiversity components, which was broken during the decades of totalitarian regimes. They involve not only some "romantic" feelings or pride about the property but a sense for *understanding the production cycles and* relevant measures which would ensure *long term sustainable benefits*.

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<sup>13</sup> Re- privatization is relevant to land which was not nationalized, however the rights of use in the past were promoted by laws above the rights of ownership.

<sup>14</sup> Restitution is relevant to the land which was nationalized without pay , due to political persecution and in the case of purchasing contracts, concluded under duress.

29. Absence of proper *impact assessment* of development projects in the past has generated a number of local cases of severe environmental degradation, some of them accompanied with heavy social and economic consequences ( the Aral Sea Crisis being an example).

30. A number of challenges have been generated through progress of the international agenda. The recently adopted Cartagena Protocol on Biosafety, addressing the transboundary movement of living modified organisms which may have an adverse effect on the conservation and sustainable use of biological diversity represents a good example and will require a comprehensive *biosafety* framework to be developed at the country level.

### **Issues and Priorities in Climate Change**

31. Most of the EECA region's GHG emissions are produced from the energy cycle, particularly from the extraction, transformation, distribution and consumption of fossil fuel energy. Therefore, national priorities in climate change protection within the region rely mainly on:

- (a) energy efficiency both on supply and demand side, and
- (b) renewable energy utilization.

These are often expected to lead to the fulfillment of general environmental, economic and energy policy priorities.

32. The other ways to climate change protection, mentioned less often are the following:

- (a) carbon sequestration (land use change, forestry management, etc.),
- (b) fuel shift (replacement by fuels with lower carbon content), and
- (c) adaptation to climate change.

33. More particularly, we can identify priority issues for climate change protection in the following areas:

- (a) development of climate change protection strategies and action plans,
- (b) improvement of legislative and regulatory frameworks (including economic tools),
- (c) development and improvement of the institutional structure,
- (d) information system, monitoring and national reporting,
- (e) financing of climate change protection activities, and

- (f) raising awareness about the climate change risks.

### **Issues and Priorities in Land Degradation**

34. Up to now only 15 countries in the EECA region have ratified or have acceded to the UN Convention to Combat Desertification (See Annex 1 for details).

35. Land degradation is usually defined in wider terms of *reduced productivity of soils and vegetation* caused by many factors. These phenomena occur throughout the whole region and are exacerbated both through *inappropriate land use* and changes in climatic conditions as a result of *global warming* due to the enhanced greenhouse effect.

36. In most EECA countries, the available data on soils are qualitative and their interpretation requires expert judgment. *Survey methods and classification systems* vary between the countries. Information on soil and terrain attributes that influence environmental processes is often missing. *Soil protection policies* currently being discussed in the region emphasize consideration of the functions which the soils perform rather than the uses of soil. This represents the fundamental change in approach since it seeks to identify any possible conflicts between uses and forms a sound basis for the assessment of the impact of a given use on particular soils.

37. *Desertification* is one of the major environmental problems in Central Asia and although it has been questioned whether this phenomenon also occurs in Europe, it is now accepted that desertification does affect the Mediterranean region. Despite the severity of the problem, data are poor on recent trends in the extent of the desertifying areas, as well as on the factors that are causing desertification and the processes involved. It is caused by a combination of human exploitation (population pressure and land use) that exceeds the natural ecological potential of the land, and the inherent fragility of the resource system. The risk of northward shifting of the nearest desert belt, which might then cover Southern Europe, cannot be excluded and should receive the closest attention.

38. Desertification is manageable in principle mainly through the use of proper *irrigation systems, water management practices and reforestation*. However, these actions, to be technically feasible and practically implementable, need special political and economic support, with due consideration given to social aspects, to be effective and sustainable.<sup>15</sup>

39. Many similarities have been observed in prioritization of land degradation issues throughout the region. Among them inappropriate land use practices (aggravated by different systems of land tenure) and waterlogging in dry and in more humid parts of the EECA region due to mismanagement of irrigation/drainage systems are the most frequent.

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<sup>15</sup> Europe's Environment, EEA, 1995.

## **Status and Challenges for Environment Management Systems**

40. The overall context within the country is important for effective application of any environmental policy (see BOX 1 for previous assistance in this regard). In terms of the socioeconomic stability, the diversity of the region is very high, with on one hand stabilized market economies where open-mindedness to environmental issues is considerable, and on the other hand economies where the difficult socioeconomic situation is the main reason for the very low position of environmental issues on the list of priorities.

41. The political process of formulating of environmental strategies in the EECA region is marked by relatively short experience of the political dialogue process and consensus building. There are deficiencies in communication, be they between policy-makers themselves or with other stakeholders and the public.

42. National strategies and action plans, particularly for addressing biodiversity and climate change have been finalized in a number of countries, while in others they are under development. However, typical for them is that while certain progress has been achieved in the definition of objectives, the actual means to achieve them are still underdeveloped.

43. At present, 12 EECA countries are candidate countries for membership of the European Union.<sup>16</sup> These countries are currently adopting a number of measures to comply with the European Union “Acquis Communautaire” which is the common European Union legislation. This effort represents in some cases a second legislative reform within a decade. In spite of this development, the structure of the legislation, and in some instances, its substance has retained a number of former approaches particularly in the countries of the former Soviet Union.<sup>17</sup>

44. Responsibilities of public institutions are not clearly defined, and their division is not stabilized since the ongoing decentralization process and transition to a market economy brings with it a number of changes concerning the division of powers and responsibility.

45. The whole region is characterized by an underdeveloped financial sector as well as inadequate utilization of alternative methods of funding.

## **Status and Challenges in Institutional Capacities**

46. Institutional reforms driven by establishment of the new states have not yet been finalized in many of the new states, and particularly in the former Soviet Union countries. That situation results in institutional gaps both general and specific in the respective areas of biodiversity, climate change and

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<sup>16</sup> These are Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia, Turkey.

<sup>17</sup> Krasnova (1999) in Proceedings from the Workshop on the legal aspects of implementation of biodiversity - related conventions in Central Europe, Kokshetau, Kazakhstan.

land degradation. Also, advancing the international agenda has brought a number of challenges which require institutional strengthening to address them.

47. Institutions responsible for implementation of the undertaken instruments often do not have sufficient and skilled personnel and power to enforce the fulfillment of requirements and/or their infrastructure is often inadequate.

49. Know-how in identifying, preparing, funding and implementing environmental projects is insufficient. Consultancy is often limited, the number of local centers is low.

50. Environmental projects are unable to obtain commercial funding due to the underdeveloped banking system and high risk caused by economic instability. Therefore creating financial support schemes, including external aid and/or innovative and tailored to country-specific situations financial mechanisms for projects is crucial.

### **Status and Challenges on Individual Levels**

51. General level of knowledge and technical skills among decision makers concerning country's environmental problems is satisfactory, however, they are not properly trained in option analyses relating to the key sustainable development challenges.

52. Managerial and communications skills are inadequate at all levels of administration, similarly inadequate are skills to negotiate at international forums.

53. Critical is lack of certain professions working in the area of the global environment, such as environmental economists, environmental lawyers and fund managers.

54. New concepts pursued under the Rio Conventions require developing new expertise and skills.

55. Salary structures and incentives systems within the public institutions do not affect the individual motivation and performance positively and cause brain drain of high quality personnel into private sector offering comparatively high salaries.

#### **BOX 1: PREVIOUS ASSISTANCE FOR STRENGTHENING SOCIOECONOMIC FRAMEWORKS.**

The level of general capacities and the socioeconomic framework crucially influence the capacities needed to address global environmental issues. In this general area, previous assistance to EECA focused on democratization and civil society development, human resource development for the market economy, private-sector development, public administration reform, capacity building for governance and economic management on all levels and environmental and sustainability management.

### CHAPTER 3: ASSESSMENT OF CAPACITY DEVELOPMENT NEEDS AT THE COUNTRY LEVEL TO MEET OBJECTIVES OF GLOBAL BIODIVERSITY ACTIONS.

#### National Commitments of the Parties to the Convention on Biological Diversity

56. Since 1992, when at the UNCED in Rio de Janeiro the Convention on Biological Diversity was opened for signature, biodiversity has been keeping a stable position at the top of the international environmental agenda. Continuing loss of biological diversity, directly or indirectly induced by human activities, has become recognized not being anymore a purely scientific concern, nor ethic one, but strong economic/development and social attributes have been attached to that loss.

57. The CBD, which is a principal international instrument to address biodiversity loss, enjoys nearly universal membership (177 Parties as at 31 March 2000)<sup>18</sup> which reflects a high political attention it receives. Being a framework agreement, CBD gives discretion to Parties do decide how to implement its provisions according to their strategies, programs and plans developed or adapted for that purpose, in order to meet the ultimate CBD objectives as set forth in its Article 1.

#### BOX 2: CBD OBJECTIVES

*The objectives of the Convention on Biological Diversity are:*

- *conservation of biological diversity,*
- *sustainable use of its components,*  
*fair and equitable sharing of benefits arising from the utilization of genetic resources.*

58. In its **Articles 6 - 14** the CBD establishes a comprehensive set of binding commitments which Parties have to fulfill to **conserve biological diversity and promote sustainable use of its components.**

59. Commitments concerning relationships between the Parties on issues such as access to genetic resources, access to technology, cooperation in science and information exchange are guided by the **Articles 15 - 19** and **support** particularly **the third objective** of CBD which is **fair and equitable sharing of benefits.**

60. Under **Article 20**, developed countries undertake “to provide **new and additional financial resources to enable developing country Parties to meet the agreed incremental costs**” of

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<sup>18</sup> Source: CBD Secretariat.

implementing **the obligations of CBD**. Pursuant to Article 20 (3), developed country Parties may also provide such financial resources through bilateral and multilateral channels.

61. In addition, in **Article 26** the Parties are required **to report on measures** they have taken for the implementation of the Convention **and their effectiveness** in meeting the CBD objectives.

### **BOX 3: NATIONAL CBD ACTIONS**

- *Developing national strategies for the conservation of biodiversity and sustainable use of its components and integration of them into relevant sectoral and cross-sectoral plans, programs and policies*
- *Identification and monitoring of components of biological diversity which are important for its conservation and sustainable use*
- *Identification of processes and activities which have or are likely to have adverse effect on biological diversity or sustainable use of its components, including, inter alia, control of alien species and releases into the environment of genetically modified organisms*
- *Establishing and managing systems of protected areas*
- *Restoration of degraded ecosystems and promotion of the recovery of threatened species*
- *Respecting, preserving and maintaining knowledge, innovations and practices of indigenous and local communities and encouraging equitable sharing of benefits arising from the utilization of such knowledge and practices*
- *Adopting measures for the ex-situ conservation of components of biological diversity*
- *Promoting public participation, particularly when it comes to assessing the environmental impacts of development projects that threaten biological diversity*
- *Educating people and raising awareness about importance of biological diversity and the need to conserve it*
- *Integrating considerations of conservation and sustainable use of biological resources into national decision making*
- *Developing systems of measures that act as incentives for conservation and sustainable use of components of biological diversity*
- *Promotion and encouraging research which contributes to conservation and sustainable use of biological diversity*
- *Creating conditions to facilitate access to genetic resources and technology*
- *Information sharing through a clearing-house mechanism for use by all stakeholders*
- *Provision of financial assistance to support national plans and priorities*
- *Reporting on national processes and activities*

62. **The commitments often concern individual biological resources** rather than biodiversity *per se*. Although the conservation of the Earth's biodiversity is the fundamental goal of the treaty, this can only be achieved by implementing different set of commitments on its different elements - ecosystems, species and genetic resources - and generally on biological resources that may be seen as the source of biodiversity. This comprehensive approach, beyond biodiversity *per se*, makes CBD

important to all States, not only those particularly rich in biodiversity: all of the Earth's biological resources, as components of biodiversity, fall under its terms. This comprehensive approach at same the same time makes CBD a major instrument in the context of sustainable development.<sup>19</sup>

63. To protect biological diversity from potential risks posed by living modified organisms resulting from modern biotechnology the Parties to CBD adopted **Cartagena Protocol on Biosafety** on January 29, 2000.

64. The Protocol establishes:

- (a) procedures for ensuring that countries are provided with information necessary to make informed decisions before agreeing to the import of such organisms into their territory; and
- (b) biosafety clearing-house mechanism to facilitate exchange of information on living modified organisms and to assist countries in the implementation of the Protocol.

65. The Protocol was opened to signature on May 15, 2000 and 69 countries signed the instrument by July 15, 2000, among them Bulgaria, Czech Republic, Hungary, Poland and Slovakia. It shall enter into force on the ninetieth day after the date of deposit of the fiftieth instrument of ratification, acceptance, approval or accession by States or regional economic integration organizations that are Parties to the Convention.<sup>20</sup>

### **National Priorities and Processes**

66. As already noted, the countries in the process of national biodiversity planning decide on measures to be taken to address a wide range of actions needed for full implementation of the CBD. Although national priorities in the EECA countries vary from country to country, depending on their specific situation and their overall socioeconomic development, there are issues which are important to a certain extent for each EECA country.

67. As an **overriding priority** which paves the way in working towards the others, a full understanding has been recognized of what biodiversity is, what the challenges of its conservation and sustainable use are and what benefits different stakeholders can derive from the utilization of genetic resources, while considering principles of equitability and fairness in their distribution. Thus **awareness** needs to be raised not only of the public, but of all different stakeholder groups like politicians, decision makers, private sector, farmers, etc.

68. Through the analyses of the national reports, responses to the questionnaire (see Annex 2 for details of responses to the questionnaire), national studies in Estonia, Hungary and Kazakhstan and

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<sup>19</sup> Glowka, L et al (1994),. A Guide to the Convention on Biological Diversity, IUCN Gland and Cambridge. Xii+161 pp.

<sup>20</sup> Article 37, paragraph 1 of the Protocol.

study of other relevant literature, we have gathered that **the highest priority on the country level in the EECA** is accorded to :

- (a) national **biodiversity planning** ,
- (b) **integrated management** of particular ecosystems - such as forests, coasts, wetlands, etc,
- (c) effective and enforceable **legislative framework**,
- (d) **valuation of biodiversity**,
- (e) **incentives** tailored to country-specific situations, both for the conservation of biodiversity and use of its components in a sustainable manner,
- (f) **in-situ conservation**, while its specific objectives differ from country to country depending on the types and status of respective ecosystems and species found in the country,
- (g) **ex-situ conservation** of biodiversity,
- (h) **identification and monitoring** of biodiversity components, and
- (i) **actions on sub-national/community levels**.

69. Slightly lower, but still **high** since each has been repeatedly recognized as the issue of certain importance on the country level, the country priorities within the region include :

- (a) **biosafety**, including implementation of the Cartagena Protocol on Biosafety,
- (b) regulation of **access to country genetic resources**,
- (c) **impact assessment** of human activities on conservation and sustainable use of biodiversity,
- (d) support to **scientific programs**, and
- (e) **accessing external financial resources**.

70. However, several of the above, such as biosafety, access to genetic resources, are concepts which have emerged on the environment politics scene only recently and presumably their importance will raise sharply in the near future.

71. Being of **low priority** from the regional perspective,<sup>21</sup> **preservation of traditional knowledge** relevant to conservation and sustainable use of biological diversity has been recognized, although Tajikistan, in its response to the questionnaire, has identified it as its highest priority.

**BOX 4 : NATIONAL PRIORITIES OF ARMENIA<sup>22</sup>**

- *To develop mechanism which will mitigate economic activities that negatively affect biodiversity, while ensuring that a more realistic market value is placed on biological resources*
- *To increase internal and external investment in order to conserve and regenerate landscapes and biodiversity by 30 %*
- *To conserve, regenerate and sustainably use forest resources, with a resulting increase in healthy forested areas*
- *To support and extend the capacity to use science as a vital tool in guiding conservation management (including both research and monitoring), through investments increased by 15% in both relevant scientific programs and professional training*
- *To improve management systems relating to biodiversity conservation (including protected areas management)*
- *To improve legislation and economic mechanism for the conservation and sustainable use of biological and landscape diversity (forestry, law on specially protected areas , draft laws on flora and fauna)*
- *To improve and strengthen the ecological education and training system, along with increasing public awareness of biodiversity, so that knowledge improves by 30 %*
- *To ensure the use of appropriate ecologically friendly technologies in support of biodiversity conservation through increased investments in this field*
- *To ensure participation of NGOs and other relevant stakeholders in all stages of project development and implementation, and improve their opportunities to play a direct role in conservation management, with an increased involvement*
- *To conserve and regenerate species, ecosystems and landscapes*
- *To extend a network of specially protected areas, and to improve the effectiveness of the system in an appropriate manner which takes into account the size and terrain of the country*
- *To ensure sustainable use and further regeneration of biological resources, including agrobiodiversity*
- *To support and contribute to the sustainable development, including the further integration of biological resource management into development of rural communities, to help reduce the levels of poverty*

**BOX 5: NATIONAL PRIORITIES OF POLAND<sup>23</sup>**

- *The protection anticipated under the Act on Nature Conservation should be extended to existing areas of particular value from the point of view of biological diversity, as well as to wild species and domesticated or cultivated varieties and breeds that are threatened with extinction*
- *Planning measures should afford appropriate protection to biological diversity, especially at the level of ecological systems in urbanized areas*
- *Conservation for BD requires direct targeting of an appropriate fraction of the national budget as well as creation of economic stimuli to the designation of such funding from local government budgets*

<sup>21</sup> Contrary to the international agenda where preservation of the indigenous knowledge receives high attention.

<sup>22</sup> First National Report to the Convention on Biological Diversity incorporating a Country Study on the Biodiversity of Armenia, Ministry of Nature Protection, Yerevan, March 1999.

<sup>23</sup> The First National Report to the Conference of the Parties to the Convention on Biological Diversity, Ministry of the Environment Protection, Natural Resources and Forestry of the Republic of Poland, Warsaw, Poland 1997.

- *Raising the public awareness by improving both formal and informal education*
- *Forestry should adapt management methods in productive forests to the principles of biodiversity conservation*
- *Planning for enhancing of water retention should involve total adjustment of hydro-technical work to the principles of biodiversity conservation*
- *Urgent need to assign high priority to relevant research in the field of biological diversity*
- *Continue in measures for restoration of biological diversity of the Baltic Sea*
- *The system and mechanism coordinating interdepartmental activity for the conservation and rational use of the country's biodiversity must be enhanced*
- *Accelerated action is required to adjust Polish legislation and standards to those binding in EU and international law*
- *Considerable potential of NGOs should be applied much more widely for the conservation and rational use of biological diversity*

**BOX 6: NATIONAL PRIORITIES OF LATVIA** <sup>24</sup>

*Quoted from the National Environmental Policy Plan (1995)*

- *Reform of existing legislation and regulations*
- *Integration of the objectives of biodiversity protection into sectoral policies and legal acts*

*In addition to the above specific priorities relevant to in-situ protection:*

- *Introducing tax-based incentives for land owners*
- *Establishing regular inventory and monitoring system of the most endangered species in order to prepare methods for their protection*
- *Human resources development, particularly for habitat management and for economically sustained management plans*
- *Development of public education programs*
- *Establishing and implementing conservation methods in forestry and agriculture*
- *Identification of endangered habitats*
- *Development of contractual commitments between local governments and land users*

*Specific priorities relevant to ex-situ protection:*

- *Proper funding*
- *Preparation of legislation for the protection of collections*
- *Development of National system of conservation of genetic resources of cultivated plants and domestic species*

*Other priorities*

- *Intensification and development of scientific research activities, including appropriate monitoring*
- *Improvement of information and monitoring system*
- *Intensification of education, study programs in all sectors*
- *Development of regional cooperation*

72. To deliver their commitments, the EECA countries have started implementing a number of preparatory measures such as **inventories and baseline studies, compilation and analyses of**

<sup>24</sup> National Report on Biological Diversity: Latvia, Ministry of Environmental Protection and Regional Development, 1998.

**existing information, analysis of policies, and preparation of national strategies and action plans.** These efforts were mostly funded in the EECA countries through the GEF Enabling Activities and represented an important step towards participatory planning. For example, *“in Estonia 10 sectoral working groups covering main sectors in which the protection of biodiversity is pertinent (forestry, fishery, agriculture, transport, industry, tourism, nature protection, education, biological resources and biotechnology, and landscapes) were involved in the work.”*<sup>25</sup>

73. During the last decade, **legislation** relating to biodiversity issues has **been almost entirely replaced** by new acts in most countries. Furthermore at present, **12 EECA countries** are candidate countries for membership of the European Union.<sup>26</sup> These countries **are currently undertaking a number of measures to comply with the European Union “Acquis Communautaire”** which is the common European Union legislation. This effort represents in some cases a second legislative reform within a decade. In spite of this development, the structure of the legislation, and in some instances, its substance has retained a number of former approaches particularly in the countries of the former Soviet Union.<sup>27</sup>

74. Rapid developments have been observed in *in-situ* protection. Traditional concept of **conservation of isolated areas is being replaced by** novel approach of **ecological networks** aiming at development of a physical network including protected areas, but also ecologically important elements within the landscape, interconnected through ecological corridors - habitats which are to facilitate dispersal and migration of species. This concept is being pursued under the Pan-European Biological and Landscape Diversity Strategy, which represents a Pan-European consensus on the actions to be taken to stop a decline in biodiversity throughout the continent. Accession countries initiated **classification of their protected areas according to EU standards.**

75. Certain countries, particularly of the former Soviet Union, have reported that **the coverage of the protected areas is insufficient** both in terms of the **total area** and in terms of **representation** of the country’s ecosystems. *“In Kazakhstan, currently there are 9 reserves, 4 national parks, 60 reserve plots, 24 nature memorials of the republican jurisdiction. However, the summary area of 9 reserves, in which a whole natural complex is being protected, is only 3% of the territory of Kazakhstan,”*<sup>28</sup> while for example, *“in Hungary 9.1% of the territory of the country is under protection and 1.2% under strict protection.”*<sup>29</sup>

76. As already mentioned, non-state ownership of land, which is new or re-appearing phenomenon within the EECA region, is generally not considered to be an obstacle to effective protection, however,

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<sup>25</sup> Kulvik, M (2000) : Assessment of capacity development needs at the Estonian national level to meet objectives of the Biodiversity Convention.

<sup>26</sup> These are Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia and Turkey.

<sup>27</sup> Krasnova (1999) in proceedings from the workshop on the legal aspects of implementation of biodiversity related conventions in Central Europe, Kokshetau, Kazakhstan.

<sup>28</sup> UNDP-GEF CDI: National report of the Republic of Kazakhstan on Needs Assessment (2000).

<sup>29</sup> Turcsányi, G (2000): UNBDP/GEF Capacity Development Initiative. National reports on Needs Assessment in the area of Biological Diversity.

it is challenged by the need for developing proper **incentive systems and compensation mechanisms**. In some cases even **land purchase** from private owners will be needed. Clearly, this is the area where much is left for future actions since the necessary tools have not been introduced in a majority of the countries. The Estonian example says: *‘The main goal of Estonian environmental policy is to meet requirements of the EU ... however, there are no resources allocated in state budget for land purchase from private owners for establishment of Natura 2000 sites. No compensation system has been established yet for the same purpose (Kulvik, 2000).’*

77. **The importance of ex-situ protection has distinctively increased.** While in the past conventional ex-situ facilities like botanical and zoological gardens and arboreta were mostly established for cultural and educational purposes, their role in the conservation of biological diversity has been clearly recognized within the region. Kazakhstan reports that in *‘7 botanical gardens ... and several arboreta [in has] the largest collections in Central Asia of the local and world flora’ (National report of the Republic of Kazakhstan on Needs Assessment, 2000)*. Gene banks and collections of microorganisms are also being established, depending on the availability of financial resources.

78. Status of **genetic resources** at large has not yet been properly considered in many countries of the EECA, the exception being processes under FAO concerned with genetic resources for food and agriculture. However, some countries, for instance Slovenia have already turned to address the issue.

79. Much effort has been paid to **identification of the conservation status** of the species, and habitats in many of the EECA countries. The countries have compiled lists of endangered species and/or have published the Red Books, have identified endemic (or restricted range) taxa among those which occur on their territories. However, the process is considered far from completed. Substantial gaps are reported in the invertebrate fauna, fungi and lower plants. Generally insufficient is the knowledge of genetic diversity, which only confirms the global situation where research has been and still is targeted at this level only marginally, driven mostly by commercial rather than scientific interests.

80. **Monitoring** systems of biodiversity are being discussed widely within the EECA region. Basically there exist plans in some countries, for instance, *‘in Hungary, the plan of the National Biodiversity Monitoring System was established in 1997’*(Turscanyi, 2000), however, their implementation lags behind for many reasons.

81. **Impact assessment** of certain types of development projects is required in many EECA countries. However, revision of the relevant legislation would be needed to see how the conservation of biodiversity and sustainable use of its components is reflected in the EIA procedures.

82. There are major differences among the countries in the area of **biosafety**. Far from all EECA countries have advanced (modern) biotechnology research. However, some countries like Russia or Hungary have made substantial progress in this area. Accession countries have well advanced in preparation of their legislative frameworks, having initiated the effort long before the Cartagena Protocol has been opened for signature. However, assessment and management of risk posed by the GMOs to conservation and sustainable use of biological diversity remains in many aspects *‘terra incognita.’*

#### **BOX 7: HUNGARIAN RESPONSE TO BIOSAFETY**

*Recognizing the possibilities and risks inherent in the organisms modified by gene technology, the handling and use of GMOs has been regulated in Hungary by separate legislation since 1998. The relevant Act states that natural organism may not be modified by gene technology, and the protected status of species may not be altered because of gene technology causes. The application, release, distribution, import and export must be authorized by relevant ministerial institutions (supervised by the ministries of Agriculture and Rural Development, for Environment and Health) helped by a special inter-sectoral advisory committee, the so-called Gene Technology Committee. (Turscanyi, 2000)*

83. A number of NGOs have emerged in the EECA countries in the last decade, for example “*there are more than 300 ecological NGOs on the territory of the Republic of Kazakhstan which in this or that way deal with the biological conservation issues*” (National report of the Republic of Kazakhstan on Needs Assessment, 2000). Some NGOs, mostly in the Central and Southern Europe have reached a high professional level and take active part in implementation of CBD both on the national level and internationally. However, much of their potential is still inactive.

84. The above- mentioned biodiversity processes represent only a general view of the situation in addressing CBD by the EECA countries. While some of the processes and activities were started long before CBD entered into force, particularly *in-situ* and *ex-situ* conservation of biodiversity as well as biodiversity research, and CBD has only underlined their importance, others like biosafety and regulating access to genetic resources are rather new. More detailed information on the on-going processes are contained in the First National Reports to the COP. As of May 25, 2000, however, only 14 countries<sup>30</sup> from the EECA region have submitted their first national reports.

#### **Capacity Needs at the Country Level to Implement the Convention on Biological Diversity**

85. The extent to which national priorities in the area of conservation and sustainable use of biological diversity are implemented depends on the capacity available on different hierarchical levels be they of the capacity itself<sup>31</sup> or of the administrative system.<sup>32</sup>

86. **The EECA countries have as diversified a set of capacities to implement CBD as their economic and social situations.** Some of them, mostly the **countries** of the former Soviet Union while **experiencing very low economic performance**<sup>33</sup> accompanied with high rates of devaluation of their currencies have **limited or even very limited** capacities to implement CBD and the extent to which they will be able to meet their commitments **will depend on external assistance**, including funding.

87. However, while in the preamble of CBD, concerns of the developing countries regarding

<sup>30</sup> Source: The CBD Secretariat.

<sup>31</sup> Systemic, institutional, individual.

<sup>32</sup> National level, district level, local communities.

<sup>33</sup> GDP per capita is less than 1,000 USD in 10 countries of the region,(e.g. in over a third of the region).

economic and social development and poverty eradication were recognized as their first and overriding priorities, the same concerns of respective EECA countries have not been taken into consideration, *inter alia*, due to the geopolitical association with the former communist countries. Accordingly, the poorest countries of the EECA region are not eligible for funding via the financial mechanism of the Convention.

88. Four countries,<sup>34</sup> on the other hand, have been already members of the “club of the rich” as the OECD is referred to from time to time, and are balancing on the edge between recipients and donors of the ODA.

89. Those **countries who have signed the accession agreements with the EU** feature more stable political and economic environment and their policy frameworks are similar to that characteristic of the Western European countries. That makes it possible to **form similar overall processes and relationships** in conservation and sustainable use of biodiversity **as characteristic of the West**, however, the transitional period of the last decade had affected their capacity development efforts to the extent that their **still have deficiencies in capacities for implementation of CBD**.

### **System Level Capacity Needs**

90. Environmental management systems include capacities which constitute the overall environment in which individuals and organizations operate and interact with the external environment, as well as the formal and informal relationships of institutions, namely:

- (a) policy framework
- (b) legal and regulatory framework
- (c) institutional framework
- (d) system level resources, and
- (e) processes and relationships of different institutions.

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<sup>34</sup> Turkey (1961), Czech Republic (1995), Hungary (1996) and Poland (1996).

## Policy Framework

### National Biodiversity Planning

91. National biodiversity planning is a country-driven process often narrowly translated as the response to Article 6(a) of CBD which requires Parties to CBD to “develop strategies, plans and programs for the conservation and sustainable use of biological diversity or adapt for this purpose existing strategies, plans or programs.” This process has well progressed within EECA through the GEF assisted Enabling Activities, although the available products do not always reflect consensus of all relevant stakeholders on measures to be taken for the implementation of the three CBD objectives.

92. Furthermore, national biodiversity planning should be managed so that it logically incorporates other international instruments which are relevant to conservation and sustainable use of biodiversity and to which the country is a Party.

Capacity constraints	Capacity needs
Lack of political commitment to conservation and sustainable use of biological diversity	<ul style="list-style-type: none"> <li>➤ <b>strengthen capacity to raise understanding by the public of the importance of and the measures required for the conservation of biological diversity (to encourage the interest of politicians)</b></li> <li>➤ <b>create capacity or mobilize existing ones to ensure continuous informing of political representatives and decision makers of</b> <ul style="list-style-type: none"> <li>▪ <b>biological diversity and its importance, and</b></li> <li>▪ <b>measures required for its conservation</b></li> </ul> </li> </ul>
Insufficient linking of biodiversity objectives with social and economic priorities	<ul style="list-style-type: none"> <li>➤ <b>mobilize existing capacities to ensure that planning process takes due consideration of the country’s economic and social situation (so that strategy or plan sets realistic objectives) and changes necessary to be made in the economy and society will be implemented</b></li> </ul>
Insufficient participation in planning of Government but particularly non-governmental stakeholders	<ul style="list-style-type: none"> <li>➤ <b>mobilize existing capacities to recognize the role of non-governmental stakeholders in the planning processes</b></li> <li>➤ <b>create capacities to gain the interest of non-governmental stakeholders to fully participate in biodiversity planning</b></li> </ul>

Capacity constraints	Capacity needs
Lack of familiarity with and skills in using different types of planning tools	➤ <b>create or strengthen capacities both human and institutional to ensure different types of planning tools are used in support of CBD</b>
Lack of capacities – human, institutional and financial, to carry out necessary technical, financial and economic analyses, including option analysis of different measures relevant to biodiversity	➤ <b>strengthen capacity, or create new where necessary, to prepare technical, financial and economic analyses to be used in the biodiversity planning process</b> ➤ <b>increase or mobilize financial resources for biodiversity planning process</b>
Insufficient use of economic instruments for conservation and sustainable use of biological diversity	➤ <b>create capacity or strengthen existing ones to promote economic instruments and other alternatives to regulatory instruments</b>
Increased quantity of planning (to the detriment of quality, and of implementation of the instruments) in response to different biodiversity- relevant international instruments and initiatives. These: <ul style="list-style-type: none"> <li>▪ generate effect of “inflation” of planning products</li> <li>▪ build a basis for overlapping implementation</li> <li>▪ contribute to wasting of human and financial resources</li> </ul>	➤ <b>develop coherent planning framework to avoid “inflation” of planning processes and to make efficient use of scarce human and financial resources (seeking for synergy)</b>

### **Integration of Biodiversity Concerns into Sectoral Policies**

93. Implementation of this requirement is critical to the success of implementing the CBD objectives since there is no “biodiversity” sector and the measures for conservation and sustainable use of biodiversity have to be implemented through different sectors. For the EECA region a sectoral approach to resource management is typical, inherited from the past, and integration efforts have not yet been very successful.

Capacity constraints	Capacity needs
Division of responsibility for implementation of biodiversity activities among many sectors, while coordination among them remains inadequate	➤ <b>cohesive planning framework needs to be developed to eliminate sectoral policies conflicting with each other, and particularly with the national biodiversity objectives</b>
Inadequate familiarity with integrated planning	➤ <b>develop capacities to promote opportunities of integrated planning and management</b>

### Trade-related Biodiversity Issues

94. The policy frameworks impacting on the biodiversity system include also the *market structure*, with its export and import policies, and *consumption patterns*. However, it has been noted that available biodiversity documents and reports elaborated by the EECA countries were usually silent on these issues.

95. Similarly trade-related intellectual property rights have often not been addressed in the available sources. We therefore assume the issues have not been considered in the planning processes either.

Capacity constraints	Capacity needs
Lack of political will for and/or underestimation of the need for analyses of linkages between the export and import policies and the country's biodiversity in the EECA region	<ul style="list-style-type: none"> <li>➤ <b>develop capacity to adapt relevant policies and planning processes so that they include considerations of how the country export and import policies influence biodiversity</b></li> <li>➤ <b>develop capacity to manage public awareness campaigns regarding trade and biodiversity</b></li> </ul>
Lack of political will for and/or underestimation of the need for analyses of linkages between the consumption patterns and the country's biodiversity in the EECA region	<ul style="list-style-type: none"> <li>➤ <b>develop capacities for assessing the effects of consumption patterns on biodiversity in the EECA region</b></li> <li>➤ <b>develop capacity to manage public awareness campaigns regarding the consumption patterns and their influence on biodiversity</b></li> </ul>

## Valuation of Biodiversity

96. Economic value of biodiversity, except for commercial crops, timber, etc., or species subject to trade (game, CITES species), and of the ecosystem services is not being considered. There is no market to create their price and the damage to biodiversity incurred by production activities is not included in the real costs of companies, etc. No fiscal measures are aimed at discouraging practices which undermine ecological integrity. The importance of the potential economic value of biodiversity for a countries' economy in the long run is underestimated or not properly understood in the EECA region.

Capacity constraints	Capacity needs
Methodological uncertainty <ul style="list-style-type: none"> <li>▪ how to give value to biodiversity components</li> <li>▪ how to include biodiversity value in accounts</li> </ul>	<ul style="list-style-type: none"> <li>➤ <b>develop training schemes to transfer external knowledge on valuation of biodiversity</b></li> <li>➤ <b>develop capacity for adaptation of external valuation methodologies to local conditions</b></li> <li>➤ <b>develop capacity for adaptation of accounting policies so that they include environmental costs</b></li> </ul>
Current prices do not include costs of the damage caused to biodiversity by production activities	<ul style="list-style-type: none"> <li>➤ <b>develop capacity to revise fiscal and financial practices so that the price of the product includes environmental costs and thereby stimulate development of valuation methodologies</b></li> </ul>
Lack of qualified environmental economists	<ul style="list-style-type: none"> <li>➤ <b>strengthen capacity of conventional education to prepare experts qualified in environmental economy</b></li> </ul>

## Biosafety

97. Biosafety concept driven by potential risks to conservation and sustainable use of biological diversity from the releases to the environment of organisms which have been produced through a modern biotechnology is rather new to the EECA countries. Therefore majority of the EECA **countries need to create biosafety frameworks** and develop capacities to cope with the provisions of the Cartagena Protocol on Biosafety recently opened for signature.

Capacity constraints	Capacity needs
Insufficient understanding of the biosafety concept among decision makers since it is a rather new concept	➤ <b>develop targeted training courses to make the decision makers understand the concept and implementation requirements</b>
Inadequate policy, legal and regulatory frameworks	➤ <b>develop capacities for addressing gaps in the policy and legislative and regulatory frameworks</b>
Lack of skills for assessment and management of risks posed by living modified organisms	➤ <b>develop capacities for assessment and management of risks posed by the living modified organisms</b>

### *Legal and Regulatory Framework*

#### **Legislative Framework**

98. In identifying their priorities a number of EECA countries, have reported that their legislative frameworks are **not comprehensive enough** to address the complexity of the issues covered by CBD. Certain areas are even not legally regulated in some countries. From the regional perspective, a good illustration of the specific *gaps and loopholes in the legal frameworks* is provided by the status of *genetic resources and granting access to them for commercial and similar uses and biosafety*.<sup>35</sup> The two legislative frameworks have not yet been established in many EECA countries. Institutions will have to be appointed and staff will have to be trained to ensure enforcement.

99. Enforcement has been mostly recognized as weak, even in accession countries which have fairly well advanced legislative frameworks.

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<sup>35</sup> In accession countries the development of biosafety legislation has already progressed, however, institutional structures remain weak.

<b>Capacity constraints</b>	<b>Capacity needs</b>
Lack of capacity to design, draft or amend laws results in gaps and loopholes in legislation relevant to CBD	<ul style="list-style-type: none"> <li>➤ <b>strengthen law making capacity of the Government</b></li> <li>➤ <b>develop non-governmental capacity to draft law reflecting country's commitments (consulting companies, NGOs) under international treaties</b></li> </ul>
Increased amount of laws formulated in different areas, including other environment-related legislation decrease the quality of law unless the law making process is strengthened in terms of human and financial resources	<ul style="list-style-type: none"> <li>➤ <b>develop mechanism to rationalize law making process</b></li> </ul>
Insufficient dialogue among stakeholders in law making process	<ul style="list-style-type: none"> <li>➤ <b>develop capacities of relevant stakeholders to enable them to participate in law making process</b></li> </ul>
Insufficient enforcement	<ul style="list-style-type: none"> <li>➤ <b>strengthen enforcement capacity of the Government institutions</b></li> </ul>

## **Incentive System**

100. Incentive system is a system of monetary and/or non-monetary measures, which would encourage different stakeholders to conserve biodiversity and use its components in a sustainable manner. However, the incentives, if not designed properly, can generate also perverse effects, as confirmed through numerous case studies. Proper incentive systems are critical for the EECA region, where new actors have emerged over the last decade while the general regulatory framework has not been adapted adequately to new ownership patterns. Successfully implemented economic instruments are exceptional, an example being the air pollution charge system in Poland.

<b>Capacity constraints</b>	<b>Capacity needs</b>
Lack of skilled human resources to design and manage the incentive system for conservation and sustainable use of biological diversity	<ul style="list-style-type: none"> <li>➤ <b>develop capacity to design and manage incentive systems for conservation and sustainable use of biodiversity and assess regularly their effects</b></li> </ul>
The selections of regulatory instruments is dominated by the command and control approach that can often be much more costly than economic and market instruments	<ul style="list-style-type: none"> <li>➤ <b>develop capacities to improve economic education and transfer experience with economic and market instruments from other countries</b></li> </ul>

## *Institutional framework*

### **Institutional Accountability**

101. The institutions mandated with activities which are relevant to conservation of biodiversity and sustainable use of its components frequently lack effective means to coordinate the activities and gathering information, or even simply to communicate with other actors. In some cases, there are real disincentives to effective coordination, including institutional rivalries and tension over “turf” and resource control.

<b>Capacity constraints</b>	<b>Capacity needs</b>
Unclear distribution of responsibilities for CBD-related activities among Government agencies, the private sector and civil society.	<ul style="list-style-type: none"><li>➤ <b>develop capacities to carry out audits of institutional accountability with special focus on the consistency with the country’s commitments under CBD</b></li><li>➤ <b>develop a mechanism to implement the recommendations arising from the audits of institutional accountability</b></li></ul>

### *System Level Resources*

102. System level resources include financial, information and human resources.

### **Financial Resources – In-country Sources**

103. In negotiating the CBD, the countries have acknowledged through the preamble that:

*“Substantial investments are required to conserve biological diversity and that there is the expectation of a broad range of environmental, economic and social benefits from those investments...”*

104. Actually, in the EECA, *“the ratio of financial resources spent on conservation and sustainable use of biodiversity is rather low within the country [ies] budget”* (Turcsanyi, 2000). As a result and taking into consideration particularly financial possibilities of the countries with lower level of economic performance, real spending on biodiversity projects remains low. For example, in Kazakhstan, *“37 projects on the conservation of biodiversity were implemented in the period 1998 –2000, with financing from domestic sources, for the total sum of 500 thousand USD.”* (National report of the Republic of Kazakhstan on Needs Assessment, 2000).

105. In a few countries, there are Government operated environment funds which are replenished through Government contribution and through environmental fines. Resources of these funds are, however, not always distributed transparently.

106. It is, however, difficult to assess how much is actually spent on conservation of biological diversity and sustainable use of its components, since the activities are implemented through and financed by different sectors and the spending is not marked so as to allow objective assessment.

Capacity constraints	Capacity needs
Government funds allocation to activities relevant to the implementation of CBD is insufficient due to environmental matters having received less attention than production sectors	<ul style="list-style-type: none"> <li>➤ <b>mobilize and/or strengthen allocation of the Government financial resources</b></li> <li>➤ <b>create capacities to implement cost-benefit analysis of protection measures and thereby attract Government financing of such measures</b></li> </ul>
Lack of transparency in financing actions to conserve and sustainably use biodiversity since CBD is implemented through different sectors	<ul style="list-style-type: none"> <li>➤ <b>mobilize capacity to identify real Government expenses for actions relevant to implementation of the CBD objectives</b></li> </ul>
Allocation of funds to projects of lower priority	<ul style="list-style-type: none"> <li>➤ <b>mobilize capacity to ensure transparency in financing biodiversity projects</b></li> </ul>
No or low incentives for private sector to finance actions addressing global environmental challenges	<ul style="list-style-type: none"> <li>➤ <b>develop incentives for private sector to finance environmental projects</b></li> <li>➤ <b>develop capacity to promote opportunities for benefits which the private sector can gain from environmental projects</b></li> </ul>
Banking sector insufficiently involved in financing environmental and sustainable use projects	<ul style="list-style-type: none"> <li>➤ <b>mobilize capacities of banking sector to develop special schemes for financing environmental and sustainable development projects</b></li> </ul>
Lack of alternative financing opportunities	<ul style="list-style-type: none"> <li>➤ <b>create/strengthen non-governmental financial mechanisms tailored to special conditions in particular countries (for example community funds )</b></li> </ul>

## Financial Resources – Accessing Ex-country Sources

107. All the EECA countries lack the financial resources to address properly the biodiversity problems with which they are confronted and the international aid will therefore remain for them an important response to this need.<sup>36</sup>

Capacity constraints	Capacity needs
Insufficient coordination of external aid	➤ <b>strengthen coordination capacity of national aid mechanism, where it exists, or create such a mechanism, where absent</b>
Lack of capacities in all sectors and in local communities to identify, draft and implement biodiversity projects and negotiate relevant agreements	➤ <b>strengthen capacity of different stakeholders to act effectively throughout the whole project cycle, including negotiation of relevant agreements</b>
Lack of aid schemes which would provide grants or soft loans to non-governmental stakeholders	➤ <b>develop capacity of Governments to pursue through negotiation processes biodiversity-relevant aid schemes for non-governmental stakeholders</b>
Language barrier	<p>➤ <b>develop project management units within the different sectors and at the different administrative levels, including local communities staffed with experience professionals</b></p> <p><b>develop capacity to encourage donors to “nationalize” certain schemes (translate key documents into particular national language, appoint local liaison officer or establish liaison office staffed with local professionals in a particular country)</b></p>

## Information Systems

108. Information systems should provide a key **support to decision makers**, influence the quality of background information for policy and law making, they are also critical for provision of reliable data for **international inventories** and **national reporting**.

<sup>36</sup> Accession countries and OECD countries in particular will need to develop ODA mechanism.

Capacity constraints	Capacity needs
Biodiversity data are scattered in different institutions and are of different quality and based on different methodologies	<ul style="list-style-type: none"> <li>➤ <b>identify and depute data providers (mobilize information capacity of the country)</b></li> <li>➤ <b>create national capacity for data integration and analysis</b></li> <li>➤ <b>establish a mechanism for the design of integrated information products</b></li> </ul>
Unclear terms and conditions of access to data	<ul style="list-style-type: none"> <li>➤ <b>define rules on access to data, including confidentiality, pricing, etc.</b></li> <li>➤ <b>develop mechanism for data exchange</b></li> </ul>
Lack of computer-based databases available on-line	<ul style="list-style-type: none"> <li>➤ <b>develop capacity to provide on-line access to data</b></li> </ul>
Data gaps occur widely, partly due to new approaches pursued under the CBD which require more comprehensive data to be gathered and processed	<ul style="list-style-type: none"> <li>➤ <b>mobilize and create new capacity to analyze data and information needs</b></li> <li>➤ <b>develop capacity for data collection and processing</b></li> </ul>
Lack of financial and human resources to convert old data into computer-based formats and organize them	<ul style="list-style-type: none"> <li>➤ <b>strengthen capacity to convert and organize old biodiversity data</b></li> </ul>

## Monitoring

109. Monitoring is inevitable for assessing the status of and trends in biodiversity. However, no EECA country has a functioning monitoring system of biodiversity. Wildlife monitoring is usually expected to be coordinated through environmental ministries responsible for nature conservation, however, conceptual difficulties in designing monitoring systems, including selection of indicators, lack of skilled personnel, lack of monitoring equipment, insufficient logistic support hinder both establishing the system and its proper operation. Some sectors operate monitoring system of certain biodiversity components tailored to their specific sectoral needs, however, results thereof are not adequately used in integrated analyses.

Capacity constraints	Capacity needs
Conceptual difficulties in designing monitoring systems, including designing of indicators	<ul style="list-style-type: none"> <li>➤ <b>develop capacity to design a monitoring system of biodiversity elaborating on existing monitoring capacities within the country</b></li> <li>➤ <b>develop system of biodiversity indicators</b></li> </ul>

Insufficient allocation of funds to ensure operation of monitoring systems	➤ <b>develop capacity to finance monitoring systems and/or increase financing through the Government budget</b>
Lack of skilled personnel to carry out monitoring of biodiversity components	➤ <b>develop human capacity to carry out monitoring of biodiversity components</b>
Lack of monitoring equipment	➤ <b>develop capacity to finance monitoring systems and/or increase financing through the Government budget</b>
Insufficient logistic support hinders operation of monitoring where it exists	➤ <b>strengthen logistic support to monitoring systems</b>

## Human Resources

110. Availability of human resources for conservation and sustainable use of biological diversity within the country is influenced by a number of factors including, but not limited to, quality of education and professional training, attractiveness of certain professions, pay and incentive systems in different sectors, etc.

<b>Capacity constraints</b>	<b>Capacity needs</b>
Lack of qualified staff in the public sector as a result of the pay and incentive systems	➤ <b>develop targeted policies to sustain/attract qualified experts to work within the public sector</b>
Lack of opportunities for decision makers to receive training in novel concepts relevant to sustainable development, including biodiversity conservation	➤ <b>develop training schemes targeted at different levels of decision makers regarding conservation and sustainable use of biodiversity</b>
Gaps in curricula at all academic levels: <ul style="list-style-type: none"> <li>▪ environmental education lacks economic background</li> <li>▪ education in social and economic fields lacks background on environmental issues and thus general level of understanding of linkages between the environment and development is low and consequences of biodiversity loss are not understood</li> </ul>	<ul style="list-style-type: none"> <li>➤ <b>develop or adapt existing curricula at all academic levels so that:</b></li> <li>➤ <b>environmental education also includes economic subjects</b></li> <li>➤ <b>social and economic education also include subjects relevant to environmental protection and sustainable development alternatives</b></li> </ul>
Lack of qualified lecturers in certain fields, particularly in environmental policy and economics	<b>create/strengthen capacity of teachers within academic institutions</b>

## *Processes and Relationships*

111. Capacities relevant to processes and relationships include communication, coordination, participation, implementation of the Rio Conventions on the district and local levels and awareness.

### **Coordination**

112. Coordination is necessary so that:

- (a) existing capacities are effectively utilized, and
- (b) activities which act contrary to biodiversity objectives are eliminated.

<b>Capacity constraints</b>	<b>Capacity needs</b>
Insufficient mandate of mechanism to coordinate implementation of CBD on national level, (where it exists)	<ul style="list-style-type: none"><li>➤ <b>strengthen capacity of a national biodiversity coordination mechanism</b><ul style="list-style-type: none"><li>▪ <b>to participate through the consultative process in policy and decision making processes</b></li><li>▪ <b>to cover all the biodiversity relevant processes in the country</b></li></ul></li></ul>
Insufficient secretarial (and logistic) support to biodiversity coordination mechanism	<ul style="list-style-type: none"><li>➤ <b>strengthen secretarial (and logistic) support to coordination mechanism</b></li></ul>
Absence of mechanism to coordinate implementation of CBD (in some countries)	<ul style="list-style-type: none"><li>➤ <b>create a mechanism to coordinate actions for the conservation and sustainable use of biodiversity to ensure that:</b><ul style="list-style-type: none"><li>▪ <b>conflicts in implementation of CBD are eliminated or reduced</b></li><li>▪ <b>gaps in implementation are minimized, and</b></li><li>▪ <b>overlaps in implementation are eliminated</b></li></ul></li></ul>

## Communication

113. Communication is a key tool for consensus building.

Capacity constraints	Capacity needs
Communication between stakeholders and Governments fragmented or inadequate	➤ <b>strengthen communication skills at all levels of administration</b>

## Implementation on District and Local Levels

114. Success of the implementation of CBD depends in many cases on the implementation on the local levels where people interact directly with their surrounding environment. This puts a number of challenges on the EECA countries, particularly in the process of decentralization of decision making powers and responsibilities.

Capacity constraints	Capacity needs
Diminishing capacities for conservation and sustainable use of biodiversity, including skilled staff, funds, etc. from the national to the local level	<ul style="list-style-type: none"><li>➤ <b>strengthen capacities, particularly human and financial resources, at the district level to enable it to transfer national biodiversity priorities to the local level</b></li><li>➤ <b>strengthen capacities of local governments, NGOs, local businesses and other local actors to enable them to develop and implement local sustainable development policies which would also address conservation and sustainable use of biological resources</b></li></ul>

## Participation

115. Participation of non-governmental stakeholders in policy and law making processes is a precondition to gaining the ownership of relevant policy instruments and thereby ensuring their implementation.

<b>Capacity constraints</b>	<b>Capacity needs</b>
Inadequate access of non-governmental stakeholders to the biodiversity planning process	➤ <b>adapt planning process to provide for adequate participation of non-governmental stakeholders in that process</b>
Insufficient skills of non-governmental stakeholders in planning	➤ <b>develop or strengthen skills of non-governmental stakeholders so that they become equal participants in the planning processes</b>
Inadequate interest of non-governmental stakeholders in the planning processes due to lack of familiarity with CBD and thus low understanding of a range of “stakes” which the CBD covers	➤ <b>increase familiarity of non-governmental stakeholders with CBD to gain their interest to participate in the biodiversity planning</b>

## **Awareness**

116. Pertaining low awareness of challenges of global biodiversity actions concerns particularly general public and decision makers.

<b>Capacity constraints</b>	<b>Capacity needs</b>
Lack of public awareness programs	<ul style="list-style-type: none"> <li>➤ <b>develop effective awareness programs for general public</b></li> <li>➤ <b>strengthen capacity of NGOs to carry out awareness programs</b></li> <li>➤ <b>develop training schemes for farmers (new landowners) on sustainable land use practices</b></li> </ul>
Lack of qualified environmental journalists	➤ <b>strengthen capacity of media in addressing environmental issues</b>
Insufficient promotion of positive demonstration projects	➤ <b>promote successful stories about application of relevant conservation and sustainable measures among public and decision makers, particularly those generating benefits to local population</b>

## Capacity Development Needs at the Institutional Level

117. At the institutional level, capacity development focuses on the overall organizational performance and functioning capabilities of the single institution, as well as its ability to adapt to change. It aims to develop the institution as a total system, including individuals, groups and the organization itself.

118. The institutions with responsibility for implementing the activities relevant to the commitments under CBD vary greatly in their authority and resources in the EECA countries. Effectiveness of their work suffers from overall **changes of political, administrative and social systems** which the region has been undergoing. These are, at the same time, **main causes of changes or imbalances of their institutional mandates**.

119. Management of human, information and financial resources in public institutions is influenced by the capacities on the system level such as salary structures, budgetary allocations, procedures, responsibilities as well as skills and abilities of individuals. For instance, the public sector in the EECA is characterized by a **certain imbalance of institutions in favor of technical capacities and to the detriment of capacities oriented at social sciences**.

120. **Environmental sector** has **emerged in the last decade** as a clearly recognized sector in the EECA countries and the coordination of CBD activities usually rests with the ministry responsible for the environmental protection. A number of **institutions** have changed their mandates and missions, many of them have been privatized, but **they all need to adapt to the conditions of the market economy**, where competition for financial resources has become a driving force in making decisions on their activities and a cardinal question of their institutional survival.

121. Many universities and research institutions suffer **from rapid decline in funding both science and education in the last decade**.<sup>37</sup> However, fundraising effort and struggle for survival may have a negative impact on the fulfillment of their missions and mandates, since accessibility of funds has become a criterion overruling the needs for research in certain areas. *“Under such conditions and with the supposition that the conservation and sustainable use of biodiversity is a strategic question, a clear appointment of the tasks would be necessary, followed by a strict accounting. The market system must function in this respect as well, which means that failure of the accomplishment as well as delayed or insufficient implementation of the undertaken tasks should bring about serious financial and other consequences”* (Turcsanyi, 2000).

122. Establishment of the new independent states caused breakdown of institutional frameworks which had been developing for decades and resulted in **institutional gaps in some countries**. The gaps occur especially in the former Soviet Union countries which at the same time belong to the least

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<sup>37</sup> As a paradox, both science and education were financed quite satisfactorily during the totalitarian regimes. However, at that time they were strongly influenced by the communist ideology.

developed countries within the region.<sup>38</sup> For them, foreign assistance in setting up the new institutions needed for implementation of CBD is inevitable.

123. The above-mentioned deficiencies at the institutional level also occur in private institutions as a consequence of the centrally managed economic system with the prevailing role of the public sector in the past and lack of experience of managing institutions in conditions of market pressures. Below are details of certain problems and needs at institutions.

### Management of Institutions

Capacity constraints	Capacity needs
Lack of qualified and properly skilled personnel to manage institutions in the condition of market economy resulting in weak management, oversight and enforcement	<ul style="list-style-type: none"> <li>➤ <b>strengthen the management capacity of the institutions to adapt to new political, economic and social situation in the country</b></li> <li>➤ <b>create capacities to perform regular independent audits of management quality of public institutions</b></li> </ul>
Managerial positions are staffed with persons associated with ruling Party(ies)	<ul style="list-style-type: none"> <li>➤ <b>develop capacities to manage public campaigns towards increasing transparency in selection procedures for managerial staff</b></li> </ul>

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<sup>38</sup> And their overall economic performance is according to economic indicators, on the level of developing countries.

## Staff Management Policies

Capacity constraints	Capacity needs
Salary structures and incentives systems within the public institutions does not affect the individuals motivation positively	➤ <b>adapt the pay and incentive systems within the public institutions to promote excellence</b>
Management systems do not reward individual initiative and achievements and this do not create an environment for effective use of individual skills	➤ <b>strengthen staff management systems to work towards efficient use of individual skills</b>
Common lack of certain professions working in the area of biodiversity due to deficiencies in education system	➤ <b>strengthen education system through strengthening capacity of teachers and improving curricula</b>
Lack of functional teams within the institutions	➤ <b>develop incentives for team work thus allowing for more efficient work of the institution</b>

## Financial Resources

Capacity constraints	Capacity needs
Public institutions in general and, particularly those of environment, education and research sectors tend to be underfunded to the extent that it hinders their effective functioning	➤ <b>develop understanding of the need of shifts in the Government budget in favor of financing the environmental, educational and research institutions involved in activities for conservation and sustainable use of biological diversity</b>
Insufficient opportunities for alternative financing through the existing institutional framework of biodiversity projects	➤ <b>develop measures to stimulate alternative financing, including by private sector and local financial institutions, of biodiversity projects</b>
Insufficient capacity of existing institutions to finance environmental projects	▪ <b>create new financial mechanisms on the national, district or community levels to provide soft loans, or where possible grants, for biodiversity projects</b>

## Infrastructure

Capacity constraints	Capacity needs
Insufficient funding of single institutions limit purchase of new and maintenance of existing equipment as well as access to conventional information sources like journals, books, etc., and to data which are subject to charge	➤ <b>strengthen allocation of funds within the institution's budget for infrastructure and for access to information</b>
Many institutions, particularly in rural areas, but also central institutions in the countries with lower economic performance (mostly countries of the former Soviet Union), do not have access to modern means of communications	➤ <b>create communication infrastructure in institutions working in the area of global environment</b>

124. Accordingly, the strengthening of the capacities at the institutional level will require changes to be happening at the systemic level and developing of awareness, expertise and skills of individuals. Priority capacity development interventions in terms of strengthening the supply of resources, whether human or financial, and improvement of the infrastructure should be directed at the different types of institutions to develop their capacities to:

- (a) coordinate the CBD activities within the country and ensure proper linkages with other biodiversity-related conventions and with UNFCCC and CCD;
- (b) coordinate and facilitate foreign aid;
- (c) perform functions of the clearing-house mechanism;
- (d) manage public awareness campaigns;
- (e) provide high-quality education in environmental economics and politics;
- (f) draft and enforce laws relevant to conservation and sustainable use of biodiversity;
- (g) provide commercial financing of projects related to conservation and sustainable use of biodiversity;
- (h) carry out biodiversity inventories and identify status of biodiversity components;
- (i) enforce in-situ conservation of biodiversity;
- (j) assess and manage risk posed by GMOs and implement procedures required by the

Cartagena Protocol on Biosafety; and

- (k) manage access to the country's genetic resources.

125. Within the above-mentioned areas it is necessary to **identify a core set of activities** of strategic importance, implementation of which **has to be ensured through the Government institutions** and subsequently strengthen the Government sector accordingly. However, **conditions** have to be created **to develop institutional capacities of non-governmental sectors** to implement the others.

### **Priorities and Needs for Developing Individual Capacities**

126. Capacity at the individual level refers to the process of changing attitudes and behaviors, imparting knowledge and developing skills, while maximizing the benefits of participation, knowledge exchange and ownership.

127. Inadequacy of capacities on the level of individuals have been confirmed a number of times as hindering the implementation of CBD.

128. Some general features of individual capacities have been observed throughout the EECA region which are the following:

- (a) general level of knowledge and technical skills among decision makers concerning the country's biodiversity is satisfactory;
- (b) managerial and communication skills are insufficient at all levels of administration;
- (c) scientific capacity is generally available;
- (d) critical is lack of certain professions working in the area of the global environment namely: environmental economists, environmental layers, professional negotiators at international forums, potential developers and bank analysts concentrating on economic and financial analysis of environmental projects;
- (e) consultants in CBD-relevant fields are just emerging in the majority of countries and can be supported by appropriate training and information;
- (f) lack of training opportunities is a general phenomenon; and
- (g) gender concern is not considered to be an issue within the EECA region.

## Erudition and Experience of Selecting an Effective Combination of Instruments in the Planning Process

Capacity constraints	Capacity needs
<p>Individuals have little knowledge of and experience with different tools of environmental protection, particularly with those applicable in the market economies. The reasons are the following:</p> <ul style="list-style-type: none"> <li>▪ there has been more experience of the command and control approach, which is mainly a result of historical tradition during the era of the centrally planned economies</li> <li>▪ economic education appropriate for a market economy framework has only been available in the last decade</li> <li>▪ access to education in environmental economics and policy is still very scarce</li> <li>▪ human resources in this area are rather restricted, and there are difficulties with finding lecturers</li> </ul>	<ul style="list-style-type: none"> <li>➤ <b>develop capacities to transfer developed countries' experience with different tools of environmental protection (especially economic ones)</b></li> <li>➤ <b>develop capacity to carry out specialized training in environmental policy. instruments and regulation for decision makers</b></li> <li>➤ <b>adapt university level of education to prepare professionals in environmental planning in the conditions of market economy</b></li> <li>➤ <b>develop individual capacities that can provide education, training programs and seminars in this area</b></li> </ul>

## Enforcement of Policy Instruments

Capacity constraints	Capacity needs
<p>Institutions responsible for overseeing the implementation of the national instruments often do not have skilled and trained personnel to enforce fulfillment of the requirements</p>	<ul style="list-style-type: none"> <li>➤ <b>develop individual capacities to enforce policy instruments</b></li> </ul>

## Access to and Effective Utilization of Funds

Capacity constraints	Capacity needs
<p>Lack of capacity of all sectors, including local communities, to negotiate with donors funding of biodiversity projects due to :</p> <ul style="list-style-type: none"> <li>▪ lack of awareness of access to funds provided by different donors</li> <li>▪ insufficient skills to negotiated funding arrangements</li> <li>▪ language barrier</li> </ul>	<ul style="list-style-type: none"> <li>➤ <b>develop awareness of funding opportunities among different stakeholders</b></li> <li>➤ <b>develop skills to negotiate funding arrangements</b></li> </ul>
<p>Insufficient skills to identify, prepare, finance and implement the projects</p>	<ul style="list-style-type: none"> <li>➤ <b>develop training opportunities for different stakeholders to develop skills to identify, prepare and manage projects which supports the objectives of CBD</b></li> </ul>
<p>Insufficient capacity of aid coordination centers (political interventions also influence the efficiency of the performance of the aid coordination centers)</p>	<ul style="list-style-type: none"> <li>➤ <b>strengthen capacities of individuals for aid coordination</b></li> <li>▪ <b>in recipient countries coordination is needed of the aid received</b></li> <li>▪ <b>in emerging EECA donor countries capacity should be developed to manage ODA</b></li> </ul>

## Data Collection, Information Management and Reporting

Capacity constraints	Capacity needs
<p>Shortage of specialists to carry out inventories of biological diversity and to identify the status and trend of its components</p> <p>Shortage of specialist in data processing and information management</p> <p>Insufficient capacity to prepare national reports as required by the CBD Article 26</p>	<ul style="list-style-type: none"> <li>➤ <b>develop capacity of individuals to collect data on biodiversity and identify the status and trends of its components. In particular, capacity to enhance knowledge of genetic biodiversity should be strengthened.</b></li> <li>➤ <b>Develop capacity of individuals to process data relevant to conservation and sustainable use of biological diversity and for information management</b></li> <li>➤ <b>develop capacity of individuals to prepare focused national reports required by Article 26 of CBD</b></li> <li>➤ <b>improve access to and quality of the information required for the purposes of the CBD Article 26</b></li> </ul>

## Communication

Capacity constraints	Capacity needs
<p>Little experience with public discussions and involvement of stakeholders in decision making processes due to</p> <ul style="list-style-type: none"> <li>▪ historical reasons</li> <li>▪ underestimation of the importance of communication for consensus building</li> </ul> <p>Lack of opportunities to gain communication skills</p>	<ul style="list-style-type: none"> <li>➤ <b>gain the interest of decision makers to develop the “art of communication,” <i>inter alia</i>, by demonstrating successful stories of problem solution</b></li> <li>➤ <b>develop capacities to generate communication skills among decision makers</b></li> </ul>

## Awareness

129. In the EECA countries, awareness of individuals regarding the challenges and opportunities of the conservation and sustainable use of biological diversity is still insufficient. Low awareness is not a weakness of the general public only but of decision makers as well.

Capacity constraints	Capacity needs
Lack of experience with managing public awareness campaigns	<ul style="list-style-type: none"> <li>➤ <b>develop capacities to manage public awareness campaigns focused on the issues relevant to conservation and sustainable use of biodiversity</b></li> <li>➤ <b>develop training opportunities for journalists aimed at increasing their understanding of the global environmental problems, biodiversity in particular</b></li> </ul>
Biodiversity concept, is a rather new to politicians and decision makers	<ul style="list-style-type: none"> <li>➤ <b>develop capacity to ensure that different levels of decision makers shall be informed of development of the international agenda including that pursued under CBD</b></li> </ul>

## Concluding Remarks

130. From the above analyses we have concluded that main focus of capacity development for conservation and sustainable use of biological diversity has to be focused on:

- (a) **awareness raising both of all sectors and general public,**
- (b) **strengthening the processes aimed at translation of CBD–relevant commitments into actions at the national, district and local levels , and**
- (c) **developing capacities to mobilize, or where necessary create, human, financial and information resources.**

131. Furthermore, to make the capacity development process more efficient it is necessary to take the opportunity of synergies with other biodiversity-related conventions, and with UNFCCC and CCD.

### **Current Efforts to Address Capacity Needs at Local, Provincial, National and Regional Levels**

132. There are numerous efforts currently implemented in the EECA region, which are focused on developing capacities to address implementation of CBD.

133. Several countries from the EECA region still continue in developing national biodiversity strategies and action plans. That countries which have already finalized them, have to ensure the involvement and acceptance of all sectors and organizations in implementing biodiversity objectives. However, a number of countries are concerned with developing capacities to implement their NSBAPs. In this effort, GEF additional funding will be available for assessing capacity building needs and defining country specific priorities from among the priorities determined by the COP.

134. Excessive effort continues to fill both gaps and loopholes in biodiversity-relevant legislation. This is a particular concern of accession countries, in order to further advance the process of approximation to the “*Acquis Communautaire*.” The European Union has taken a number of initiatives to further support the applicant countries by preparing them for accession. Part of this is the up-coming ISPA initiative (Instrument for Structural Policies for Pre-Accession), which will be implemented in the period 2000-2006 and will be targeted at development the environmental legislation.

135. To strengthen *in-situ* conservation of biodiversity, planing for Ecological Networks pursued by the Pan-European Biological and Landscape Diversity Strategy is underway. Ecological Networks are designated on the national, district and local levels. Some countries, for example the Czech and Slovak Republics have recognized ecological networks in their respective nature conservation legislation as an important approach to area based conservation.

136. *In-situ* conservation is further supported through preparation for establishment Natura 2000 Network, which is an important part of the pre-accession process. In doing that, candidate countries comply with Birds and Habitats Directives of the EU. To this end, biodiversity data are mobilized and conservation importance of the respective areas is going to be determined.

137. Different universities have included ecological restoration into their curricula to develop capacities for restoration of damaged ecosystems. Restoration methods are being developed/adapted for different types of ecosystems in the EECA region.

138. In the area of biosafety, development of national frameworks for addressing assessment and management of risks posed by GMOs has started in some countries and will have to continue in the near future with special regard to developing capacities for implementation the Cartagena Protocol on Biosafety.

139. In response to the CBD Articles 7 and 26, majority of countries have made, based on the available information, a rapid assessments of their biodiversity status. Currently effort is made to identify proper indicators to monitor trends in biodiversity and effectiveness of measures adopted for the implementation of CBD.

140. Formulation of access and benefit-sharing mechanisms have started in some countries of the EECA region.

141. Another EU initiative SAPARD - Special Assistance Program for Agriculture and Rural Development supports relevant social and economic reforms addressing agriculture, forestry and rural development in accession countries.

142. Through its TEMPUS PHARE Program, the EU provides funding to a number of projects aimed at developing of individual skills in the area of biodiversity through provision of higher education schemes. The program is still effective. For example, since 1999 a project is implemented through the Comenius University in Bratislava, Slovak Republic, which is aimed at developing distance learning course on biodiversity conservation and relevant sectoral law for civil servants and NGOs, and promotion of partnership and cooperation among biodiversity-relevant institutions.

143. As a part of the overall democratization process, a number of activities is being devoted to promotion of public participation in planning and decision making processes and strengthening capacities of NGOs in addressing biodiversity issues.

### **Lessons learned from capacity building efforts**

144. In the area of biodiversity, a number of projects, funded through multilateral donors<sup>39</sup> as well as on the basis of bilateral agreements have been implemented within the EECA region in the last decade. They not only contributed to strengthening the capacity of single countries in the area of biodiversity but, at the same time, they provided lessons which should be considered if the future projects are to be more efficient.

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<sup>39</sup> Among others the World Bank Group, GEF, EU, UNEP, UNDP.

145. As a general statement it has to be pointed out that a **stable political framework** create a **conditions for sustainability** of capacities, which is probably the most critical issue with which both beneficiaries and donors are concerned. It is therefore clear that **certain aspects of the success of capacity development strategies go beyond the scope of the effort itself.**

### **Enabling Environment**

146. The above-mentioned stability of the political situation itself is not enough. **All the three levels of capacities are interrelated and mutually supportive**, and thus need to be developed in a coordinated manner. However, as the aim of capacity development is the development of a self-motivating process which would take place gradually from within, **priority should be placed on the systemic approach to capacity development.** That means creating a framework of sustainable capacities so that the potential biodiversity projects would be implemented without any further special help.

### **Balancing Program- and Project-based approaches**

147. Low level of programmatic approach towards building capacities to address biodiversity loss has been commonly observed. The **project-based approach (“opportunity approach”)** still widely prevails. This approach sometimes results in implementing lower priority projects (based on the opportunity). It is also challenged with a need for longer-term effort to ensure both substantial improvement and sustainability of targeted capacity. However, **project-based approach is inevitable, to overcome urgent capacity development needs.**

### **Seeking for Synergy**

148. A number of initiatives at the country level have been aimed at setting **the national priorities in biodiversity** in the last decade. These resulted in National Environmental Action Plans, Biodiversity Strategies as well as other instruments like forestry or agricultural strategies, etc., which provide a framework for national implementation, as well as for negotiations with donors of development assistance. However, they usually **do not properly consider priorities in other sectors** (and vice-versa) and sometimes represent rather ambitious wish lists of actions compared to the economic possibilities of the country. Capacity development interventions could be strengthened if they were directed to the areas where **environmental priorities can be linked to other national priorities** as the needs for social and economic development.

149. Furthermore, within the overall framework of policy making, planning and implementation of the CBD there are several core activities, for example awareness raising, education, reporting, data gathering and inventories, public participation, research and training, which are particularly amenable to search for **synergies with other Conventions** - UNFCCC and UNCCD, other global or regional

biodiversity conventions. These have to be considered in any effective capacity development strategy.

## Coordination

150. Lack of coordination of development assistance has been observed both on the country level and among donors. This often led to duplication on the one hand and kept deficiencies on the other. Biermann (2000), in his policy paper The Case for the World Environment Organization is of the opinion that *“the system of financing global environmental policies suffers from an adhocism that does not meet the requirements of transparency, efficiency, and participation of the parties involved,”* and states that *“shortcomings of the present state of global environmental governance (are): deficiencies in the coordination of distinct policy arenas; deficiencies in the process of capacity building in developing countries; and deficiencies in the implementation and further development of international environmental standards.”*

### BOX 8: LATVIAN EXPERIENCE WITH BIODIVERSITY PROJECTS

*Currently, there are more than 20 projects related to biodiversity in Latvia, starting with elaboration of management plans for different territories an ending with project designated to protect bats population. These projects are financed through various bilateral agreements and international organizations. However, much of the assistance that has been provided, has not been coordinated among donors and this has often led to duplication and gaps in Latvia’s approach to address the need to preserve the country’s biological diversity in a sustainable and effective manner.<sup>40</sup>*

151. **Lack of coordination** also **decreases opportunities for synergy** which coordinated implementation of the Rio Conventions Agreements as well as other relevant international instruments may produce. This tends to be a more costly solution.

152. Inter-institutional coordination is critical to success of “green” projects, which given their cross-cutting nature many require involvement of various agencies, often pertaining to different sectors.

## Monitoring of Capacity Development

153. Absence of project implementation indicators or definition of general indicators only do not allow proper identification of the success, cost-effectiveness and basic usefulness of the capacity developed.

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<sup>40</sup> Project document LAT/97/G31/A99 - Support to the Development of Latvia’s National Biodiversity Strategy, Action Plan and Country Report to the Conference of the Parties to the Convention on Biological Diversity.

## Participation

154. Involvement of a broad range of stakeholders, including the private sector throughout the whole project cycle is **inevitable to gain** their **commitment** for proper utilization and further development of the capacity.

155. Concerning participation by beneficiary in financing capacity development interventions, particularly through grants, it is felt that **commitment to in-kind contribution** (as a solution to budgetary constraints) **does not produce sufficient level of commitment to capacity** itself (easy come easy go).

## Country-specific Knowledge

156. **In green projects** knowledge of local ecosystems and understanding of local legislative and administrative frameworks **is critical to success**.

157. It is therefore important to find a balance between utilization of external know-how and technology (which is still needed in many areas) and engaging domestic capacities. Lack of consultants in the past within the region and promotion by donors of international consultants who did not have sufficient understanding of the local conditions,<sup>41</sup> and/or due to language barrier were unable to communicate effectively with the local stakeholders sometimes went to the detriment of a project. Furthermore, the costs of such services were high and the funds could have rather been used for developing capacity locally.

158. Currently, there is a growing national expertise and local consultancy is emerging. To make better use and support further development of this potential, **donor flexibility in financing** regional networking **would be helpful**.

## Development of Individual Capacities

159. In this regard, the pay and incentive system is a critical element since it affects each individual's performance, motivation, willingness to remain in the public sector or even in the country.

160. In the EECA countries, salaries of public-sector staff are often a small proportion of alternative earnings in the private sector.<sup>42</sup> Unless the respective policies are changed, it is unlikely that capacity

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<sup>41</sup> Majority of the “international” consultants had good experience from working in developing countries, while their had no or limited experiences in the EECA region.

<sup>42</sup> Considering extremely low level of financing the public sector staff within the EECA countries, in many countries not exceeding 100 US dollars per month (even this figure is optimistic, on sub-national levels and in technical and

development strategies in the public sector will be successful.

### **Best Practice**

161. Application of best practice in capacity development is possible since the recent experiences have provided a number of lessons in this respect. Besides the modes of the capacity development interventions, the selection of the audience to be trained under specific schemes is also important. For example, it is critical to ensure that management staff will not be taking part in a training focused on development of certain technical skills and vice-versa.

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scientific institutions credible experts are paid some 40-50 US dollars per months), private sector easily affords 50 - 100% higher wages.

## CHAPTER 4: ASSESSMENT OF CAPACITY DEVELOPMENT NEEDS AT THE COUNTRY LEVEL TO MEET OBJECTIVES OF GLOBAL CLIMATE CHANGE ACTIONS

### National Commitments of Eastern European and Central Asian Countries under the UN Framework Convention on Climate Change

162. UNFCCC includes commitments for all signatory Parties and additional commitments for the **Annex I** countries (industrialized countries plus the countries with economies in transition of Central and Eastern Europe) and **Annex II** countries (only industrialized countries). The countries of the EECA region belong partly to the Annex I countries and partly to the non-Annex countries.

163. All countries in the EECA region have certain commitments to UNFCCC. The non-Annex countries have a chance to receive support from Annex II countries, as they have committed themselves to support non-Annex countries with their commitments under UNFCCC.

**Table 1: Status of the EECA countries according to UNFCCC**

<i>Countries that have ratified the Framework Convention on Climate Change</i>			
<b>Annex I countries</b>		Non-Annex countries	
<b>Belarus</b>	Lithuania	Albania	Macedonia
<b>Bulgaria</b>	Poland	Armenia	Malta
<b>Croatia</b>	Romania	Azerbaijan	Moldova
<b>Czech Republic</b>	Russian Federation	Georgia	Tajikistan
<b>Estonia</b>	Slovak Republic	Kazakhstan	Turkmenistan
<b>Hungary</b>	Slovenia	Kyrgyz Republic	Uzbekistan
<b>Latvia</b>	Ukraine		
<b>Countries not on the ratification list of the Framework Convention on Climate Change</b>			
(as of May 25, 2000)			
<b>Annex I countries</b>		Non-Annex countries	
<b>Turkey<sup>43</sup></b>		Bosnia and Herzegovina	

#### *Main commitments*

164. **All Parties** to UNFCCC are committed to:

<sup>43</sup> Turkey also belongs to the group of Annex II countries.

- (a) development of national inventories of greenhouse gas emissions,
- (b) adoption of programs to mitigate climate change,
- (c) international cooperation in climate-related research,
- (d) exchange of information and technology and promotion of education,
- (e) public awareness,
- (f) training of specialists, and
- (g) communicate information related to the implementation to the Conference of Parties through the “national communications” (including national inventory of GHG anthropogenic emissions and a general description of steps taken).

165. Parties included in **Annex I** will have to:

- (a) **adopt national policies** and take corresponding measures to limit the anthropogenic emissions of greenhouse gases and protect and enhance its greenhouse gas sinks and reservoirs,
- (b) submit a **first communication** within six months of the entry into force of UNFCCC, and periodically thereafter, and
- (c) include a detailed description of policies and measures and specific estimates of the effects of those policies and measures in the national communications.

166. Parties included in **Annex II** shall **provide new and additional financial resources:**

- (a) to meet the agreed full costs incurred by developing country Parties in complying with their commitments regarding preparation of national communications, and
- (b) to meet the costs of implementing climate protection measures by the developing country Parties.

***Additional commitments of the Kyoto Protocol***

167. **Annex I countries** have the following commitments towards climate change protection and sustainable development:

- (a) implementation of energy efficiency measures,
- (b) promotion of renewable energy sources,
- (c) enhancement of sinks and reservoirs, and
- (d) reduction of market imperfections.

168. Each **Annex I Party** shall incorporate in its national communication:

- (a) **an annual inventory of anthropogenic emissions** by sources and removals by sinks of greenhouse gases, and
- (b) **information to demonstrate the compliance with its commitments** under this Protocol.

169. Article 3 of the Kyoto Protocol commits **Annex I** countries to **decrease their aggregate emissions of greenhouse gases by at least 5 per cent** below the 1990 levels in the commitment period 2008 to 2012 (see table below). This reduction will be based on the net changes in GHG emissions by sources and removals by sinks. Emission reduction or limitation targets are based on the sum of six greenhouse gases.<sup>44</sup>

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<sup>44</sup> Carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF<sub>6</sub>).

**Table 2: The specific targets for the Central and Eastern European Annex I countries (Kyoto Protocol - Annex B)**

<b>Party</b> (Emission reduction commitment as percentage of base year*)	
Bulgaria (92)	Poland (94)
Croatia (95)	Romania (92)
Czech Republic (92)	Russian Federation (100)
Estonia (92)	Slovakia (92)
Hungary (94)	Slovenia (92)
Latvia (92)	Ukraine (100)
Lithuania (92)	

\*The **base year** for the greenhouse gas emission reduction or limitation targets will be 1990. Countries with economies in transition will have the possibility to choose another base year, which has to be mentioned in their first national communications

170. The principle of **Joint Implementation** is defined as follows:

- (a) Joint Implementation gives **Annex I countries** the possibility to acquire from any other such Party emission reduction units resulting from projects aimed at reducing greenhouse gas emissions by sources or enhancing anthropogenic removals by sinks of GHG, and
- (b) Joint Implementation will make it possible to reach GHG emission reductions in those countries where the lowest abatement costs exist.

171. GHG emission projections of some countries indicate that:

- (a) in some countries use of mitigation measures will be necessary to meet the Kyoto targets, and
- (b) in other countries the projected emissions are well below the Kyoto targets, thus giving a space for possible cooperation between Annex I countries through Joint Implementation.

172. The purpose of the **Clean development mechanism** is defined as following:

- (a) to assist **non-Annex I Parties** in achieving sustainable development and in contributing to the ultimate objective of UNFCCC, and
- (b) to assist **Annex I Parties** in achieving compliance with their quantified emission

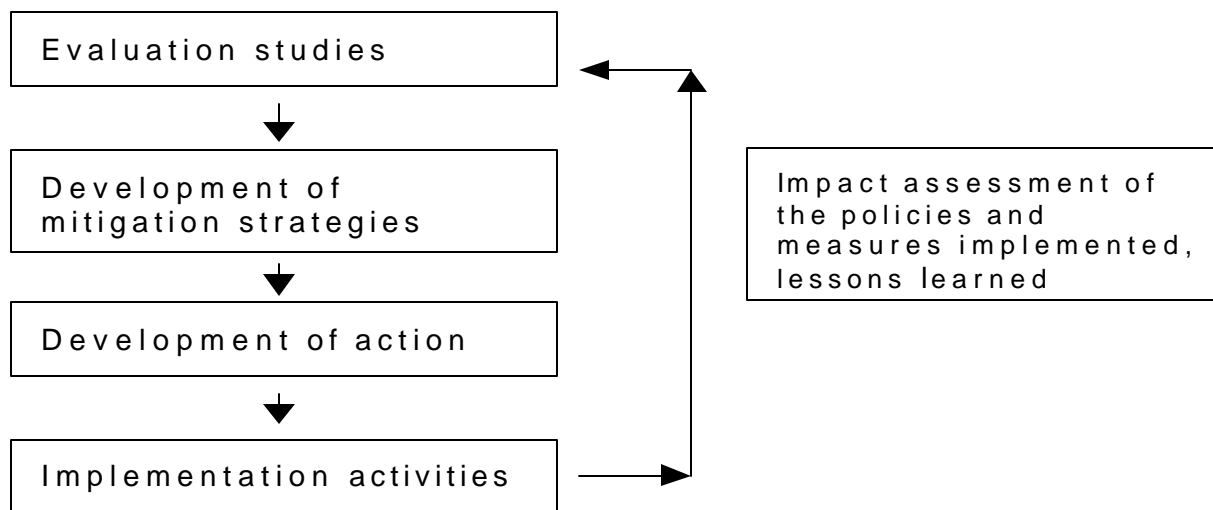
limitation and reduction commitments under Article 3.

## National Priorities and Processes for Addressing Climate Change and UNFCCC Commitments

### *The process of Addressing Climate Change and UNFCCC Commitments*

173. The process of addressing Climate Change and UNFCCC commitments is usually carried out in the following phases:

1. Evaluation studies, which on the basis of emission inventories and emission projections analyze the utilizability of various measures and their expenditure analysis – expert analysis;
2. Development of mitigation strategies and national action plans – political process; and
3. Implementation activities – administrative, technical and financial process.



174. There are differences between individual countries of the region, both in the quality and extent to which they have progressed in the **process of addressing climate change**. In general, it can be said that:

- (a) evaluation studies have been carried out in varying depth in all countries of the region, and
- (b) comprehensive strategies or national actions plans are still in the development stage in most countries.

175. In the area of **implementation activities**, there are:

- (a) more experience of applying individual isolated regulatory measures or subsidy programs, and
- (b) limited experience of affecting the market through economic instruments.

*The Main National Objectives in Addressing Climate Change and UNFCCC Commitments*

176. With regard to the fact that fuel combustion in the **sector of energy and transformation** is the single largest source of GHG emissions in the region, the main national objectives in the climate change protection are very similar across the region:

- (a) higher energy efficiency, and
- (b) higher utilization of renewable energy sources.

177. These are often expected to lead to the fulfillment of general environmental, economic and energy policy priorities:

- (a) mitigation of the negative environmental effect from the energy cycle,
- (b) economic competitiveness of domestic producers, and
- (c) providing energy supply stability and security.

178. However, increasing energy efficiency, be it on the part of energy production or on the part of final consumption, as well as increasing the share of using renewable energy sources is **a process which entails significant investment**, in particular in efficient technologies.

In the countries of the region, investment in CC measures has so far had:

- (a) high share of financing from state /international institution funds, and
- (b) low share of co-financing from commercial subjects.

179. A long-term objective should be the establishment of an environment which would stimulate the maximum possible share of financing by commercial subjects. Generally, it can be said that the **existing legislative and regulatory framework in these countries do not sufficiently support development of the market of energy efficiency and renewable sources**, examples being energy price subsidies and price distortions. Substantial differences seem to exist among the countries of the region in considering energy efficiency and renewable energy market development support as a national

priority in addressing climate change issues.

180. Despite these systemic barriers, in the EECA countries **many cost-effective energy efficiency improvement opportunities have been identified**, even at current energy and technology cost, while several renewable-energy technologies have become cost-competitive with fossil fuel-based technologies in many applications, or would become competitive if implementation costs could be lowered through practical experience and commercialization in the marketplace.<sup>45</sup> In a properly functioning market, these cost-effective opportunities would be able to attract commercial investment. However, **substantial market barriers exist** within the EECA region, which are dealt with in more detail in the sections on capacity needs.

### *National Policies and Measures Introduced or Planned*

181. The reviewed National Communications differ significantly in the approach, coverage and level of detail in which the policies and measures are reported, especially with regard to the possible contribution of a certain measure to GHG emissions reduction in the given country. The status of implementation of planned measures is often not clear, especially when only the NC for 1995 is available.

182. The available National Communications show that national priorities have been set in two forms:

- (a) in terms of objectives to be achieved (e.g. energy efficiency, higher use of RES), and
- (b) in the form of instruments (e.g., CO<sub>2</sub> tax).

183. The range of policies and measures introduced or planned by countries include:

- (a) economic instruments,
- (b) regulatory instruments, and
- (c) information, education and public awareness.

184. **The main stream of policies and measures is targeted at CO<sub>2</sub> emissions in energy transformation and end-use of energy** in the industrial, residential, commercial and institutional sectors.

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<sup>45</sup> IPCC1996,cited in Martinot et al.,1999.

## BOX 9: MEASURES TARGETING CO<sub>2</sub> EMISSIONS

### Cross-sector measures

- **Energy and fuel prices and taxes**: removal of energy prices distortion, differentiated tax for different fuels
- Education, public awareness campaigns
- International cooperation

### Energy transformation

- **Air pollution regulations**, with the primary objective of local air quality improvement, are highlighted by several countries as a tool affecting the amount and share of fossil fuel consumption, thus influencing CO<sub>2</sub> emissions. Fuel switch (especially coal and heavy oil to gas) and increasing efficiency are the main instruments. Allocation of revenues from pollution charges to environmental funds is reported by several countries.
- **Promotion of renewable energy sources and technologies**: a specific feature of the region has been the significant dependence of many countries on imports of energy resources, mostly from Russia. Thus, in several countries increasing the share of domestic energy resources is considered the primary goal of measures. In some of these countries lacking significant domestic fossil fuel resources, greater use of domestic hydro, geo, wind and biomass energy is reported to have had an effect on source diversification as well as GHG reduction. In several countries, air pollution and climate change mitigation are the primary objectives of measures targeted at increasing renewables' utilization. Tax allowances and direct subsidies are among the most frequent instruments.
- **Energy efficiency improvements in production, transmission and distribution**: low efficiency of production mainly due to obsolete equipment, especially old district heating boilers, and great losses during distribution due to poor condition of networks are distinctive features of the region. The most frequent measures are construction or reconstruction of power plants with the use of energy efficient technologies, support of CHP and reconstruction of distribution networks. The instruments include direct subsidies (incl. co-financing, soft loans) and technical assistance. Obligatory heat and electricity cogeneration is considered a possible measure in Slovakia.
- Efficient use of energy in the industrial, residential, commercial and institutional sectors
- **Economic instruments**: tax incentives or subsidies for efficient equipment, in general reported only by the countries with more stabilized economies.
- Economic and technical consultancy.
- **Reduction of energy consumption in buildings** (improvement in thermal insulation of buildings, installation of heat meters, efficient lighting, etc.): regulations and standards for new construction, demonstration projects, investment subsidies, energy audits.
- **Reduction of energy consumption in industry**: pilot projects including energy audits, direct subsidies.
- Standards and labels of appliances.
- Increase in public awareness, information and education regarding the climate change and energy efficiency are among the priorities of all selected countries.

185. Information on the cost of intended measures was reported in National Communications in only a few cases. Cost analysis of mitigation options was carried out for several countries within the framework of the U.S. Country Studies Program. The majority of countries assessing costs identified economically beneficial options. Among the options identified were improving energy efficiency, fuel switching to natural gas and installing hydroelectricity. In addition to these negative-cost options, the

countries identified a number of low-cost options. (U.S. Country Studies Program, 1999)

### ***Identification of Needs and Priorities for Capacity Development by Countries***

186. At its fifth session, the UNFCCC Conference of the Parties, through its decision 11/CP.5, invited the countries listed in Annex I but not included in Annex II to UNFCCC to submit information on their needs and priorities for capacity-building<sup>46</sup> (FCCC/CP/1999/6/Add.1).

187. The submissions by EIT (Economy in Transition) parties on their capacity-building needs and priorities represent a first attempt at better defining these needs and participating in developing a framework within which these needs might be addressed. Given the uniqueness of this exercise, EIT parties indicated their present capacity-building needs in terms of objectives (e.g. improving national inventories, improving preparation of projections) without elaborating in detail on how these objectives might be met (UNFCCC, 2000c).

### **The Overall Environment**

188. The overall context is important for effective application of any environmental policy, but it is even more crucial for climate protection policy because of the considerable potential of projects that could be implemented on the basis of commercial business.

189. The main characteristics creating a general environment favorable for climate change mitigation are the following:

- (a) economic and political stability,
- (b) functioning market economy,
- (c) functioning banking system where credit is accessible,
- (d) appropriate infrastructure,
- (e) enforceable legal system,
- (f) good standards of education and professional training,
- (g) efficient public sector environment, and
- (h) proper level of public involvement.

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<sup>46</sup> By March 1, 2000. The table with compilation of information is contained in Annex 3 to this Report.

190. However, it is not possible to improve significantly economic and political stability and functioning market economy by capacity development for climate change protection. Moreover, the progress in these issues concerns very slow and gradual development. The reason why we have listed the criteria above is to highlight the role of the general conditions for capacity needs assessment:

- (a) the availability of both financial and human resources is strongly influenced by the above-mentioned factors, and
- (b) the level of economic performance and banking system development is important for access to financial sources for climate protection projects.

191. When assessing the situation in countries according to the above-listed criteria, every country has minor or larger problems in almost all of the areas, however, there are substantial differences across the EECA region.<sup>47</sup>

- (a) a more favorable overall environment is reported in most of the countries acceding to the EU;
- (b) a less favorable overall environment can be found in some members of the former Soviet Union; and
- (c) several countries would fall somewhere between these two extremes.

192. Within the region, we find economies where the current priority of many industrial and commercial entities is the struggle for mere survival. In such an unfavorable environment it is difficult to give national priority to the climate change protection, and even harder to achieve the development of sustainable capacities compared to other countries.

193. Within the EECA region, there is considerable potential for cost-effective climate protection activities, especially energy efficiency and renewable energy projects. Most of the potential is not realized due to the institutional gaps, both general and specific for this investment area. The differences can be seen for example from the Standard & Poor's Issuer Credit Ratings in Table 3.

194. The worse the rating, the bigger more serious difficulties the country has with lending from abroad and the higher costs it implies. Although the ratings represent the creditworthiness of the state authority, they are based on indicators important for private investments in projects within the country as well.

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<sup>47</sup> See comparison of GDP per capita as an indicator of economic development on page 12.

**Table 3: Standard & Poor's Issuer Credit Ratings**

<i>Country</i>	<i>Foreign Currency and Outlook</i>	<i>Local Currency and Outlook</i>
Slovenia	A/Stable	AA/Stable
Czech Republic	A-/Stable	AA-/Stable
Hungary	BBB+/Positive	A/Positive
Estonia	BBB+/Stable	A-/Stable
Poland	BBB+/Stable	A+/Stable
Latvia	BBB/Stable	A-/Stable
Lithuania	BBB-/Stable	BBB+/Stable
Croatia	BBB-/Negative	BBB+/Negative
Slovak Republic	BB+/Stable	BBB+/Stable
Kazakhstan	B+/Stable	BB-/Stable
Bulgaria	B+/Positive	BB-/Positive
Romania	B-/Negative	B/Negative
Russia	SD/NM	CCC+/Positive

SD—Selective Default. NM-Not Meaningful.

## Capacity Needs at the System Level

195. Systemic capacity can be understood as an overall country environment favorable for climate change mitigation actions, which significantly affects efficient use and establishment of institutional and individual capacities in the country.

### Interaction and Coordination

Capacity Constraints	Capacity Needs
<p>➤ Efficient use of current capacities is often constrained by insufficient coordination</p> <ul style="list-style-type: none"> <li>• In some countries <b>the institutional responsibilities</b> are not clearly defined and understood.</li> <li>• Mutual <b>communication</b> between individuals and institutions, as well as their interaction and communication with other stakeholders and the public is inadequate.</li> </ul>	<p>➤ In some countries there is a need to establish or enhance an institution at the central national level to coordinate and guide activities for climate change mitigation and adaptation (see the box below).</p> <ul style="list-style-type: none"> <li>• Definitions of clear institutional responsibilities for specific activities are needed (e.g., in Slovenia clear institutional responsibilities to support renewable energy sources are needed as reported by Bär et al. (2000)).</li> <li>• Interaction between stakeholders should be strengthened.</li> </ul>

#### BOX 10: INTERACTION AND COORDINATION

In Estonia, a high-level Governmental Commission on Sustainable Development has been established. The members include representatives of various ministries, members of the Parliament and the scientific community. The commission works as an advisory body for the Government. However, according to the authors of the country report (Bär et al. 2000), the commission does not have any secretary or administrative base and has at its disposal only a small budget. This commission could play a strategic role in promoting the integration of environmental considerations in the economic reform process and in sectoral decision-making. The authors of the country report for Estonia (Bär et al., 2000) have also come to the conclusion that a national energy agency is needed to perform effective coordination of energy policy.

## GHG Inventories and Evaluation Studies

Capacity Constraints	Capacity Needs
<ul style="list-style-type: none"> <li>➤ Lack of <b>methodologies and know-how</b>.</li> <li>➤ The lack of <b>country-specific data</b> for GHG inventories is often reported by country experts, and insufficiency of data needed for cost evaluations of different scenarios is significant. In countries with air pollution charges (e.g. the Czech Republic), the system of data from polluters offers also useful data for GHG.</li> <li>➤ Since the environmental issues, among them climate change, do not fall within priorities in the <b>budget allocation</b>, sufficient financial sources for carrying out evaluation studies are not allocated.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Transfer of methodologies and know-how.</li> <li>➤ To trace the gaps in statistics of country-specific data and the system of relevant information gathering, especially during practical work of national experts on assessments.</li> <li>➤ To create national systems of collecting and verifying data.</li> </ul>

## Political Dialogue and Consensus Development

Capacity Constraints	Capacity Needs
<ul style="list-style-type: none"> <li>➤ Most countries of the investigated region have had relatively short experience with the process of political dialogue and consensus development. <b>Deficiencies in communication</b> exist <ul style="list-style-type: none"> <li>• <b>Between policy-makers</b> (a conflict dialogue prevails between the Ministry of the Environment and other ministries) or</li> <li>• <b>policy-makers and relevant stakeholders</b> (on the part of state administration, authoritarian attitude prevails over administrative guidance, the dialogue is led only with selected groups).</li> </ul> <p>These gaps appear throughout the political system and it is hard to distinguish whether they are mainly on the</p> </li> </ul>	<ul style="list-style-type: none"> <li>➤ The possibility of influencing the general political style in a country through international support is very limited, at least from the medium-term point of view. Transfer of experience is more possible in countries in which the democratization process has significantly progressed and policy-making and decision-making is carried out in a form approximating to standards in well-established democracies.</li> <li>➤ Preparation for international negotiations related to UNFCCC and the Kyoto Protocol, <ul style="list-style-type: none"> <li>• including preparation of systems of emission trading, CDM, JI</li> </ul> </li> </ul>

<p>system, institutional or individual level. The result of deficiencies in these areas is that the instruments in most countries are implemented in a fragmentary manner without the required consistency, and a long-term comprehensive strategy is not created.</p>	
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## Distribution of Power

Capacity Constraints	Capacity Needs
<p>➤ Powers are not equally distributed to the detriment of environmental authorities compared to others – e.g. energy authorities.</p> <ul style="list-style-type: none"> <li>• <b>The polluters’ lobbies</b> are strongly linked in some countries to the state since in almost all of the countries privatization has not been completed (EIU Country Profiles, 1999). A strong link is reported, for example, in the country report for the Czech Republic (Bär S. et al., 2000), or by the EIU Country Profile (1999) for Kazakhstan.</li> <li>• Low <b>general awareness</b> of CC issues, the difficult socioeconomic situation in many countries of the region moving environmental issues to the bottom of the priorities list.</li> <li>• <b>Weak networking</b> among groups concerned with issues pertaining to climate change protection.</li> </ul>	<p>➤ Long-term support to enhance the influence of environmental advocates.</p> <ul style="list-style-type: none"> <li>• To increase public awareness.</li> <li>• The gaps in networking and cooperation among initiatives of active members of society offer a possibility for assistance of international organizations, and capacity development in this field can help in the long term to change the actors’ configuration.</li> </ul>

## Selection of Instruments for CC Mitigation and Adaptation

Capacity Constraints	Capacity Needs
<p>➤ The selection of instruments is predominated by the <b>command and control approach</b> that can often be much more costly than economic and market instruments. Successfully implemented <b>economic instruments are exceptional</b>, (e.g. the Polish air pollution charge system for raising the earmarked investment fund, the CO<sub>2</sub> tax in Slovenia).</p>	<p>➤ To support availability of economic education and transfer of experience with economic and market instruments from other countries.</p>

## Efficient Use of Funds

Capacity Constraints	Capacity Needs
<p>➤ Within the EECA region, existing <b>support funds are often managed ineffectively, and transparency of the funds' distribution is lacking</b></p> <ul style="list-style-type: none"> <li>• Lack of <b>motivation</b> of the administrative apparatus (e.g. in the form of public supervision, pressure for transparent definition of criteria for granting subsidies, etc.), is characteristic for the whole system and can significantly influence the effect of means used for CC protection.</li> <li>• These gaps are fundamental, without their removal the capacity development in the area of technical and financial know-how has a limited effect.</li> </ul>	<p>➤ A framework that would allow for the creation of self-sustaining transparent mechanisms and institutional arrangements that would coordinate and implement external aid projects (including JI and CDM) should be developed.</p>

## Market Barriers

Capacity Constraints	Capacity Needs
<p>➤ There are substantial market barriers on the system level within the EECA region that have <b>prevented even cost-effective investments from being realized</b>. Several barriers are connected with <b>investment risk</b> as it is considered high by the potential investor because of</p> <ul style="list-style-type: none"> <li>• uncertainty of assumptions on future development of energy prices,</li> <li>• general political and economic instability,</li> <li>• higher share of <b>initial investment cost</b> in the overall costs of the energy efficiency and renewable energy projects than in the case of conventional technologies,</li> <li>• <b>lack of information</b>, as well as <b>lack of practical experience</b> of a certain technology within the given country,</li> <li>• <b>gaps in enforcement mechanisms</b> on the state level are a factor.</li> </ul> <p>➤ Another important barrier is related to the level of financial sector development and is more comprehensively described in the chapter on institutional capacities.</p> <ul style="list-style-type: none"> <li>• Financial institutions are not prepared to evaluate energy efficiency and renewable energy projects.</li> <li>• In many countries of the region the banking sector is underdeveloped, thus not providing the general access to the commercial financing for any projects, climate protection projects including.</li> </ul>	<ul style="list-style-type: none"> <li>➤ To lower the perceived investment risk by information dissemination, demonstration projects, soft loans.</li> <li>➤ To support development of the banking sector (see more in the chapter on institutional capacities).</li> </ul>

## Capacity Needs at the Institutional Level

196. It is difficult to draw a precise line between different levels of capacities. Effective management of human, information and financial resources in public institutions is hindered by the following barriers on other levels of the capacities:

- (a) on the system level (salary structures, budgetary allocations, procedures, responsibilities), and
- (b) on the individual level (insufficient management know-how, communication skills).

197. Further the comparative analyses based on case studies, implies that “understanding how individual capacities are harnessed and translated into organizational capacities raises the question of incentive frameworks, and the supportiveness of the wider ‘organizational’ environment.” (Tony Land 2000: 3)

## Personnel Management and Incentive System

Capacity Constraints	Capacity Needs
<p>➤ In the public sector the staffing often does not reflect the capacity needs. For example there is often imbalance in favor of technical professionals to the detriment of social sciences specialists and skilled managers. This negatively affects:</p> <ul style="list-style-type: none"> <li>• the area of decision-making in institutions</li> <li>• preference of technical aspects of the issues</li> <li>• the above-mentioned deficiencies also occur in private institutions</li> </ul>	<p>➤ Improvement of personnel management:</p> <ul style="list-style-type: none"> <li>• analyses of human resources needs in the institutions</li> <li>• preparing clear job description</li> <li>• increasing the share of professionals educated in the social sciences in the public sector</li> </ul>
<p>➤ The <b>salary structures</b> and incentive systems within <b>public institutions</b> do not affect the individual’s motivation and performance positively:</p> <ul style="list-style-type: none"> <li>• Management systems often do not reward individual initiative and achievements</li> <li>• Management systems do not create an environment for effective use of</li> </ul>	<p>➤ Need to reform the public sector in</p> <ul style="list-style-type: none"> <li>• salary structure</li> <li>• management system</li> </ul>

<p>individual's skills</p> <ul style="list-style-type: none"> <li>salaries of qualified staff in the public sector are a mere fraction of those in the private sector</li> </ul>	
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### Environmental Education

Capacity Constraints	Capacity Needs
<ul style="list-style-type: none"> <li>➤ Access to education in environmental economics and policy is still very scarce due to: <ul style="list-style-type: none"> <li>Insufficient individual capacities of teachers</li> <li>there are only a few courses that focus on links between social sciences and the environment at universities</li> <li>environmental issues are generally underestimated in institutions providing economic education</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>➤ transfer of experience in environmental policy and economics from developed countries</li> <li>➤ inclusion of courses on environmental economics and policy in university programs (long-term effects expected)</li> </ul>

### Financing of Projects

Capacity Constraints	Capacity Needs
<ul style="list-style-type: none"> <li>➤ Majority of financial institutions do not actively create <b>internal structures and capacities</b> which would be able to fulfill specific tasks relating to evaluation of energy efficiency and renewable energy projects. <ul style="list-style-type: none"> <li>In the energy sector the investments are made mostly in large projects on the supply side.</li> <li>Small and medium-sized projects of energy saving and renewable energy are neglected due to the substantial share of the transaction costs and lack of experience and, thus, the perception of high risk.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>➤ Financial institutions should create a suitable framework enabling the identification, preparation, financing and implementation of energy efficiency and renewable energy projects. <ul style="list-style-type: none"> <li>strengthening the individual level capacities to support this framework</li> </ul> </li> </ul>

<p>➤ Countries with a <b>more favorable environment</b> (see the box below):</p> <ul style="list-style-type: none"> <li>• The banking system is more or less functioning</li> <li>• Credit is generally accessible</li> <li>• Many market barriers still exists</li> <li>• Until economic measures substantially increase the profitability of climate change activities, the relatively high capital costs will constrain small projects' implementation</li> </ul>	<p>➤ Countries with a more favorable environment:</p> <ul style="list-style-type: none"> <li>• need of a <b>scheme offering soft support</b> in the form of subsidized interest rates or guarantees, financing the feasibility studies etc.</li> </ul>
<p>➤ Countries with a <b>less favorable economic environment</b> (see the box below):</p> <ul style="list-style-type: none"> <li>• Undeveloped banking system</li> <li>• high project risk caused by economic instability</li> <li>• potentially economically effective climate protection projects are unable to obtain commercial financing</li> </ul>	<p>➤ In countries <b>with a less favorable economic environment:</b></p> <ul style="list-style-type: none"> <li>• creating financial support schemes for projects is crucial in contrast to countries with a more favorable environment</li> <li>• with regard to the limited domestic resources, international cooperation and financial assistance is required in this area</li> <li>• creating or strengthening the <b>institutional framework for financial aid administration</b> and cooperation in financing the CC projects is needed</li> </ul>
<p>➤ Third-party financing and consultancy for energy efficiency projects is underdeveloped.</p>	<p>➤ Current process of <b>energy performance contracting development and energy efficiency consultancy</b> should be supported by specialized training programs, sessions and seminars.</p>

**BOX11: PROJECT FINANCING IN COUNTRIES WITH A LESS DEVELOPED FINANCIAL SECTOR:**

**Example of Georgia:** The importance of financial intermediation in the economy is low and there is still the significant problem of bad loans. The companies that are viable desperately need investment, but there are few domestic sources of funding and little foreign-investor interest. As a result, most investment comes from lending by the World Bank, the IFC and EBRD. (EIU, Country Report – Georgia, 1999).

**Example of Kazakhstan:** The financial services sector remains at an early stage of development and suffers from the poor quality of loan portfolios. Commercial banks’ total assets of Tenge 201.9bn (\$2.6bn) in August 1998 represented 11.7% of annual GDP, compared to corresponding levels of more than 50% in all EU economies. Restrictions on foreign entry into the banking sector remain in place, with foreign banks not permitted to hold more than one-quarter of all the capital in the banking system. (EIU, Country Profile - Kazakhstan, 1999).

**BOX 12: PROJECT FINANCING IN COUNTRIES WITH A MORE DEVELOPED BANKING SECTOR:**

**Example of Hungary:** A major consolidation program, privatization and restructuring have made the banking sector the most advanced in the region. By the end of 1996 most of the banking sector had been privatized. (EIU: Country Profile-Hungary, 1998)

**Example of Poland:** In old commercial banks an effective debt-restructuring scheme was introduced, alongside international programs to transfer new technologies and skills. Banks have begun acquiring the capacity to deal professionally with enterprises, collaborate on business plans and assess the quality of restructuring proposals. Credits are principally accessible and banks cite a lack of suitable proposals or a lack of profitability and accounting transparency on the part of projects’ proponents. (EIU: Country Profile - Poland, 1998)

**Capacity Needs at the Individual level**

198. While there is a major problem in the supply of capacity in some areas, it is often important to secure substantial demand for capacities and the enabling environment, and an incentive framework must be created. As Jean Bossuyt (1994:2) writes: “Poor governance conditions act as a ‘decapacitating force’ leaving little room to effectively use local institutions and capacities. [Donors] argue that this will not be solved with funds, training and keep skills alone.”

**Erudition and Experience of Selecting an Effective Instrument Mix for the Strategy**

Capacity Constraints	Capacity Needs
<p>➤ There is little knowledge and experience with different <b>tools of environmental protection</b></p> <ul style="list-style-type: none"><li>• There has been more experience of the command and control approach, which is mainly the result of historical tradition during the era of centrally planned economies</li></ul>	<p>➤ Need of capacities to transfer developed countries’ <b>experience with different tools of environmental protection</b> (esp. economic ones)</p> <ul style="list-style-type: none"><li>• the current needs can be covered by specialized training in environmental policy, instruments and regulation for decision-</li></ul>

<p>economies</p> <ul style="list-style-type: none"> <li>• economic education appropriate for a market economy framework has only been available in the last decade</li> <li>• access to education in environmental economics and policy is still very scarce</li> <li>• the human resources in this area are rather restricted, and there are difficulties with finding lecturers</li> </ul>	<p>makers</p> <ul style="list-style-type: none"> <li>• in the long term inclusion in university education is important</li> <li>• to develop the human capacities that can provide education, training programs and seminars in this area</li> </ul>
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### Framework and Culture of Effective Communication

Capacity Constraints	Capacity Needs
<p>➤ <b>Open public discussion and involvement</b> of all stakeholders is inadequate.</p>	<p>➤ need of a culture of discussion and communication with all affected parties</p> <ul style="list-style-type: none"> <li>• experience of processes of public involvement in decision-making is necessary</li> <li>• implementation of pilot projects where necessary practice and understanding can be gained</li> </ul>

### Information Sources and Reporting to FCCC

Capacity Constraints	Capacity Needs
<p>➤ Regular <b>inventories and projections</b> of GHG emissions, <b>assessment of the costs and benefits of climate protection measures</b> are not substantial. This constraints compliance with the FCCC requirements on <b>monitoring and reporting</b>. There is:</p> <ul style="list-style-type: none"> <li>• a shortage of experts</li> <li>• some of the information gathered is not publicly available or is difficult to gain</li> </ul>	<ul style="list-style-type: none"> <li>• training specialists to provide inventories, projections, assessment of instruments</li> <li>• establishment of institutions and systems for data collection</li> <li>• it is not sufficient to organize several training courses, the principal problem is to maintain and further development individual capacities, so a long-term demand for capacities is needed</li> </ul>

## Capacities for Enforcement of Policy Instruments

Capacity Constraints	Capacity Needs
<p>➤ Institutions responsible for overseeing the implementation of the undertaken instruments often do not have <b>skilled and trained personnel to enforce</b> fulfillment of the requirements.</p>	<p>➤ Training the capacities to enforce the policy instruments</p>

## Climate Protection Projects' Development, Financing and Implementation

Capacity Constraints	Capacity Needs
<p>➤ Generally, <b>know-how in identifying, preparing, financing and implementing CC projects</b> is not substantial.</p> <ul style="list-style-type: none"> <li>• consultancy is often limited and the number of local centers is low</li> <li>• overall technical skills are much more developed than economic and managerial ones due to historical development</li> </ul>	<p>➤ The development of capacities should be focused on providing the know-how needed to identify, prepare, finance and implement CC projects.</p> <ul style="list-style-type: none"> <li>• special training for potential developers and bank analysts aimed at economic and financial analysis of climate change protection projects</li> <li>• consulting, training courses, seminars and workshops for private and profit-making organizations (e.g. energy producers)</li> <li>• energy performance contracting (EPC) and energy efficiency consultancy should be supported by appropriate training and information dissemination</li> <li>• focus on the skills needed to finance projects on a commercial basis</li> </ul>
<p>➤ Developing countries:</p> <ul style="list-style-type: none"> <li>• the financing of climate protection projects will broadly rely on external financial assistance</li> </ul>	<p>➤ Developing countries:</p> <ul style="list-style-type: none"> <li>• capacity development should be more oriented to training of the human resources for <b>aid coordination</b></li> </ul>

## Public Awareness

Capacity Constraints	Capacity Needs
<p>➤ Public awareness of climate change risks, climate change policy instruments, measures and all their potential benefits is unsatisfactory</p>	<ul style="list-style-type: none"> <li>• Creating capacities to be able to manage public awareness campaigns</li> <li>• mass media campaigns</li> <li>• meetings, workshops, roundtables</li> </ul>
<p>➤ In some countries a low level of local awareness and understanding of possible use of flexible mechanisms has been reported.</p>	<p>➤ Targeted training and educational programs for Government officials, NGOs and businesses in this area is required.</p> <ul style="list-style-type: none"> <li>• Joint Implementation and Clean Development Mechanism pilot projects would create the necessary experience</li> </ul>

## **Current Efforts to Address Capacity Needs on Local, Provincial, National, and Regional Levels**

199. Within the region a considerable amount of external support from bilateral donor sources, the European Union, international institutions (especially UNDP, GEF, World Bank Group) has been provided in capacity building and climate change protection. We have tried to give a complete summary of the current efforts to address capacity needs within the region, although the information on aid provided available in documents and studies is rather fragmented, and only two capacity development needs questionnaires have responded to this issue. The source of information was mostly either directed to climate change protection or capacity development needs on a general level.

200. As has been stated in the previous chapters, the level of general capacities and the socioeconomic framework crucially influence the capacities needed for climate protection. In the countries within the EECA region, previous assistance focused on the following general issues:

- (a) democratization and civil society development,
- (b) human resource development for the market economy (management and other skills), private-sector development,
- (c) public administration reform, capacity building for governance and economic management on national, provincial and local levels,
- (d) alleviation of social impacts of transition, and
- (e) environmental and sustainability management.

201. Moreover, specifically in the developing countries and a few other countries within the region an aid coordination mechanism has been established within the Governments and improvement of coordination between donors is supported. (UNDP 1997, 1998, 1999)

202. As for climate protection, the UNFCCC Annex II countries have committed themselves to providing technical and financial aid to the developing and transition countries. The external assistance is mainly directed to:

- (a) energy efficiency,
- (b) renewable energy utilization, and
- (c) less often to forestry management, recycling and utilization of landfill gas, etc.

203. Project implemented provide a wide range of capacity building to public agencies, private-sector companies, financiers, consumers, community organizations. They feature a range of approaches, including:

- (a) demand-side management,
- (b) fuel switch,
- (c) technology retrofit,
- (d) energy efficient buildings,
- (e) energy efficient appliances, and
- (f) transport, etc.

204. Types of capacity targeted included:

- (a) capacities for creating national GHG inventories, assessing vulnerabilities, evaluating strategies for mitigating emissions and adaptation,
- (b) capacities for creating a process of developing and implementing climate change related policies, measures and action plans (especially through climate change country studies),
- (c) capacities for environmental economics and policy adviser assistance and training,
- (d) capacities for dialogue and involvement of all stakeholders in the decision-making process and consensus-building,
- (e) capacities for development of municipally based efficiency programs, strategic planning services in renewable energy and energy efficiency,
- (f) development of technical, financial and managerial skills, project preparation appraisal, including energy auditing and management,
- (g) capacities to create a new energy efficiency consulting and energy efficiency services industry, market development for energy efficiency appliances and lighting,
- (h) institutional and individual capacities for participation in CDM/JI activities, and
- (i) capacities for consumer and policy-maker awareness and information dissemination, information sharing among countries in the region.

(GEF 1999: 15-18, UNDP 2000, CDI Questionnaires 2000)

## **Lessons Learned**

205. Unfortunately, very little comprehensive evaluation of projects' impacts on capacity development has been made on completed climate protection projects within the EECA region, so we had to base this chapter also on more general information as well as own experience.

206. Within the EECA region, there is considerable potential for cost-effective climate protection projects, although its level differs between countries. The UNFCCC summary of submissions from intergovernmental organizations on their ongoing capacity-building activities (2000b: 34-35) also concludes that win-win project opportunities for promoting development while reducing growth in GHG emissions exist in a number of areas in the participating countries. At the same time, it emphasizes the need for innovative and development-oriented financial institutions, since current finance institutions, banks and capital markets tend not to be fully equipped to assist private investors in the energy sector. Moreover, there are many non-economic barriers to projects within the region.

## **Systemic Approach to Capacity Development as a Priority**

207. So far, two basic types of approach to capacity development aid have been implemented – the systemic and the project-based approach. The systemic approach is oriented at:

- (a) supporting and developing the market for projects mitigating GHG emissions, especially energy efficiency and renewable energy projects,
- (b) enlarging system capacities to provide effective policy enhancing the market, and
- (c) improving institutional and individual capacities providing know-how to identify, prepare, finance and implement the projects (including support for ESCOs, third-party financing, consulting services, etc.).

208. The project-based approach focuses on implementing actual projects with external financial, managerial and technical help in priority areas.

209. As the aim of capacity development is the development of a self-motivating process which would take place gradually from within, **priority** should be placed on **the systemic approach to capacity development**. That means creating a framework of sustainable capacities so that the potential of cost-effective climate protection related projects would be implemented without any further special assistance.

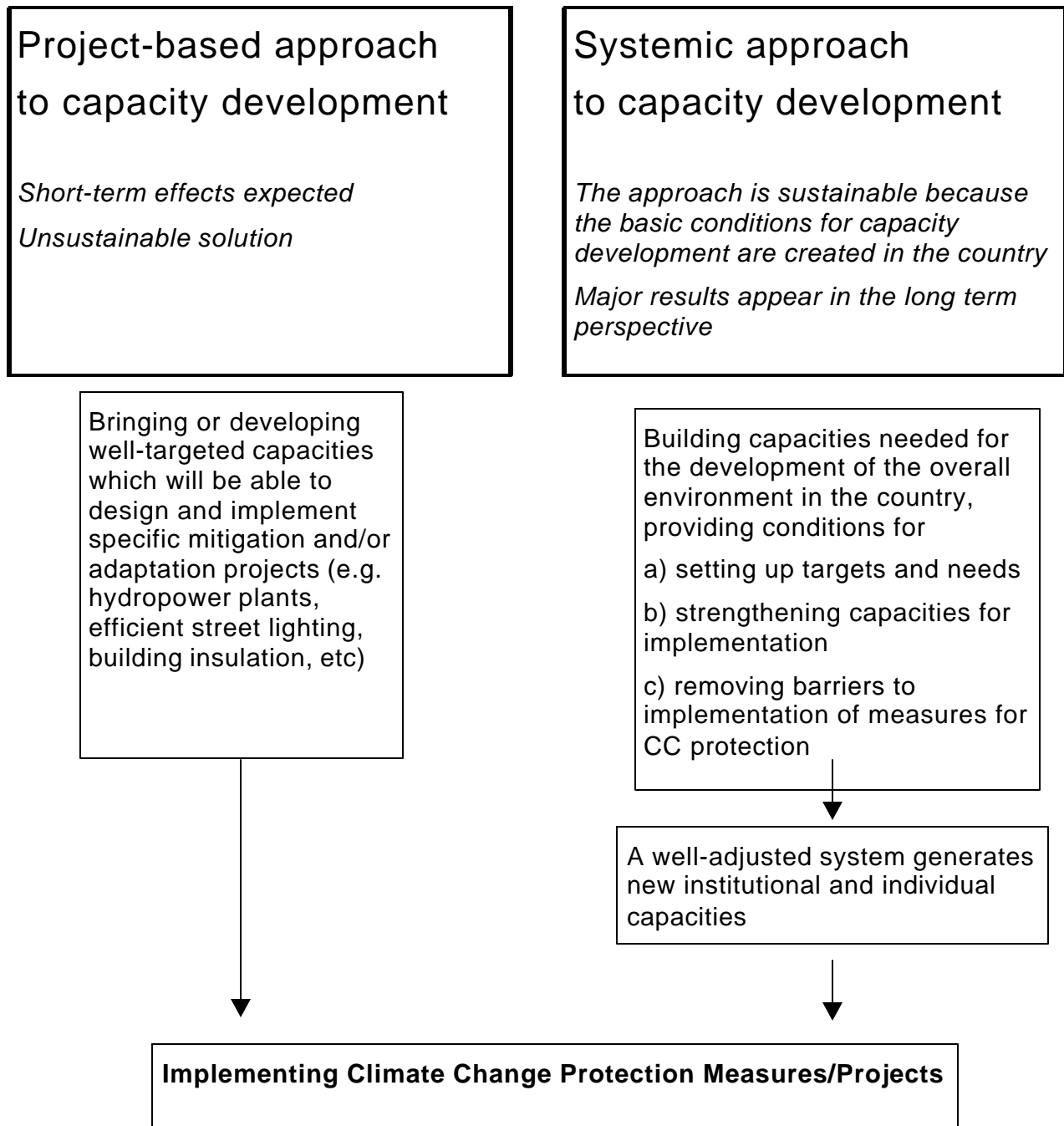
210. Most countries associated to the EU are prepared for the systemic approach and it would be a mistake to concentrate on the project-based approach, although it does not mean that it should not be applied at all. On the other hand, in some other countries it is only possible to fully implement systemic

approach over a very long period due to the unfavorable general socioeconomic framework. In such cases, it is suitable to use the project-based approach, but it is necessary to implement projects continuously on a long-term strategy basis to secure the sustainability of capacities created. Even so, it is necessary to incorporate the feedback so that the scheme flexibly responds to new circumstances and monitoring of the results.

### **Developing the Energy Efficiency and Renewable Energy Markets**

211. Implementation plans should aim at developing commercial markets for energy efficiency and renewable energy projects. They should demonstrate access to financing, to facilitate stakeholder partnerships and information channels. Analyzing the impacts of GEF development assistance for renewable energy, Eric Martinot and Omar Mc Doom (1999: 11) conclude that failures have occurred because projects emphasized technology demonstrations. Projects did not demonstrate incentive structures and institutional and commercial viability and did not create sustainable markets for the technologies demonstrated.

Figure 2: Project-based approach and systemic approach



## **National Priorities**

212. External assistance would be strengthened through targeting of resources to the areas where they can have the maximum multiplier effect and by linking up to other national priorities as the needs for social and economic development (see e.g. UNDP 1997). This particularly applies to developing countries - for example, in Georgia the lack of energy supply creates scope for a targeted approach to renewable energy promotion. It would support economic development while not increasing GHG emissions.

## **Diversification of Support**

213. Important conclusions on lessons learned can be found in the UNDP study “Lessons of Experience and Guiding Principles” (2000) that compares the effort of external aid in various areas of capacity development needs. It states that training and education has been best supported under conventional approaches to technical cooperation in contrast to underemphasizing other dimensions: organizations and their management, networks and linkages between organizations, the public-sector environment and the overall context.

## **Political Framework**

214. J. Bossuyt (1995) in his study “Capacity Development: How Can Donors Do It Better?” concludes that donors increasingly emphasize the political nature of capacity development. Poor governance conditions impede the effective use of institutions and capacities.

215. Further important findings of the study (Bossuyt, 1995) can be summarized:

- (a) Development is gradual and evolutionary and, for instance, institutional changes may be difficult to achieve with current segmented project cycles; and
- (b) Where commitment has been expressed at the highest level, ownership does not follow automatically. This is because the aid sector does not link those who take the risks with those who receive the awards, as opposed to the private sector.

216. In order to address these problems at least partially, policy dialogue should be based on a cross-sector and inter-ministerial approach and further involve a broad range of stakeholders, including the private sector. Such recommendations can be found in many sources e.g. in the “*Submissions from relevant intergovernmental organizations on their ongoing capacity-building activities.*”(UNFCCC 2000b: 34)

## **Evaluation of Projects**

217. The main criteria to evaluate benefits of programs in climate change mitigation have been often the amount of the CO<sub>2</sub> reduction. However, the CO<sub>2</sub> reduction effect is more easily measured in the case of demonstration projects and very hard to be measured in the case of capacity development. This has often led to focusing the projects on short-term achievements in CO<sub>2</sub> reductions, undervaluing the long-term aspects of the capacity development.

## **Effective Utilization of Individual Capacities**

218. The pay and incentive system is a critical element of capacity since incentives affect each individual's performance, motivation, willingness to remain in the public sector or even in the country. Salary levels of educated public-sector staff are often a small proportion of alternative earnings in the private sector, or in the developing countries, even lower than a living wage. Under such circumstances, it is unlikely that capacity development strategies in the public sector will succeed unless there is a serious commitment to reforming public-sector salaries and personnel management systems. (UNDP 2000: 8-9)

219. Motivation has been adversely affected in many countries by lack of management capacity, which is essential in creating the conditions in which people carry out their functions and use their skills effectively. Management systems that emphasize recognition of individual achievement and merit-based promotion or incentives are extremely important in determining performance, even in conditions where salary levels are low. (UNDP 2000: 8)

## **Country-specific Knowledge**

220. A critical issue is to respond to specific national and local circumstances through engaging experts and their skills. It has been learned, for example, that high-quality training materials have been produced through the participation of regional partners and national experts who ensure that training reflects current understanding, best practices, and regional and national requirements (UNFCCC 2000b: 66). However, it is difficult to find the balance between the adjusting of general knowledge to the country specific environment and not losing the important external know-how by excessive relying on domestic capacities.

221. J. Bossuyt (2000: 4) points out that donor agencies often lack a country specialization, partially related to the frequent rotation of staff and the high degree of centralization, leaving little scope for flexible management that can be adapted to specific needs.

## **Regional Networking**

222. There is growing national expertise and potential for sharing information and experience among countries. To make better use of this potential, donor flexibility in financing regional networking would be helpful. For example, lessons learned under the World Bank program (UNCCC 2000: 101-2) recommend such a network for sharing experiences with flexible mechanisms utilization.

## CHAPTER 5: ASSESSMENT OF THE CAPACITY DEVELOPMENT NEEDS FOR LAND DEGRADATION CONTROL WITHIN THE EECA REGION

### Introduction

223. The question of how to address desertification and land degradation in general, is still the subject of wide discussion. For the purpose of this study, **land degradation** includes the following issues: **soil erosion by wind and/or water, soil destruction, soil denudation, chemical pollution of soil, vegetation degradation of all strata, habitat conversion/loss, loss of soil organic matter, aquifer degradation, riparian degradation, coastal zone degradation related to watershed factors, mountain zone soil stability, fuel wood crisis, uncontrolled bush/forest fires, overgrazing, land-use changes, sedentarization and urbanization, drought and desiccation**, as proposed in the UNDP/GEF database on land degradation related projects (2000).<sup>48</sup>

224. Broadly speaking, land degradation can be caused by:

- (a) climate variability, and
- (b) human activities.

225. It is not strictly a local phenomenon and some of its consequences could affect land and people outside of areas with degraded land. Wind and water erosion of soil may cause downstream flooding, reduce water quality, sedimentation in rivers, lakes and man-made reservoirs. Wind-blown dust could be transported over long distances and could affect human health. Salt from the dust storms or from secondary soil salinization in areas with poor drainage/irrigation systems could lead to decrease of food production. Land degradation is in any case is a major global environmental issue that needs permanent attention, considerable funding and international cooperation to avoid malnutrition and starvation of the world's growing population.

226. The findings presented in this chapter are based on national communications submitted by parties to CCD, different publications and responses to a detailed questionnaire, and also on a desk study of available information.<sup>49</sup> The results of analysis of responses received from 12 countries is provided in Annex 4. Important additional information was obtained from in-country studies in Estonia, Hungary and Kazakhstan.

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<sup>48</sup> Source: UNDP/Gef. May 2000. Database on land degradation related projects. Preliminary report. New York, USA.

<sup>49</sup> Source: Economist Intelligence Unit, 1998-1999. Country reports: Albania, Armenia, Belarus, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Hungary, Latvia, Lithuania, Kazakhstan, Kyrgyz Republic, Moldova, Poland, Romania, Russia, Slovakia, Slovenia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan.

## National Commitments Under the CCD

227. All terrestrial life depends on the fragile and very thin crust of soil that appeared as a result of the evolution of our biosphere. In recent decades this soil cover has been suffering from human activities and environmental changes. According to the Worldwatch Institute (Down to Earth, 1995)<sup>50</sup> more than 20 billion tons of topsoil are lost every year as a result of rising population and mismanagement of land. Some countries within the EECA region, especially those situated around the Aral Sea and along the coast of the Caspian Sea, are acutely affected by this disturbing process of soil loss and land degradation.

228. In spite of this fact the preparation of the United Nations Convention to Combat Desertification (CCD) took many years. In 1977 the United Nations Conference on Desertification (UNCOD) in Nairobi adopted a Plan of Actions to Combat Desertification. Unfortunately, due to different reasons and lack of funds this Plan was not implemented and the problem of land degradation in dry areas became even worse.

229. At the Rio Conference (1992) developing nations led by African countries insisted that proper attention should be given to desertification and topics such as rational use of land resources, cutting of forests, desertification control and sustainable development of rural areas were included in Agenda 21. Following this, an Intergovernmental Negotiating Committee to prepare the text of the Convention was setup. After holding five sessions, the Negotiating Committee adopted the CCD in Paris on June 17, 1994. The CCD was opened to signature in Paris in October of that year. By July 19, 2000 a total of 167 countries signed this Convention. Countries from the EECA region that have ratified or have accession to CCD are listed in Annex 1.

230. The CCD, containing 40 Articles and four Regional Annexes, is the first legally binding agreement negotiated in direct response to Agenda 21. Countries of Central and Eastern Europe that are not situated in the Northern Mediterranean but nevertheless suffer from land degradation due to erosion, waterlogging, and industrial pollution have proposed to include an additional Regional Annex for countries with economies in transition.

231. **The objective of the CCD is:**

- (a) to secure the long-term commitment of its Parties to combat desertification, and
- (b) mitigate the effects of drought through effective action at all levels within the framework of an integrated approach consistent with Agenda 21.

*“Achieving this objective will involve long-term integrated strategies that focus simultaneously, in affected areas, on improved productivity of the*

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<sup>50</sup> Source: Center for Our Common Future. 1995. Down to Earth: A simplified guide to the Convention to Combat Desertification. Geneva, Switzerland.

*land and the rehabilitation, conservation, and sustainable management of land and water resources, leading to improved living conditions, in particular at the community level.”*

232. Affected country Parties undertake the following commitments:

- (a) Give due priority to combating desertification and mitigating the effects of drought, and allocate adequate resources in accordance with their circumstances and capabilities;
- (b) Establish strategies and priorities, within the framework of sustainable development plans and/or policies, to combat desertification and mitigate the effects of drought;
- (c) Address the underlying causes of desertification and pay special attention to socioeconomic factors contributing to desertification processes;
- (d) Promote awareness and facilitate the participation of local populations, particularly women and youth, with the support of non-governmental organizations, in efforts to combat desertification and mitigate the effects of drought; and
- (e) Provide an enabling environment by strengthening, as appropriate, relevant existing legislation and, where it does not exist, enacting new laws and establishing long-term policies and action programs.

233. The CCD also stresses the importance of cooperation within intergovernmental organizations, within regions and sub-regions, and internationally. In this regard some additional obligations have been specified for developed country Parties and included in the Convention.

234. The Convention is to be implemented through National Action Programs (NAPs), and Sub-regional and Regional Action Programs (SRAPs). The SRAPs are expected to have the same basic features of the NAPs (Article 11) that include:

- (a) definition of preventive measures;
- (b) enhancement of climatologic, meteorological and hydrological capabilities;
- (c) strengthening of institutional frameworks;
- (d) providing for effective population participation; and
- (e) providing regular reviews on implementation.

235. Technical and scientific cooperation is also extensively referred to by the Convention (Articles 16 to 18). It includes actions to improve:

- (a) information collection, analysis and exchange;
- (b) research and development; and
- (c) transfer, acquisition, adaptation and development of technology.

236. Article 8 of CCD makes the following important statement: *‘The Parties shall encourage the coordination of activities carried out under this Convention and, if they are Parties to them, under other relevant international agreements, particularly the United Nations Framework Convention on Climate Change and the Convention on Biological Diversity, in order to derive maximum benefit from activities under each agreement while avoiding duplication of effort.’* This statement is very important because unlike its sister conventions on climate change and biological diversity, the Convention to Combat Desertification does not establish a new financial mechanism to administer funds for Convention-related projects and activities. Instead, it emphasizes the need to mobilize substantial funding from existing sources and to rationalize and strengthen their management.

237. It is clear that efforts to combat land degradation and desertification complement efforts to protect biological diversity. Proper land use could improve the quality and increase the quantity of fresh water supplies and even affect global climate change. Countries, therefore, must maintain close coordination of tasks being implemented within the framework of the three conventions (and other international agreements) and Agenda 21. Achieving these synergies is not a trivial exercise even at the national level and capacities need to be strengthened in this regard.

### **National Priorities and Processes for Addressing Global Land Degradation Challenges and the Parties’ Commitments under Convention**

238. In the EECA region there are many similarities in prioritization of land degradation issues, among them are:

- (a) Inappropriate land use (aggravated by different systems of land tenure),
- (b) Wind and water erosion, pollution of soils and water logging due to mismanagement of irrigation/drainage systems,
- (c) Inactive role of NGOs and academic institutions in ecological education and public awareness programs,
- (d) Overall lack of funding, and
- (e) Lack of specialists trained to implement the CCD.

239. To address the first priority issue it is necessary to:

- (a) regularly assess and update the status of land degradation differentiated by forested areas, pastures, rain-fed croplands and irrigated areas and distribute the information on results of monitoring among all stakeholders, and
- (b) harmonize the classification of types and sources of land degradation and identify areas that are under risk of degradation but need different amelioration and restoration measures.

240. There are numerous publications dealing with methods of assessment and classification of land degradation types, but it is difficult to find proper data on results of such studies for the entire EECA region. Some valuable information for assessing the worldwide status of desertification has been provided by H. Dregne et al. (1991)<sup>51</sup> and can also be obtained from a World Atlas of Desertification (UNEP, 1992)<sup>52</sup>. However, in these publications there are no exact figures for countries with economies in transition. On this basis the first priority for each country within the EECA region is to conduct a detailed inventory of its land resources, to compile relevant maps using modern GIS technology and to make this information available to decision makers and different organizations involved in improving land use. An efficient and effective way to achieve this would be through sub-regional cooperation and coordination.

241. To address the second priority in land degradation within the EECA region it is necessary to:

- (a) prepare national action programs (NAP) and establish priorities for specific actions,
- (b) establish interagency coordinating bodies for implementing NAPs, and
- (c) promote the application of modern (or traditional) technologies that have been adapted to the regional context.

242. In preparing NAPs and establishing priorities for concrete actions it is important to guarantee the wide participation of local communities in the planning and implementing processes. In so doing it is important to benefit from and share widely the knowledge and lessons accumulated over the last 25 years through the implementation of more than 200 UNSO-supported projects to control land degradation.

243. Land degradation is a very slow process and sometimes the long-term consequences are not clear to local farmers and decision makers. So to address the third priority it is necessary to:

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<sup>51</sup> Source: Dregne et al., 1991, A new assessment of the world status of desertification. Desertification Control Bulletin.

<sup>52</sup> Source: UNEP. World Atlas of Desertification., 1992.

- (a) raise awareness of the general public and decision makers with wide use of information received from international agencies and donor organizations,
- (b) improve the scientific basis for optimal land use and create the relevant consulting system and training courses, and
- (c) strengthen NGOs and their networking, especially in rural areas.

244. For the EECA region participation in the Pan-European Biological and Landscape Diversity Strategy could increase access to international cooperation and enhance the sharing of experience in this regard.

245. To address the overall lack of funding to implement CCD in the EECA region it is necessary to:

- (a) secure funding from the state budget (including subsidies) and coordinate different actions to avoid improper use of limited funds, and
- (b) integrate activities to control land degradation into existing programs and projects that address biodiversity conservation and climate change mitigation.

246. Finally, to increase the number of trained specialists to implement the CCD it is necessary to:

- (a) develop training packages for graduated professionals to focus on developing knowledge and skills needed for the implementation of CCD, and
- (b) improve the motivation and salary levels for the qualified specialists able to manage complex land degradation problems with due attention to socioeconomic factors.

247. As mentioned above, the natural and socioeconomic conditions within the EECA region are different. To illustrate the present situation with land degradation and national priorities in combating it, three countries, namely Estonia, Hungary and Kazakhstan, have been selected for in-depth studies and three boxes presented below are based on analysis of national reports prepared for the CDI assessment.

**BOX 13. PRESENT SITUATION WITH LAND DEGRADATION IN ESTONIA AND EFFORTS TO ADDRESS CAPACITY NEEDS AT THE NATIONAL LEVEL<sup>53</sup>**

Some 40% of the land area of Estonia (total 45,125 sq. km) is forested. Arable land is used for producing cereals, potatoes and vegetables and in last eight years following the privatization of the agricultural sector nearly 25% of crop land was removed from production.<sup>54</sup> Land degradation issues include: destruction of the normal functioning of soil; loss of biological activity; pollution/contamination; deficiency or exuberance in trace element contents and loss of land due to infrastructure development and urbanization.

To improve land use the following actions at the national level are proposed:

- Elaborating and implementing clear policy for development of rural life and agricultural activity;
- Regulating the soil management by appropriate land use and protection policy according to their properties;
- Introducing economically and socially rational measures and appropriate tools for sustainable use and protection of soils;
- Enforcing legislation for apprising fertile soil and normally functioning soil cover as an important natural resource;
- Establishing legislation on the arrangement of ecological expertise for projects dealing with soil cover;
- Conducting soil research and mapping materials available for land managers and planners;
- Using international programs for the treatment of severely contaminated soils.

**BOX 14. PRESENT SITUATION WITH LAND DEGRADATION IN HUNGARY AND EFFORTS TO ADDRESS CAPACITY NEEDS AT THE NATIONAL LEVEL<sup>55</sup>**

In Hungary from the total area 93,030 sq. km about 18% and 70% accounted for forests and agricultural lands, respectively<sup>8</sup>. By the end of 1994 all the cooperative land had been auctioned and at present direct agricultural subsidies and price supports to farmers from the Government are low. The most important land degradation processes in Hungary are the following: soil erosion on 25 % of the total area (the loss of the upper layer is estimated to about 8-11 million m<sup>3</sup>/year, which results in about 1.5 million tons organic matter loss in a year); soil acidification on 59 % of the total area; soil salinization and alkalization on about 10 % of the total area; physical degradation including soil compaction on 33 % of the total area; and soil biological degradation caused by intensive use of chemicals and by soil pollution.

To improve land use the following actions at the national level are proposed:

- Reviewing the state subsidy for soil protection, particularly to control water erosion and soil acidification;
- Creating the infrastructure for improving the agricultural water management system;
- Elaborating the scientific fundamentals of organic farming and establishing the relevant organic farming research institute;
- Creating independent consulting system on land degradation/soil protection that is capable to support the farmers and new land owners.

<sup>53</sup> Source: Report on capacity development needs of Estonia to address land degradation issues prepared within the UNDP-GEF CDI.

<sup>54</sup> Source: IEU Country Profile, 1998-1999, the Economist Intelligence Unit Ltd.

<sup>55</sup> Source: Assessment of the capacity development needs related to the land degradation control in Hungary prepared within the UNDP-GEF CDI.

**BOX 15. PRESENT SITUATION WITH LAND DEGRADATION IN THE REPUBLIC OF KAZAKHSTAN AND EFFORTS TO ADDRESS CAPACITY NEEDS AT THE NATIONAL LEVEL<sup>56</sup>**

At present time in the Republic of Kazakhstan out of 272.5 million hectares of land 179.9 million hectares (66 %) are affected by desertification and there is a tendency for speeding up these processes. According to preliminary estimates the damage of pasture degradation amounts to 963.2 million USD a year. Lost profit of the arable land erosion comes to 779 million USD a year and more than 375 million USD are lost on account of secondary salinization, waterlogging and other reasons. Annual damage of the loss of humus amounts to 2.5 billion USD.

Based on analysis of the situation and obtained experience, the following actions to improve land use and control desertification are proposed:

Establishing Interagency Coordination Center on CCD and including its centralized activities in the national strategy to combat desertification;

Assessing and distributing among all involved agencies the basic information on land degradation;

Establishing a Coordination Council involving NGOs, research institutions and decision makers;

Strengthening regulation of water use norms and developing a strong legislative base on transboundary watercourses and water use at the intergovernmental level;

Improving national legislation for proper land use and stimulating conservation of natural resources;

Developing the NGO network dealing with land degradation and land use issues, especially in rural areas;

Improving environmental education, especially on land degradation and proper land use.

248. The above-mentioned respective national priorities in land degradation identified by Estonia, Hungary, and Kazakhstan show that there are some differences in prioritization of land degradation issues in different parts of the EECA region, but simultaneously confirm main features of the regional issues as gathered from other sources.

### **Capacity Needs on the Country Level**

249. For assessing capacity needs three different levels (systemic, entity/institutional, individual) are used as described in the matrix given in the Introduction to this report. Among them the systemic level includes the development of long-term strategies, programs and action plans which are the most crucial for implementing CCD. According to the analysis of available information from different countries, the following capacity needs can be listed:

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<sup>56</sup> Source: National report of the Republic of Kazakhstan on needs assessment prepared within the UNDP-GEF CDI.

## **Capacity Needs at the Systemic Level**

### **Policy Framework**

- (a) There is a need to improve and develop new long-term strategies and policies for soil conservation and land-use planning;
- (b) There is a need to identify synergies between the issue of land degradation and other environmental conventions (biodiversity, climate change), and also between agriculture, environment and forestry strategies; and
- (c) There is a need in many countries to create an interagency coordinating body for CCD with adequate rights, funds and capacities and clearly defined responsibilities.

### **Legal and Regulatory Framework**

- (a) There is a need to improve the existing legislation on nature protection and privatization of land;
- (b) Legislation with respect to land use planning and national water use, among others, is weak and it should be enforced;
- (c) There is a need to develop norms on transboundary water use that should be agreed at intergovernmental forums; and
- (d) Legal framework needs to be enhanced by drawing from national legislation of different countries.

### **Management Accountability**

- (a) There is a need for building capacities to enable more decentralized management; and
- (b) Incentives that promote responsibility and performance among Government and scientific staff should be increased and made more transparent.

### **Human, Financial and Information Resources**

- (a) Financial resources are inadequate at all levels (national and local governments, private sector, civil society) and it is necessary to secure such funds from the state budget and

external sources;

- (b) There is a need for trained staff at the different levels;
- (c) There is a need to build capacities to collate, manage, up-date and disseminate (improve public access to) data regarding current status and trends in land degradation;
- (d) Government institutions and NGOs need to be capacitated to identify, develop and promote project proposals for mobilizing donor financing.

### **Processes and Relationships**

- (a) Build capacities to enhance interaction across relevant institutions;
- (b) There is a need for coordinated monitoring of land degradation issues across various Government departments;
- (c) There is a need to improve planning, monitoring and evaluation functions and their coordination;
- (d) There is a need to identify opportunities for building cooperation between national and local governments, private sector and civil society on the issue of land degradation;
- (e) There is a need for regional networks of national and international NGOs that are active in the field of combating land degradation;
- (f) There is a need for professional networking and exchange of information and knowledge among members; and
- (g) There is a need to strengthen consultative process in support of national action plans (NAPs) dealing with land degradation.

### **Capacity Needs at the Institutional Level**

250. The institutional responsibilities for control of land degradation are not clearly defined in many EECA countries and it is combined with overall changes of political, administrative and social systems which have been going on within the region during the last decade. So there are several most important needs to be addressed at this level:

- (a) Establishing or strengthening the dedicated Governmental bodies with clear mandates and policy-making responsibility to deal directly with land use and land protection;

- (b) Strengthen enforcement capacity of water management bodies, including to enforce economic instruments;
- (c) Increasing capacities of the pedology and land use institutions in elaborating NAPs and specific projects for combating land degradation and mitigating droughts;
- (d) Governmental bodies, research institutions and non-governmental organizations need to coordinate their efforts in mobilizing necessary financial resources for implementing NAPs and specific projects;
- (e) Building the capacities for soil survey, monitoring programs at different levels and meliorating of degraded lands; and
- (f) Developing knowledgeable and accessible consulting service on protecting soil fertility, use of ecological farming and adaptive agriculture management at the landscape level.

### **Capacity Needs at the Individual Level**

- (a) There is a need to improve technical resources for combating land degradation including development of capacities for optimal land use and rising of soil productivity with consideration of scenarios of future global changes;
- (b) There is a need to improve training at different levels to allow correct classification of lands that are prone to erosion and other factors of degradation and to conduct monitoring programs for evaluation of current changes;
- (c) There is a need to strengthen environmental education at different levels (from children to decision makers) with emphasis on how to avoid land degradation; and
- (d) There is a need to raise public awareness, particularly of new farmers, on land use norms, usage of ecologically sound technologies and possible penalties for deviating from them.

### **Current Efforts to Address Capacity Needs at Local, Provincial, National and Regional Levels**

251. Within the EECA region a considerable amount of external support from different bilateral donors and international institutions (GEF, UNDP, UNEP, World Bank, EU) has been provided for capacity development to address land degradation problems. The information on the effectiveness of such assistance is difficult to obtain but some countries or international organizations have tried to

compile it. For example, a special analysis of foreign donor assistance for environment protection during 1992-1997 was published in Russia (1998)<sup>57</sup>. Projects dealing directly with land protection and rational land use in this analysis occupy a middle position in the long list.

252. Simultaneously in 1998 for the Aarhus conference on the “Environment for Europe” by the Conservation Foundation an independent survey on international environmental collaboration with Russia was published.<sup>58</sup> Many current efforts and constraints in their implementing were described in this survey. Some additional information can be obtained from EECA CDI national reports contained in VOLUME II of the Final Report.

253. There are common problems in capacity development for most of the EECA countries (except Turkey and Malta) connected with many changes and restructuring in governing bodies due to transition to market economy. It made an impact on their involvement in the global environmental issues and implementing the Rio Conventions.

254. Number of measures has been taken in different countries but unfortunately past links of communications for exchange of information on success in addressing land degradation were disrupted and need to be restored since the protection of environment needs strong international and regional cooperation. There is a good example of such cooperation in Central Asia where several NIS combined their efforts in combating land degradation connected with the Aral Sea drying up and its pollution and the rising Caspian Sea level. An intergovernmental agreement for creating in Almaty a Regional Environmental Center for coordinating all activities of five Central Asian countries was recently signed.

255. Some countries in Central Asia have achievements in improving the environmental situation, in afforestation, enrichment of pastures, combating invasive species but a lack of funds does not allow to apply them in all provinces and at the local level.

256. Many environmental NGOs appeared in the EECA countries during the transition period. Some of them have contributed to the above achievements and conducted their own pilot projects, often supported by external donors, but they need also better coordination and cooperation in addressing land degradation issues.

257. There are some successes in raising the public knowledge and awareness of environmental problems. Many conferences, seminars and training courses have been held. Recommendations of these meetings are very useful for implementing CCD and improving the ecological education. Some efforts should be made for cooperation in this field. For example, in Kazakhstan and Kalmykia situated at different banks of the Caspian Sea many different kinds of educational aids (including video and TV programs) have been produced but there was no exchange between them. Such exchange will improve

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<sup>57</sup> Source: Report on foreign donor assistance for environment protection in Russia and evaluation of its effectiveness 1992-1997. State Committee of Russian Federation for Environmental Protection & Federal Environmental Fund of the Russian Federation. Moscow, 1998.

<sup>58</sup> Source: International Environmental Collaboration. Russia: Case Study. An independent survey of options and recommendation in Russia and the West. The Conservation Foundation. London, 1998.

not only understanding of common problems but will also help to save time and money.

258. One of the constraints in using material for educational and awareness programs received from abroad lies in the fact that there is a need to make professional translation and high quality printing that is difficult without adequate funds. International organizations should take this problem into account and help make more translations into native languages of the EECA countries.

259. Some countries (for example, Armenia, Belarus, Kazakhstan) established different kind of bodies to coordinate measures for implementing the CCD and mitigate land degradation in general. Such efforts should be strengthened and plans to create new capacities at different levels have been described in the country responses to questionnaires.

**BOX 16: GEF EFFORT TO ADDRESS LAND DEGRADATION**

In recent years the GEF has included activities to prevent and control land degradation into its Operational Strategy and following the GEF Council's decision, "A framework of GEF activities concerning land degradation" was distributed among countries eligible for GEF funding. Subsequently, GEF/UNDP created a database of all its land degradation-related projects, both under development and under implementation. A preliminary report (UNDP/GEF, May 2000)<sup>59</sup> mentions that almost 20% of the GEF/UNDP portfolio of projects under development and under implementation (164 funded by GEF since 1992) is relevant to the crosscutting theme of land degradation. Accordingly for developing national and local capacities to address the land degradation issues countries within the EECA region could submit their project proposals for funding to GEF/UNDP.

**Lessons Learned from Capacity Building Efforts**

260. Common conclusions based on analyzing the situation and experience of the different EECA countries in control of land degradation are presented below:

- (a) Countries of the region have considerable intellectual, professional, scientific and educational potential;
- (b) There is a need to improve legislative and methodological bases to bring them to the World standards;
- (c) In many countries there are inadequate internal capacities for implementing different projects and technologies to improve land use but even with international support in many cases there is poor management of them;
- (d) National delegations, representatives of NGOs and consulting firms lack sufficient knowledge in the procedures of negotiating with UN conventions bodies and with donors;

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<sup>59</sup> Source: UNDP/GEF. May 2000. Database on land degradation related projects. Preliminary report. New York, USA

- (e) The potential is considerably affected by sharp deficit of funds for environment protection and weak connections between federal, regional and local institutions that hinder the prioritization and implementation of planned activities;
- (f) The existing practice of preferable employing of the external (international) experts for implementing projects supported by GEF or other donors in some cases have only limited success and prevent promoting the national potential;
- (g) Funding policy of international donors for environmental projects which needs national co-financing becomes an insuperable obstacle for countries in transition and needs some improvement;
- (h) Some special centers for monitoring, accumulating and processing basic information on land degradation should be established in each country and their information should be accessible to different users;
- (i) There is also a major demand for establishing National Coordination Councils involving NGOs, research and governmental institutions and decision makers for dealing with complicated matters of environment protection and land use;
- (j) One of the critical challenges is lack of trained specialists for environmental education, especially on land degradation and land use;
- (k) Insufficient regulation of water use norms and reduction of river flow due to global change are serious constraints in current optimal land use, particularly in Central Asia. Some international efforts should be applied to improve the present situation with the use of irrigation/drainage systems;
- (l) Development of NGO networks (RIOD and others) and improving their cooperation at the international level should be supported and they have to aim their activities at solving the local problems;
- (m) A structure similar to the Clearing House Mechanism used for CBD should be promoted for exchange of information and “know-how” in optimal land use and soil restoration. For instance, the Republic of Belarus has launched two programs for Land Protection and Rational Use of Natural Resources. The issue of changes in hydrological patterns is also being addressed through a special National Program entitled “Preservation and Use of Ameliorated Land (2000-2005).” This experience needs to be replicated in other countries of the region; and
- (n) In spite of achievements of some countries in combating the desertification there are some problems in sustainable development of dry lands and the provision of normal living conditions. As a consequence mass migration of people from such regions can be

observed. This problem is taken seriously by the Secretariat of CCD, UNEP and some other international organizations, and needs additional capacity to tackle it.

## CHAPTER 6:

## SYNTHESIS AND CONCLUSIONS

261. In the area of global environment, three legally binding instruments associated with the United Nations Conference on the Environment and Development, namely the Convention on Biological Diversity, the United Nations Framework Convention on Climate Change and the United Nations Convention to Combat Desertification, provide a framework for actions at the country level to address global environmental challenges. Their agenda has been even expanded as a result of the negotiations processes leading to the adoption of two new instruments – the Kyoto Protocol to the UNFCCC and the Cartagena Protocol on Biosafety to the CBD. Although the importance of the treaties in the context of sustainable development has been repeatedly confirmed at a number of forums, their implementation is still unsatisfactory.

262. Politically, the **EECA countries** show great interest in addressing the global environmental challenges, which has been demonstrated through their high participation in the GEF and in the Rio Conventions (See Table 4 for details). However, as confirmed through this assessment, their **capacities**, on national and sub-national levels **are inadequate to meet the commitments they have undertaken under the treaties, which lowers their ability to contribute to global actions.**

**Table4: Participation of the EECA countries in the GEF, CBD, UNFCCC and UNCCD**

Participation in the GEF	Participation in the CBD	Participation in UNFCCC	Participation in UNCCD
27 countries	25 countries	21 countries	15 countries
93,10% <sup>60</sup>	86,20%	72,41%	51,72%

263. It is not only the absence of capacities that hinders proper implementation of the instruments. In many cases capacities are available, but are ill-coordinated or inefficiently utilized. **The overall context, particularly economic and political stability, is also important for effective capacity development.**

264. When assessing the situation in the EECA countries according to this wide scale of criteria, every country has minor or larger problems in almost all of the areas which create the general environment favorable for addressing environmental problems. However, we find substantial differences among the countries of the region, mainly in terms of the level of political stability, the country's economic performance, the state of development of the market economy, including the state of privatization, liberalization and banking system development.

265. A more favorable overall environment is reported in most of the countries acceding to the EU, while a less favorable overall environment can be found in some members of the former Soviet Union. Several countries would fall somewhere between these two extremes.

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<sup>60</sup> The figure represents a share of participating countries out of 29 EECA countries..

266. Within the region, we find economies where the current priority of many industrial and commercial entities is the struggle for mere survival. Wage arrears, with wage payments delayed for several months, make the everyday scramble for food and fuel the only priority of many inhabitants. Some countries have also experienced massive emigration of better-educated inhabitants.

267. **In such an unfavorable political and economic environment it is difficult to give national priority to addressing global environmental problems, and much harder to achieve the development of sustainable capacities compared to other countries.**

### **Priorities and Needs in Developing Environmental Management Systems Capacities**

268. Environmental management systems include capacities which constitute the overall environment in which individuals and organizations operate and interact with the external environment, as well as the formal and informal relationships of institutions, namely :

- (a) policy framework,
- (b) legal and regulatory framework,
- (c) institutional framework,
- (d) system level resources, and
- (e) processes and relationships of different institutions.

269. While each of the instruments in terms of their subjects and objectives is to a large extent unique, there are several common areas and even overlaps among the treaties, which need to be recognized if capacity development efforts are to be effective.

### ***Policy Framework***

270. This includes development of comprehensive long-term consensus-based strategies, programs and action plans relevant to biodiversity, climate change and land degradation, as well as integration of respective concerns into policies of sectors which affect these natural resources. The latter is crucial, given the cross-cutting nature of the instruments.

## Development of Relevant Strategies, Programs and Plans

Capacity constraints	Capacity needs
Lack of political commitment to environmental and sustainable development issues	<ul style="list-style-type: none"> <li>➤ <b>strengthen capacity to raise awareness of the public (to encourage the interest of politicians)</b></li> <li>➤ <b>create capacities or mobilize existing ones to ensure continuous informing of political representatives and decision makers of environmental and sustainable development issues</b></li> </ul>
Insufficient linking of social and economic priorities with environmental objectives	<ul style="list-style-type: none"> <li>➤ <b>mobilize existing capacities so that planning process takes due consideration of the country's economic and social situation (so that strategy or plan set realistic objectives)</b></li> </ul>
Insufficient participation of Government but particularly non-governmental stakeholders in planning	<ul style="list-style-type: none"> <li>➤ <b>mobilize existing capacities to recognize the role of non-governmental stakeholders in the planning processes</b></li> <li>➤ <b>create capacities to gain the interest of non-governmental stakeholders in full participation in the planning relevant to biodiversity, climate change and soil protection objectives</b></li> </ul>
Lack of familiarity with and skills in using different types of planning tools in support of the instruments	<ul style="list-style-type: none"> <li>➤ <b>create or strengthen capacities, both human and institutional, to ensure different types of planning tools are used in support of the instruments</b></li> </ul>
Lack of capacities – human, institutional and financial, to carry out necessary technical, financial and economic analyses	<ul style="list-style-type: none"> <li>➤ <b>strengthen capacities or create new where necessary to prepare technical, financial and economic analyses to be used in the planning process</b></li> <li>➤ <b>increase or mobilize financial resources for the planning process</b></li> </ul>
Tendencies to overuse regulatory instruments	<ul style="list-style-type: none"> <li>➤ <b>create capacities or strengthen existing ones for promotion of economic instruments and other alternatives to regulatory instruments</b></li> </ul>

<p>Increased amount of planning in response to the demands by different international instruments and initiatives:</p> <ul style="list-style-type: none"> <li>▪ generates the effect of “inflation” of planning products</li> <li>▪ acts to the detriment of implementation</li> <li>▪ contributes to wasting of human and financial resources</li> </ul>	<p>➤ <b>develop cohesive planning framework to avoid “inflation” of planning processes and to make efficient use of scarce human and financial resources</b></p>
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### **Integration of Biodiversity, Climate Change and Land Degradation Concerns into Sectoral Policies**

Capacity constraints	Capacity needs
<p>Division of responsibility for implementation of environmental and sustainable development programs among many sectors</p>	<p>➤ <b>cohesive planning framework needs to be developed to eliminate conflicting sectoral policies</b></p>
<p>Inadequate familiarity with integrated planning</p>	<p>➤ <b>develop capacities to promote opportunities of integrated planning and management</b></p>

### *Legal and Regulatory Framework*

#### **Legislative Framework**

271. In identifying their priorities, a number of EECA countries, have reported that their legislative frameworks are inadequate to address the complexity of the issues covered respectively by CBD, UNFCCC and CCD<sup>61</sup> and that the enforcement mechanisms are weak.

Capacity constraints	Capacity needs
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<sup>61</sup> Assistance in strengthening the legislative frameworks is particularly needed for countries which are not acceding to the EU.

Lack of capacity to design, draft and amend laws contribute to gaps and loopholes in legislation	<ul style="list-style-type: none"> <li>➤ <b>strengthen law making capacity of the Government</b></li> <li>➤ <b>develop non-governmental capacity (consulting companies, NGOs) to draft laws reflecting country commitments under international treaties</b></li> </ul>
Increased numbers of laws formulated in different areas, including other environment- related legislation	➤ <b>develop mechanism to rationalize law making process</b>
Insufficient dialogue among stakeholders in law making process	➤ <b>develop capacities of relevant stakeholders to enable them to participate in law making process</b>
Insufficient enforcement	➤ <b>strengthen enforcement capacity of the Government institutions</b>

272. On the regional level a good illustration of the specific *gaps/loopholes in the legal frameworks* is provided by *biosafety*<sup>62</sup> and the status of *genetic resources and granting access to them for commercial and similar uses*. The two legislative frameworks have not yet been established in most countries and institutional responsibilities have to be defined and staff have to be trained to ensure enforcement.

### Incentive System

273. Incentive system is a system of monetary and/or non-monetary measures, which would stimulate desirable behavior of different stakeholders towards environmental protection. However, if not designed properly, the incentives could generate also perverse effects, as confirmed through numerous case studies. Proper incentive systems are critical for the EECA region, where new actors have emerged over the last decade, while the general regulatory framework has not been adapted adequately to new ownership patterns. Successfully implemented economic instruments are exceptional, an example being air pollution charge system in Poland.

Capacity constraints	Capacity needs
Lack of skilled human resources to design and manage the incentive system	➤ <b>develop capacity for designing and managing incentive systems, including regular assessments of its effects</b>

<sup>62</sup> In the accession countries, biosafety legislation development has already progressed, however, institutional structures remain weak.

The selection of instruments is dominated by the command and control approach that can often be much more costly than economic and market instruments	➤ <b>develop capacities to improve economic education and transfer of experience with economic and market instruments from other countries</b>
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### *Institutional Framework*

#### **Institutional Accountability**

274. The institutions responsible for implementation of for the Rio Conventions frequently lack effective means to coordinate the activities and information gathering, or even simply communicate with other actors. In some cases there are real disincentives to effective coordination, including institutional rivalries and tension over “turf” and resource control.

<b>Capacity constraints</b>	<b>Capacity needs</b>
Lack of clarity of distribution of responsibilities for different instrument–related activities among Government agencies, the private sector and civil society.	<ul style="list-style-type: none"> <li>➤ <b>develop capacities to carry out audits of institutional accountability with special focus on consistency with commitments under the Rio Conventions</b></li> <li>➤ <b>develop a mechanism to implement the recommendations arising from the institutional audits</b></li> </ul>

### *System Level Resources*

275. System level resources include financial, information and human resources.

#### **Financial Resources – In-country Sources**

<b>Capacity constraints</b>	<b>Capacity needs</b>
Government funds allocation to activities relevant for the implementation of the Rio Conventions is insufficient due to environmental matters having received less attention than production sectors.	<ul style="list-style-type: none"> <li>➤ <b>mobilize and/or strengthen allocation of the Government financial resources</b></li> <li>➤ <b>create capacities to implement cost-benefit analysis of protection measures and thereby attract Government financing of such measures</b></li> </ul>

Lack of transparency in financing actions addressing global environmental challenges since each of the instruments is implemented through different sectors	➤ <b>mobilize capacity to identify real Government expenses for actions relevant to implementation of the objectives of the Rio Conventions</b>
Allocation of funds to projects of lower priority	➤ <b>mobilize capacity to ensure financing of high-priority projects</b>
No or low incentives for private sector to finance actions addressing global environmental challenges	<ul style="list-style-type: none"> <li>➤ <b>develop incentives for private sector to finance environmental projects</b></li> <li>➤ <b>develop capacity to promote opportunities for private sector in financing environmental projects</b></li> </ul>
Banking sector insufficiently involved in financing environmental and sustainable use projects	➤ <b>mobilize capacities of banking sector to develop special schemes for financing environmental and sustainable development projects</b>
Lack of alternative financing opportunities	<ul style="list-style-type: none"> <li>➤ <b>create/strengthen non-governmental financial mechanisms tailored to special conditions in particular countries (e.g. community funds)</b></li> <li>➤ <b>support third party financing and consultancy for energy efficiency projects</b></li> </ul>

### Financial Resources – Accessing Ex-country Sources

276. A number of EECA countries will continue to rely on external financing of their biodiversity, climate change and land degradation projects.<sup>63</sup>

<b>Capacity constraints</b>	<b>Capacity needs</b>
Insufficient coordination of external aid	➤ <b>strengthen coordination capacity of national aid mechanism where it exists, or create such a mechanism where absent</b>
Lack of capacities in all sectors and in local communities to identify, draft and implement projects and negotiate relevant agreements	➤ <b>strengthen capacity of different stakeholders to act effectively through the whole project cycle, including negotiation of relevant agreements</b>

<sup>63</sup> Accession countries and OECD countries in particular will need to develop ODA mechanism.

Lack of aid schemes which would provide grants or soft loans to non-governmental stakeholders	<ul style="list-style-type: none"> <li>➤ <b>develop capacity of Governments to pursue through negotiation processes aid schemes relevant to BD, CC and LD activities for non-governmental stakeholders</b></li> </ul>
Language barrier	<ul style="list-style-type: none"> <li>➤ <b>develop project management units within the different sectors and at the different administrative levels, including local communities staffed with experienced professionals</b></li> <li>➤ <b>develop capacity to encourage donors to “nationalize” certain schemes (translate the key documents into particular national language, appoint local liaison officer or establish liaison office staffed with local professionals in a particular country)</b></li> </ul>

## Information Systems

277. Information system should provide a key support to decision makers, influence the quality of background information for policy and law making as well as it is critical for provision of reliable data for international inventories and *national reporting*.

Capacity constraints	Capacity needs
Data are scattered in different institutions and are of different quality and based on different methodology	<ul style="list-style-type: none"> <li>➤ <b>identify and depute data providers (mobilize information capacity of the country)</b></li> <li>➤ <b>create national capacity for data integration and analysis</b></li> <li>➤ <b>establish mechanism for the design of integrated information products</b></li> </ul>
Unclear terms and conditions of access to data	<ul style="list-style-type: none"> <li>➤ <b>define rules on access to data, including confidentiality, pricing, etc.</b></li> <li>➤ <b>develop mechanism for data exchange</b></li> </ul>
Lack of computer-based databases available on-line	<ul style="list-style-type: none"> <li>➤ <b>develop capacity to provide on-line access to data</b></li> </ul>

<p>Data gaps occur widely since new approaches pursued under the Conventions require more comprehensive data to be gathered and processed</p>	<ul style="list-style-type: none"> <li>➤ <b>mobilize and create new capacity to analyze data and information needs</b></li> <li>➤ <b>develop capacity for data collection and processing</b></li> </ul>
<p>Lack of financial and human resources to convert data into computer-based formats and organize them</p>	<ul style="list-style-type: none"> <li>➤ <b>strengthen capacity to convert and organize data</b></li> </ul>

## Monitoring

278. Monitoring is inevitable for assessing the status and trends in biodiversity, climate change and land degradation. However, while monitoring of GHG emissions is ensured in majority of the countries, no EECA country has a functioning monitoring system of biodiversity and soil quality. Some sectors operate monitoring systems of certain biodiversity components tailored to their specific sectoral need, however, the results are inadequately used in integrated analyses.

Capacity constraints	Capacity needs
Conceptual difficulties in designing monitoring systems, including design of indicators	<ul style="list-style-type: none"> <li>➤ <b>develop capacity to design a monitoring system of biodiversity and land quality elaborating on existing monitoring capacities within the country</b></li> <li>➤ <b>develop system of biodiversity and land degradation indicators</b></li> </ul>
Insufficient allocation of funds to ensure implementation	<ul style="list-style-type: none"> <li>➤ <b>develop capacity to finance monitoring systems and increase financing through the Government budget</b></li> </ul>
Lack of skilled personnel to carry out monitoring	<ul style="list-style-type: none"> <li>➤ <b>develop human capacities to carry out monitoring</b></li> </ul>
Lack of monitoring equipment	<ul style="list-style-type: none"> <li>➤ <b>develop capacity to finance monitoring systems and/or increase financing through the Government budget</b></li> </ul>
Insufficient logistic support hinders operation of monitoring where it exists	<ul style="list-style-type: none"> <li>➤ <b>strengthen logistic support to monitoring systems</b></li> </ul>

## Human Resources

279. Availability of human resources within the system is influenced by a number of factors including, but not limited to, quality of education and professional training, attractiveness of certain professions, pay and incentive systems in different sectors, etc.

Capacity constraints	Capacity needs
Lack of qualified staff in the public sector as a result of the pay and incentive systems	<ul style="list-style-type: none"> <li>➤ <b>develop targeted policies to sustain/attract qualified experts to work within the public sector</b></li> </ul>

Lack of opportunities for decision makers to receive training in novel concepts relevant to sustainable development	➤ <b>develop training schemes targeted to different levels of decision makers regarding biodiversity, climate change protection and land degradation control</b>
Gaps in curricula at all academic levels: <ul style="list-style-type: none"> <li>▪ environmental education lacks economic background</li> <li>▪ education in social and economic fields lacks background on environmental issues</li> </ul> and thus general level of understanding of linkages between the environment and development is low	<ul style="list-style-type: none"> <li>➤ <b>develop or adapt existing curricula at all academic levels so that:</b></li> <li>➤ <b>environmental education also includes economic subjects</b></li> <li>➤ <b>social and economic education also includes subjects relevant to environmental protection and sustainable development alternatives</b></li> </ul>
Lack of qualified lecturers in certain fields, particularly in environmental policy and economics	<b>create/strengthen capacity of teachers within academic institutions</b>

### *Processes and Relationships*

280. Capacities relevant to processes and relationships include communication, coordination, participation, implementation of the Rio Conventions on the district and local levels and awareness.

### **Coordination**

281. Coordination is a key step towards effective utilization of existing capacities and avoiding overlapping or contrary activities

<b>Capacity constraints</b>	<b>Capacity needs</b>
Insufficient mandate of coordination mechanism where it exists	➤ <b>strengthen coordination mechanism to participate through the consultative process in policy and decision making processes</b>
Insufficient logistic (secretarial) support to coordination mechanism	➤ <b>strengthen logistic support to coordination mechanism</b>

Absence of coordination mechanism (in some countries)	<p>➤ <b>create mechanism to facilitate coordination to ensure that:</b></p> <ul style="list-style-type: none"><li>▪ <b>conflicts in implementation are eliminated or reduced</b></li><li>▪ <b>gaps are minimized, and</b></li><li>▪ <b>overlaps are eliminated</b></li></ul>
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## Communication

282. Communication is a key tool for consensus building.

Capacity constraints	Capacity needs
Communication between stakeholders and Government is fragmented or inadequate	➤ <b>strengthen communication skills at all levels of administration</b>

## Implementation on District and Local Levels

283. Success of the implementation of the Conventions depends in many cases on the implementation on the local level where people interact directly with their surrounding environment. This puts a number of challenges on the EECA countries, particularly in the process of decentralization of decision making powers and responsibilities.

Capacity constraints	Capacity needs
Diminishing capacities, including skilled staff, funds, etc. from the national to the local level	<ul style="list-style-type: none"> <li>➤ <b>strengthen capacities, particularly human and financial resources, at district level to enable them to transfer national priorities to the local level.</b></li> <li>➤ <b>strengthen capacities of local governments, NGOs, local businesses and other local actors to enable them to develop and implement local sustainable development policies.</b></li> </ul>

## Participation

284. Participation of the non-governmental stakeholders in policy and law making processes is a precondition to gaining the ownership of relevant policy instruments and thereby ensuring their implementation.

Capacity constraints	Capacity needs
Inadequate access of non-governmental stakeholders to the planning process	➤ <b>adapt planning mechanism to provide for adequate participation of non-governmental stakeholders</b>

Insufficient skills of non-governmental stakeholders in planning	➤ <b>develop or strengthen skills of non-governmental stakeholders so that they become equal participants of the planning processes</b>
Inadequate interest of non-governmental stakeholders in the planning processes due to lack of familiarity with the Rio Conventions	➤ <b>increase familiarity of non-governmental stakeholders with the Rio Conventions to gain their interest to participate in the planning</b>

## Awareness

285. Pertaining low awareness of challenges of global environmental actions concerns particularly general public and decision makers.

Capacity constraints	Capacity needs
Lack of public awareness programs	<ul style="list-style-type: none"> <li>➤ <b>develop effective awareness programs for general public</b></li> <li>➤ <b>strengthen capacity of NGOs to carry out awareness programs</b></li> <li>➤ <b>develop training schemes for farmers (new landowners) on sustainable land use practices</b></li> </ul>
Lack of qualified environmental journalists	➤ <b>strengthen capacity of media in environmental fields</b>
Insufficient promotion of positive demonstration projects	➤ <b>promote successful stories about application of relevant conservation and sustainable measures among public and decision makers, particularly those generating benefits to local population</b>

286. On the basis of the above analyses we assume that in terms of capacity development at the systemic level priority should be given to **strengthening the processes aimed at translation of commitments under the Rio Conventions into actions on the national, district and local levels**, including strengthening of **participation** of relevant stakeholders, improvement of **communication** and **coordination** among different stakeholders so as to gain their long term commitment for addressing the global environmental challenges. **Awareness raising** of both decision makers and the general public of biodiversity, climate change and land degradation concerns **is critical to success**. Mobilizing, and where necessary strengthening, of the system level resources is inevitable.

## *Specific Priorities and Capacity Needs in biodiversity*

### **Valuation of Biodiversity**

287. Economic value of biodiversity, except for commercial crops, timber, etc., or species subject to trade (game, CITES species), and of the ecosystem services is not considered. There is no market to create their price and the damage to biodiversity incurred by production activities is not included in the real costs of companies, etc. No fiscal measures are aimed at discouraging practices which undermine ecological integrity. The importance of the potential economic value of biodiversity for a countries' economy in the long run is underestimated or not understood in the EECA region.

<b>Capacity constraints</b>	<b>Capacity needs</b>
<p>Methodological uncertainty</p> <ul style="list-style-type: none"> <li>▪ as to how to establish value of biodiversity components</li> <li>▪ as to how to include biodiversity value in accounts</li> </ul>	<ul style="list-style-type: none"> <li>➤ <b>develop training schemes to transfer external knowledge on valuation of biodiversity</b></li> <li>➤ <b>develop capacity for adaptation of external valuation methodologies to local conditions</b></li> <li>➤ <b>develop capacity for adaptation of accounting policies so that they include environmental costs</b></li> </ul>
<p>Current prices do not include costs of the damage incurred to biodiversity by production activities when the cost of product is determined</p>	<ul style="list-style-type: none"> <li>➤ <b>develop capacity to revise pricing policy so that the price of a product includes environmental costs and there by stimulate development of valuation methodologies</b></li> </ul>
<p>Lack of qualified environmental economists</p>	<ul style="list-style-type: none"> <li>➤ <b>strengthen capacity of conventional education to prepare experts qualified in environmental economy</b></li> </ul>

### **Trade-related Biodiversity Issues**

288. The policy frameworks impacting on the biodiversity system include also the *market structure*, with its export and import policies, and *consumption patterns*. However, it has been noted that these issues are usually not addressed in the available biodiversity documents and reports elaborated in the EECA. Similarly, trade-related intellectual property rights have often not been addressed in the region.

<b>Capacity constraints</b>	<b>Capacity needs</b>
Lack of political will for and/or underestimation of the need for analyses in the EECA of linkages between the export and import policies and the country's biodiversity	<ul style="list-style-type: none"> <li>➤ <b>develop capacity to adapt relevant policies and planning processes so that they include analyses of how country's export and import policies influence biodiversity</b></li> <li>➤ <b>develop capacity to manage public awareness campaigns regarding trade and biodiversity</b></li> </ul>
Lack of political will for and/or underestimation of the need for analyses in the EECA of linkages between the consumption patterns and the country's biodiversity	<ul style="list-style-type: none"> <li>➤ <b>develop capacities for assessing the effects of consumption patterns on biodiversity in EECA</b></li> <li>➤ <b>develop capacity to manage public awareness campaigns regarding the consumption patterns and their influence on biodiversity</b></li> </ul>

## **Biosafety**

289. Biosafety concept driven by potential risks to the conservation and sustainable use of biological diversity from the release to the environment of organisms which have been produced through a modern biotechnology is rather new to the EECA countries. Therefore majority of the countries need to create biosafety frameworks and develop capacities to cope with the provisions of the Cartagena Protocol on Biosafety, recently opened for signature.

<b>Capacity constraints</b>	<b>Capacity needs</b>
Insufficient understanding of the biosafety concept among decision makers since it is a rather new concept	➤ <b>develop targeted training courses to make the decision makers understand the concept and implementation requirement</b>
Inadequate biosafety-related policy and legal and regulatory frameworks	➤ <b>develop capacities for addressing gaps and loopholes in biosafety-related policy and legislative and regulatory frameworks</b>
Lack of skills for assessment and management of risk posed by living modified organisms	➤ <b>develop capacities for assessment and management of risks posed by living modified organisms</b>

## *Specific Priorities and Capacity Needs in Climate Change*

### **Functioning of the Energy Efficiency and Renewable Energy Market**

290. Functioning energy efficiency and renewable energy market are the main areas critical in addressing the climate change problems by the countries of EECA.

<b>Capacity constraints</b>	<b>Capacity needs</b>
<p>The market does not sufficiently attract private investors since the risk is perceived high due to the following barriers:</p> <ul style="list-style-type: none"> <li>▪ uncertainty of assumptions on future development of energy prices</li> <li>▪ general political and economic instability</li> <li>▪ higher share of initial investment cost in the overall costs of the energy efficient and renewable energy projects than in the case of conventional technologies</li> <li>▪ gaps in enforcement mechanisms on the national level</li> </ul> <p>Another important barrier is related to the level of financial sector development and is more comprehensively described in the chapter on institutional capacities</p> <ul style="list-style-type: none"> <li>▪ financial institutions are not prepared to evaluate energy efficiency and renewable energy projects</li> <li>▪ in many countries of the region the banking sector is underdeveloped, thus not providing general access to commercial financing for any projects, including climate protection projects.</li> </ul>	<ul style="list-style-type: none"> <li>➤ <b>lower perceived investment risk by information dissemination, demonstration projects, soft loans</b></li> <li>➤ <b>develop capacity of the banking sector to create a suitable framework enabling identification, preparation, financing and implementing of energy efficiency and renewable energy projects</b></li> </ul>

## *Specific Priorities and Capacity Needs in Land Degradation*

### **Identify Synergies**

291. Since the CCD, unlike its sister Conventions, does not establish a financial mechanism, but rather calls for mobilization of financial resources from other sources, the issue of synergies is of critical importance for financing the projects aimed at combating land degradation.

Capacity constraints	Capacity needs
Lack of understanding of potential synergies and complexity of linkages among the Rio Conventions	<ul style="list-style-type: none"> <li>▪ <b>strengthen the capacities for identification of synergies among the Rio Conventions and thereby facilitate access to financing of projects aimed at combating land degradation</b></li> </ul>

### Harmonization of Land Degradation Classifications

292. To develop effective policies, plans and programs to combat land degradation regardless of land tenure, there is a need to harmonize classification of types and sources of land degradation.

Capacity constraints	Capacity needs
Insufficient capacity to classify types and sources of land degradation	<ul style="list-style-type: none"> <li>➤ <b>develop capacity to harmonize classification of types and sources of land degradation</b></li> </ul>
Diversified land tenure and low understanding of the issue by non-governmental landowners	<ul style="list-style-type: none"> <li>➤ <b>develop capacities of land owners to take part in harmonization of classifications and thereby develop their understanding about potential severity of land degradation consequences</b></li> </ul>

### Priorities and Needs in Institutional Capacity Development

293. At the institutional level, capacity development focuses on the overall organizational performance and functioning capabilities of a single institution, as well as its ability to adapt to change. It aims to develop the institution as a total system, including individuals, groups and the organization itself.

294. In the EECA countries, the institutions with responsibility for implementation of particular instruments vary greatly in their authority and resources. Effectiveness of their work suffers from overall **changes of political, administrative and social systems** which have been going on within the region. These are, at the same time, the **main causes of changes or imbalances of their institutional mandates**.

295. The overall situation is well documented by an observation from Hungary:

*“Modification of mission and mandate is actually a necessity for both the institute and its staff in order to survive. Many universities and research institutions*

*compete for commissions from different projects, considering them as financial means of their survival. It depends on the accounting system, how this influences the level of implementation. Under such conditions and assuming that **the conservation and sustainable use of biodiversity** [as well as **climate change protection** and **land degradation control**] is a **strategic question, a clear appointment of the tasks would be necessary**, followed by a strict accounting. The market system must function in this respect as well, which means that **failure of the accomplishment** as well as **delayed or insufficient implementation of the undertaken tasks should bring about serious financial and other consequences**” (Turcsanyi, 2000).*

296. Establishment of new independent states has caused a breakdown of institutional frameworks which had been developing for decades and resulted in **institutional gaps in some countries**. The gaps occur especially in the former Soviet Union countries which at the same time belong to the least developed countries within the region.<sup>64</sup> For them foreign assistance in setting up the new institutions needed for implementation of the Rio Conventions is inevitable.

297. Effective management of human, information and financial resources in public institutions is influenced by the other levels of capacities and more particularly:

- (a) on the system level - salary structures, budgetary allocations, procedures, responsibilities, and
- (b) on the individual level - insufficient management, know-how, communication abilities.

The tables below give details of the problems and needs.

### Management of the Institutions

Capacity constraints	Capacity needs
Lack of qualified and properly skilled personnel to manage institutions in the condition of market economy resulting in a weak management, oversight and enforcement.	<ul style="list-style-type: none"> <li>➤ <b>strengthen the management capacity of institutions to adapt to new political, economic and social situations in the country</b></li> <li>➤ <b>create capacities to perform regular independent audits of management quality in public institutions</b></li> </ul>

<sup>64</sup> And according to economic indicators their overall economic performance is on the level of developing countries.

Managerial positions are staffed with persons associated with ruling party(ies)	➤ <b>develop capacities to manage public campaigns towards increasing transparency in selection procedures for managerial staff</b>
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### Staff Management Policies

Capacity constraints	Capacity needs
Salary structures and incentives systems within the public institutions do not affect the individuals motivation positively	➤ <b>adapt the pay and incentive systems within the public institutions to promote excellence</b>
Management systems do not reward individual initiative and achievements and this does not create an environment for effective use of individual skills	➤ <b>strengthen staff management systems to work towards efficient use of individual skills</b>
Common lack of certain professions due to deficiencies in education system	➤ <b>strengthen education system through strengthening capacity of teachers and improving curricula</b>
Lack of functional teams within institutions	➤ <b>develop incentives for team work thus allowing for more efficient work of the institution</b>

### Financial Resources

Capacity constraints	Capacity needs
Public institutions in general and, particularly those of environment, education and research sectors tend to be underfunded to an extent which hinders their effective functioning	➤ <b>develop understanding for the need of shifts in the Government budget in favor of financing the environmental, educational and research institutions</b>
Insufficient opportunities for alternative financing through the existing institutional framework of biodiversity, climate change protection and land degradation control projects	➤ <b>develop measures to stimulate alternative financing, including by private sector and local financial institutions, of biodiversity, climate change protection and land degradation control projects</b>
Insufficient capacity of existing institutions to finance environmental projects	➤ <b>create financial mechanisms on the national, district or community levels to provide soft loans, or where possible grants, for biodiversity, climate change protection and land degradation control projects</b>



## Infrastructure

Capacity constraints	Capacity needs
Insufficient funding of single institutions limit purchase of new and maintenance of existing equipment as well as access to conventional information sources like journals, books, etc. and commercial databases	➤ <b>strengthen allocation of funds within the institution's budget for infrastructure and access to information</b>
Many institutions, particularly in rural areas, but also central institutions in the countries with lower economic performance (mostly countries of the former Soviet Union) do not have access to modern means of communications	➤ <b>create communication infrastructure in institutions working in the area of the global environment</b>

298. The public sector is also characterized by a **certain imbalance of institutions in favor of technical capacities and to the detriment of capacities oriented at social sciences**. This affects the performance of institutions both:

- (a) in the area of decision-making, and
- (b) in educational institutions.

299. **The above-mentioned deficiencies at the institutional level also occur in private institutions as a consequence of the centrally managed economic system with the prevailing role of the public sector in the past and lack of experience of managing institutions in the conditions of market pressures.**

300. Primarily, it is important to create or strengthen the institutional framework in the following areas :

- (a) coordination of the Rio Conventions on the national level (focal points, multi-sectoral committees, etc.);
- (b) planning, policy development and reform of legal framework;
- (c) public awareness;
- (d) financial aid administration and cooperation in the area of the global environment, particularly in the less developed countries in the region;
- (e) commercial financing of projects related to conservation/sustainable development; and

- (f) data collection (including inventories, monitoring) and information management.

301. Within the above mentioned areas it is necessary to **identify a core set of activities** of strategic importance, implementation of which **has to be ensured through Government institutions** and subsequently strengthen the Government sector accordingly. However, **conditions** have to be created **to develop institutional capacities of non-governmental sectors** to implement the others.

### **Priorities and Needs for Developing Individual Capacities**

302. Capacity at the individual level refers to the process of changing attitudes and behaviors, imparting knowledge and developing skills, while maximizing the benefits of participation, knowledge exchange and ownership.

303. Inadequacy of capacities on the level of individuals has been confirmed a number of times as hindering implementation of the Rio Conventions. However, it is not sufficient to develop capacity itself. Long-term demand for capacity is also necessary not to waste the effort in training and education of human resources for short-term effects.

304. Three are some general features of individual capacities which apply throughout the EECA region:

- (a) general level of knowledge and technical skills among decision makers concerning the country's environmental problems is satisfactory;
- (b) managerial and communication skills are insufficient at all levels of administration;
- (c) scientific capacity is generally available;
- (d) critical is lack of certain professions working in the area of the global environments namely: environmental economists, environmental layers, professional negotiators at international forums, potential developers and bank analysts concentrating on economic and financial analysis of the environmental projects;
- (e) consultants are just emerging in majority of countries and can be supported by appropriate training and information;
- (f) lack of training opportunities is a general phenomenon; and
- (g) gender concern is not considered to be an issue within the EECA region.

## Erudition and Experience in Selecting an Effective Combination of Instruments in the Planning Process

Capacity constraints	Capacity needs
<p>Individuals have little knowledge of and experience with different tools of environmental protection, particularly with those applicable in the market economies. The reasons are the following:</p> <ul style="list-style-type: none"> <li>▪ there has been more experience of the command and control approach, which is mainly a result of historical tradition during the era of the centrally planned economies</li> <li>▪ economic education appropriate for a market economy framework has only been available in the last decade</li> <li>▪ access to education in environmental economics and policy is still very scarce</li> <li>▪ human resources in this area are rather restricted, and there are difficulties with finding lecturers</li> </ul>	<ul style="list-style-type: none"> <li>➤ <b>develop capacities to transfer developed countries' experience with different tools of environmental protection (especially economic ones)</b></li> <li>➤ <b>develop capacity to carry out specialized training in environmental policy instruments and regulations for decision makers</b></li> <li>➤ <b>adapt university level of education to prepare professionals in environmental planning in the conditions of market economy</b></li> <li>➤ <b>develop individual capacities that can provide education, training programs and seminars in this area</b></li> </ul>

## Enforcement of Policy Instruments

Capacity constraints	Capacity needs
<p>Institutions responsible for overseeing the implementation of the national instruments often do not have skilled and trained personnel to enforce fulfillment of the requirements</p>	<ul style="list-style-type: none"> <li>➤ <b>develop individual capacities to enforce policy instruments</b></li> </ul>

## Access to and Effective Utilization of Funds

Capacity constraints	Capacity needs
<p>Lack of capacity of all sectors, including local communities, to negotiate with donors funding of projects due to :</p> <ul style="list-style-type: none"> <li>▪ lack of awareness of access to funds provided by different donors</li> <li>▪ insufficient negotiating skills</li> <li>▪ language barrier</li> </ul>	<ul style="list-style-type: none"> <li>➤ <b>develop awareness of funding opportunities among different stakeholders</b></li> <li>➤ <b>develop negotiating skills</b></li> </ul>
<p>Generally know-how in identifying, preparing financing and implementing the projects is insufficient</p>	<ul style="list-style-type: none"> <li>➤ <b>develop training opportunities for different stakeholders to provide the know-how needed to identify, prepare and manage projects supporting the objectives of the Rio Conventions</b></li> </ul>
<p>Insufficient capacity of aid coordination centers (political interventions also influence the efficiency of the performance of the aid coordination centers)</p>	<ul style="list-style-type: none"> <li>➤ <b>strengthen capacities of individuals for aid coordination</b></li> </ul>

## Data Collection, Information Management and Reporting

Capacity constraints	Capacity needs
<p>Shortage of experts constrains:</p> <ul style="list-style-type: none"> <li>▪ inventories and projections of GHG</li> <li>▪ inventories of biodiversity components and assessments of their status and trends</li> <li>▪ monitoring of soil quality and land degradation processes</li> </ul>	<ul style="list-style-type: none"> <li>➤ <b>develop capacity of individuals to collect data on biodiversity, GHG emissions and soil quality and make and assessments thereof</b></li> <li>➤ <b>develop capacity of individuals to prepare focused national reports and communications as required by the Rio Conventions</b></li> </ul>

## Communication

Capacity constraints	Capacity needs
<p>Little experience with public discussions and involvement of stakeholders in decision making processes due to</p> <ul style="list-style-type: none"> <li>▪ historical reasons</li> <li>▪ underestimation of the importance of communication for consensus building</li> </ul> <p>Lack of opportunities to gain communication skills</p>	<ul style="list-style-type: none"> <li>➤ <b>gain the interest of decision makers to develop the “art of communication,” <i>inter alia</i> by demonstrating successful stories of problem solutions</b></li> <li>➤ <b>develop capacities to generate communication skills among decision makers</b></li> </ul>

## Awareness

305. Insufficient awareness of individuals of global environmental challenges and opportunities for protection and sustainable development measures is a general phenomenon. Low awareness is not a weakness of the general public only but also of decision makers.

Capacity constraints	Capacity needs
<p>Lack of experience with managing public awareness campaigns</p>	<ul style="list-style-type: none"> <li>➤ <b>develop capacities to manage public awareness campaigns for environmental protection</b></li> <li>➤ <b>develop training opportunities for journalists aimed at increasing their understanding of the global environmental problems</b></li> </ul>
<p>Sustainable development concept, as well as climate change, biodiversity and land degradation issues as regulated by the Rio Conventions are rather new to politicians and decision makers</p>	<ul style="list-style-type: none"> <li>➤ <b>develop capacity to ensure that different levels of decision makers shall be informed of development of the international agenda including that pursued within the processes of the Rio Conventions</b></li> </ul>

## Lessons Learned from Capacity Building Efforts

306. In the area of the global environment, a number of projects funded extensively through multilateral donors<sup>65</sup> or on the basis of bilateral agreements have been implemented in the EECA region in the last decade. They represented a substantial contribution to strengthening respectively the countries' ability to address biodiversity, climate change and land degradation issues. At the same time, important lessons were learned which are presented below.

### Political Framework

- (a) *Removal of some capacity gaps is achievable only in parallel with improvement of the overall environment, and*
- (b) *It is not efficient to intervene only on lower levels (the individual or institutional level) without creating favorable system conditions for capacity utilization*

307. Stable political framework creates **conditions for sustainability** of capacities, which is probably the most critical issue with which both beneficiaries and donors are concerned.

308. J. Bossuyt (1995) in his study "Capacity Development: How Can Donors Do It Better?" concludes that donors increasingly emphasize the political nature of capacity development. Poor governance conditions impede the effective use of institutions and capacities.

309. Further important findings of the study (Bossuyt, 1995) can be summarized:

- (a) Development is gradual and evolutionary and, for instance, institutional changes may be difficult to achieve with current segmented project cycles, and
- (b) Where commitment has been expressed at the highest level, ownership does not follow automatically. This is because the aid sector does not link those who take the risks with those who receive the awards, as opposed to the private sector.

310. In order to address these problems at least partially, policy dialogue should be based on a cross-sector and inter-ministerial approach and further **involve a broad range of stakeholders, including the private sector** throughout the whole project cycle. Such recommendations can be found in many sources, e.g. in the "Submissions from relevant intergovernmental organizations on their ongoing capacity-building activities" (UNFCCC 2000b: 34).

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<sup>65</sup> Such as the World Bank, GEF, EU, UNDP, UNEP.

## Setting Priorities

- *environmental priorities have to be linked to other national priorities as the needs for social and economic development*

311. A number of initiatives at the country level were aimed at setting **the national priorities in the respective areas of biodiversity, climate change and land degradation**, and products thereof provide a framework for negotiations with donors of development assistance. However, they usually **do not consider priorities in other sectors** (and *vice-versa*). External assistance would be even strengthened through targeting of resources to areas where they can have the maximum multiplier effect and by linking to other national priorities as the needs for social and economic development (see e.g. UNDP 1997). This particularly applies to countries with lower level of economic performance - for example, in Georgia the lack of energy supply creates scope for a targeted approach to renewable energy promotion. It would support economic development, while not increasing GHG emissions.

## Balancing the Program-and Project-based Approaches to Capacity Development

- *proper balance between program- and project-based approaches to capacity development needs to be established*

312. Low level of programmatic (systemic) approach towards building capacities to cope with biodiversity loss, climate change or land degradation has been commonly observed. However, the **project-based approach**, i.e. implementing actual projects with external financial, managerial and technical help in priority areas still widely prevails. This approach sometimes results in implementing lower priority projects (based on the opportunity to receive assistance, mostly financial) and is challenged with a need for improvement of the environmental management system to make the capacity sustainable. However, project-based approach **is inevitable to overcome urgent capacity development needs**.

313. As the aim of capacity development is the development of a self-motivating process which would take place gradually from within, **priority should be placed on the systemic approach to capacity development**. That means creating a framework of sustainable capacities so that potential biodiversity, climate change protection and land degradation control projects would be implemented without any further special help.

### BOX 17: SYSTEMIC APPROACH VERSUS PROJECT-BASED APPROACH TO CLIMATE CHANGE

The systemic approach is oriented at

- **supporting and developing the market for projects mitigating GHG emissions, especially energy efficiency and renewable energy projects**
- **enlarging system capacities to provide effective policy enhancing the market**

- **improving institutional and individual capacities, providing know-how to identify, prepare, finance and implement projects (including support for ESCOs, third-party financing, consulting services, etc.).**
- **The project-based approach focuses on**
- **implementing actual projects with external financial, managerial and technical help in priority areas.**

314. Most countries associated to the EU are prepared for the systemic approach and it would be a mistake to concentrate on project-based approach, although it does not mean that it should not be applied at all. On the other hand, in some other countries it is only possible to fully implement systemic approach over a very long period, due to the unfavorable general socioeconomic framework. In such cases, it is suitable to use the project-based approach, but it is necessary to implement projects continuously on a long-term programmatic basis to secure the sustainability of capacities created.

### **Coordination**

- *coordination of capacity development efforts needs to be improved both on the country level and among donors*

315. Lack of coordination has been observed both on the country level and among donors. This often led to duplication on the one hand and kept the deficiencies on the other. Biermann (2000), in his policy paper *The Case for the World Environment Organization* is of the opinion that:

*“the system of financing global environmental policies suffers from an **ad hocism** that does not meet the requirements of transparency, efficiency, and participation of the parties involved,”* and states that *“shortcomings of the present state of global environmental governance [are]: deficiencies in the coordination of distinct policy arenas; **deficiencies in the process of capacity building in developing countries;** and deficiencies in the implementation and further development of international environmental standards.”*

316. **Lack of coordination** also **decreases opportunities for synergy** which coordinated implementation of the Rio Conventions as well as other relevant international instruments may produce. This tends to be a more costly solution.

### **Monitoring of Capacity Development**

- *absence of implementation indicators or definition only of general indicators do not allow proper identification of success, cost-effectiveness and basic usefulness of the capacity development*

## Effective Utilization of Individual Capacities

- *the pay and incentive system is a critical element of capacity since incentives affect each individual's performance, motivation, willingness to remain in the public sector or even in the country*

317. Salary levels of educated public-sector staff are often a small proportion of alternative earnings in the private sector,<sup>66</sup> or in the countries with low level of economic performance, even lower than a living wage. Under such circumstances it is unlikely that capacity development strategies in the public sector will succeed unless there is a serious commitment to **reforming public-sector salaries and personnel management systems**. (UNDP 2000: 8-9)

318. Motivation has been adversely affected in many countries by **lack of management capacity**, which is essential in creating conditions in which people carry out their functions and use their skills effectively. Management systems that emphasize recognition of individual achievement and merit-based promotion or incentives are extremely important in determining performance, even in conditions where salary levels are low. (UNDP 2000: 8)

## Country-specific Knowledge

- *a critical issue is to respond to specific national and local circumstances through engaging experts and their skills and not losing the important external know-how by excessive relying on domestic capacities*

319. It is difficult to find the balance between the adjusting of general knowledge to the country-specific environment and not losing the important external know-how by excessive relying on domestic capacities.

320. However, lack of high-quality consultants within the region and promotion by donors of external consultants who did not have sufficient knowledge of the local conditions, and/or due to language barrier were unable to communicate effectively with the local stakeholders in some cases hindered effective implementation of projects.

321. For example, in biodiversity projects knowledge of local ecosystems as well as of local legislative and administrative frameworks is critical to the success of the project, while some technologies such as GIS, some monitoring techniques, etc. can be effectively transferred by “external”

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<sup>66</sup> Considering extremely low level of financing the public sector staff within the EECA countries, in many countries not exceeding a level of 100 US dollars per month ( even this figure is optimistic, on sub-national levels and in technical and scientific institutions credible experts are paid some 40-50 US dollars per months) private sector easily affords 50 -100% higher wages.

consultants.

## **Regional Networking**

- *there is growing national expertise and potential for sharing information and experience among countries, to make better use of this potential, donor flexibility in financing regional networking would be helpful*

## **Best Practice**

- *application of best practice in capacity development efforts is crucial to ensure success*

322. Important conclusions on lessons learned can be found in the UNDP study “Lessons of Experience and Guiding Principles” (2000) that compares the effort of external aid in various areas of capacity development needs. It states that training and education have best been supported under conventional approaches to technical cooperation in contrast to under emphasizing of other dimensions: organizations and their management, networks and linkages between organizations, the public-sector environment and the overall context.

323. Targeting the audience to be trained under specific schemes is also important. For example, it is critical to ensure that management staff will not be taking part in a training focused on development of certain technical skills and vice-versa.

## **Synergy**

- *it is possible to produce country-level synergy implementation of the Rio Conventions*

324. Within the overall framework of policy making, planning and implementation of the Rio Conventions there are several core activities which are particularly amenable to search for institutional synergies and which have to be considered in effective capacity development strategy, namely awareness raising, education, reporting, data gathering and inventories, public participation, research and training.

**ANNEX 1: STATUS OF PARTICIPATION OF THE COUNTRIES OF THE EASTERN EUROPE/CENTRAL ASIA REGION IN THE GEF, CBD, UNFCCC AND THE UNCCD**

Country		GEF Participating Countries	Status of Ratification of the CBD <sup>67</sup>	Status of Ratification of the UN FCCC <sup>68</sup>	Status of Ratification of the UN CCD <sup>69</sup>
1.	Albania	P	AC	AC	AC
2.	Armenia	P	AA	R	R
3.	Azerbaijan	P	*	R	AC
4.	Belarus	P	R		
5.	Bosnia and Herzegovina				
6.	Bulgaria	P	R	R	
7.	Croatia	P	AA	R	*
8.	Czech Republic	P	AA	R	AC
9.	Estonia	P	R	R	
10.	Georgia	P	AC	AC	R
11.	Hungary	P	R	R	AC
12.	Kazakhstan	P	R	R	R
13.	Kyrgyz Republic	P	AC		AC
14.	Latvia	P	R	R	
15.	Lithuania	P	R	R	
16.	Macedonia, FYR	P	AC		
17.	Malta	P	*		R
18.	Moldova	P	R		AC
19.	Poland	P	R	R	
20.	Romania	P	R	R	AC

<sup>67</sup> Status as at February 2000, Source: Home page of the CBD Secretariat

<sup>68</sup> Status as at December 1999, Source: Secretariat of the UNFCCC

<sup>69</sup> Status as at March 31, 2000

**ANNEX 1 (CONTINUED): STATUS OF PARTICIPATION OF THE COUNTRIES OF THE EASTERN EUROPE/CENTRAL ASIA REGION IN THE GEF, CBD, UNFCCC AND THE UNCCD**

Country		GEF Participating Countries	Status of Ratification of the CBD <sup>70</sup>	Status of Ratification of the UN FCCC <sup>71</sup>	Status of Ratification of the UN CCD <sup>72</sup>
21.	Russian Federation	P	R	R	
22.	Slovak Republic	P	AA	R	
23.	Slovenia	P	R	R	
24.	Tajikistan	P	AC	AC	AC
25.	Turkey	P	R		R
26.	Turkmenistan	P	AC	AC	R
27.	Ukraine	P	R	R	
28.	Uzbekistan	P	AC	AC	R
29.	Yugoslavia		*		
Total number of countries		27	25	21	15
% of total 29 EECA countries		93,10%	86,20%	72,41%	1,72%

\* - signature "R" ratification; "AC" – accession; and "AA"- approval.

<sup>70</sup> Status as at February 2000, Source: Home page of the CBD Secretariat

<sup>71</sup> Status as at December 1999, Source: Secretariat of the UNFCCC

<sup>72</sup> Status as at March 31, 2000

## ANNEX 2: REVIEW OF THE COUNTRY PRIORITIES IN BIODIVERSITY AS CONTAINED IN THE RESPONSES TO THE QUESTIONNAIRE

Biodiversity issues highlighted in the Convention on Biological Diversity	AL*	AR	BY	BA	BG	EE	KZ	KG	LV	LT*	MK	RO	SK	SI	TJ	UA	UZ	YU <sup>73</sup>	Total resp <sup>74</sup>	Average <sup>75</sup>	EE CA <sup>76</sup>
Effective National Biodiversity Planning				2							1		1	1				2	5	1,4	H
Identification and Monitoring of components of biological diversity important for its conservation and sustainable use		1	2								2					4		3	5	2,4	H
In-situ conservation of biological diversity		2	1		5 <sup>77</sup>	1 <sup>78</sup>	3 <sup>79</sup>	2		1		1	2 <sup>80</sup>	2		X <sup>81</sup>	1		12	1,9	H
Respect for and preservation of knowledge, innovations and practices of indigenous and local communities														1					1	1	L
Ex-situ conservation of		3				5						1		3					4	3	H

\* Country responded to the early version of the Questionnaire.

<sup>73</sup> Response from an academic institution.

<sup>74</sup> Number of countries which have stated the issue as a priority

<sup>75</sup> Average ranking of priority on the country level.

<sup>76</sup> Ranking of priority within the EECA region using the following scale: H - high priority issue, M - medium priority issue, L - low priority issue. In assessing the priority regard was also taken of country priorities quoted in the national reports .

<sup>77</sup> Expansion of PAs, development of ecological networks.

<sup>78</sup> Improvement of PAN, ecological networks, NATURA 2000.

<sup>79</sup> Preparation of the development chart of the specially protected natural territories network and creation of reserves, national parks, creation of network of particularly protected wetlands of international significance, according to the Ramsar Convention.

<sup>80</sup> Developing NATURA 2000.

<sup>81</sup> Establishment of National Ecological Network.

Biodiversity issues highlighted in the Convention on Biological Diversity	AL*	AR	BY	BA	BG	EE	KZ	KG	LV	LT*	MK	RO	SK	SI	TJ	UA	UZ	YU <sup>73</sup>	Total resp <sup>74</sup>	Average <sup>75</sup>	EE CA <sup>76</sup>
components of biological diversity, including collection of biological resources from natural habitats for ex-situ conservation purposes																					
Develop and introduce economically and socially sound measures that act as incentives for the conservation and sustainable use of components of biological diversity.			5				4 <sup>82</sup>	1		2		2	3		3	1	5	4	10	3	H
Establish and maintain programs for scientific and technical education and training		8			4	6											3		4	5,2	M
Promote and encourage understanding of the importance of, and the measures required for, the conservation of biological diversity					4	6		4 <sup>83</sup>			4			4		2	4		7	4	M
Introduce appropriate arrangements to ensure that environmental consequences of relevant programs and policies are the subject of environmental impact assessment and that significant adverse impacts on		6	4											5	2	3			5	4	M

<sup>82</sup> Conservation of forest ecosystems and sustainable use of its components.

<sup>83</sup> Ecological education and public participation.

Biodiversity issues highlighted in the Convention on Biological Diversity	AL*	AR	BY	BA	BG	EE	KZ	KG	LV	LT*	MK	RO	SK	SI	TJ	UA	UZ	YU <sup>73</sup>	Total resp <sup>74</sup>	Average <sup>75</sup>	EE CA <sup>76</sup>
biological diversity are minimized																					
Develop and introduce appropriate measures to ensure safety regulations in handling living modified organisms resulting from biotechnology										3			4						2	3,5	M
Develop and introduce measures regulating the access to genetic resources and provide access for and transfer to other Parties of technologies that are relevant to the conservation and sustainable use of biological diversity		4					4						5		7				4	5	M
Take legislative, administrative or policy measures, as appropriate, with the aim of sharing in a fair and equitable way the results of research and development and the benefits arising from commercial use of genetic resources															5				1	5	M
Establish and operate clearing-house mechanism to promote and facilitate technical and scientific cooperation		5			3	3			1						4				5	3,2	H
Implement Cartagena Protocol on Biosafety		7				4				3			4	6					5	4,8	M
Access financial resources			3												6				2	4,5	M

Biodiversity issues highlighted in the Convention on Biological Diversity	AL*	AR	BY	BA	BG	EE	KZ	KG	LV	LT*	MK	RO	SK	SI	TJ	UA	UZ	YU <sup>73</sup>	Total resp <sup>74</sup>	Average <sup>75</sup>	EE CA <sup>76</sup>
provided via the financial mechanism of the Convention and/or via other donors																					
<b>Other National Priorities stated in the responses to the Questionnaire</b>																					
Environmental legislation	2			1	1			3 <sup>84</sup>					1						5	1,6	H
Understanding and ratification of International Conventions				3															1	3	M
Institutional strengthening of Governmental institutions working directly with biodiversity - related issues	1				2														2	1,5	H
Management planning for protected areas						2					3		2						3	2,3	H
Creation of network of particularly protected wetlands of international significance, according to the Ramsar Convention							1												1	1	H
Conservation of Biodiversity of the Caspian sea and Caspian region							2												1	2	M <sup>85</sup>
Support for sustainable ecotourism											5								1	5	

<sup>84</sup> Improvement of legal and financial policy.

<sup>85</sup> The issue is of high sub-regional importance.



Biodiversity issues highlighted in the Convention on Biological Diversity	AL*	AR	BY	BA	BG	EE	KZ	KG	LV	LT*	MK	RO	SK	SI	TJ	UA	UZ	YU <sup>86</sup>	Total resp <sup>87</sup>	Average <sup>88</sup>	EE CA <sup>89</sup>
Introduction of Ecosystem Approach																X			1	1	
Introduction of biodiversity friendly practices in economic activity, especially in agriculture																X			1	N/A	
Develop appropriate institutional arrangements and technical/managerial capacity for effective conservation and regulation																	X		1	N/A	
Biodiversity Strategy in local communities																		1	1	1	H

\* Country responded to the early version of the Questionnaire.

<sup>86</sup> Response from an academic institution.

<sup>87</sup> Number of countries which have stated the issue as a priority

<sup>88</sup> Average ranking of priority on the country level.

<sup>89</sup> Ranking of priority within the EECA region using the following scale: H - high priority issue, M - medium priority issue, L - low priority issue. In assessing the priority regard was also taken of country priorities quoted in the national reports .

**ANNEX 3: COMPILATION OF INFORMATION OF THE CAPACITY BUILDING NEEDS AND PRIORITIES OF EIT PARTIES RELATED TO THE IMPLEMENTATION OF UNFCCC AND THE KYOTO PROTOCOL**

**Table 1. Compilation of information on the capacity-building needs and priorities of EIT Parties related to the implementation of UNFCCC (Source: UNFCCC, 2000c)**

Priority areas for capacity-building		General	GHG inventories	Implementation of policies and measures	Projections and assessment of the effects of policies and measures	Vulnerability and adaptation	Research and systematic observation	Education, training and public awareness
Specific needs								
Institutional capacity	Institutional framework	Institutional framework to facilitate cooperation among institutions for the preparation of national communications (BG) Develop legal infrastructure and legislative basis (BG, PL, RU, UA)	Establish entity to update emission inventories (RM) Legal infrastructure (confidentiality) (BG, LV)				Development of a research and observation system for climate process (RU) Establish GCOS station (HR)	

**Table 1. (continued):**                    **Compilation of information on the capacity-building needs and priorities of EIT Parties related to the implementation of UNFCCC** (Source: UNFCCC, 2000c)

Priority areas for capacity-building		General	GHG inventories	Implementation of policies and measures	Projections and assessment of the effects of policies and measures	Vulnerability and adaptation	Research and systematic observation	Education, training and public awareness
Specific needs								
	Strengthening of existing institutions	Financial (and methodological) support (BG, HR, HU, RM, SLN) Strengthening of management bodies and setting up of local self-management (RU) Legal and enforcement mechanisms (UA)	Improve cooperation with statistical offices (BG) Improve statistical data collection (CZ) Strengthen existing team (EE)	Institutional strengthening (HU)	Institutional strengthening (HU)			
	Sustainability of initiatives	Financial support (CZ) Synergy of activities (RM)	Financial resources and hardware for permanent staff (LV)					

**Table 1. (continued):**                    **Compilation of information on the capacity-building needs and priorities of EIT Parties related to the implementation of UNFCCC** (Source: UNFCCC, 2000c)

Priority areas for capacity-building		General	GHG inventories	Implementation of policies and measures	Projections and assessment of the effects of policies and measures	Vulnerability and adaptation	Research and systematic observation	Education, training and public awareness
Specific needs								
Institutional capacity	National coordination of programmes by national focal points.	Strengthen national UNFCCC focal points or national authorities designated to coordinate climate change activities (HR, RM) Coordination units (BG) Financial and methodological support to improve coordination at the national, municipal and community levels (SLN)	Coordination unit (BG)					
	Participation of stakeholders	Strengthen relevant and key research institutions and NGOs (HR)	Quality control and quality assurance system involving experts from Governmental and NGO sector (EE)	Public sector involvement (PL)				

**Table 1. (continued):**                    **Compilation of information on the capacity-building needs and priorities of EIT Parties related to the implementation of UNFCCC** (Source: UNFCCC, 2000c)

Priority areas for capacity-building		General	GHG inventories	Implementation of policies and measures	Projections and assessment of the effects of policies and measures	Vulnerability and adaptation	Research and systematic observation	Education, training and public awareness
<b>Specific needs</b>								
	Infrastructure and equipment	Internet access; web sites (BG) Data management system (BG) National technological infrastructure (RU)	Website on GHG inventories (PL)		Support for procurement of modeling tools (HR)	Internet access (BG)	Funds to support state-of-the-art observation network (RU)	
Human resource development	Number of national experts	Involvement of more officials in the negotiation process (UA)	Additional permanent workplaces (EE)					
	Training	Training of experts (HR, CZ, EE, HU, LV, RU) On-job and hands-on training, repetitive training following the innovations (BG) Financial support for training national experts and policy makers (SLN)	Further training of experts on new methodologies and guidelines (CZ, EE, LV, RM) Estimates of GHG emissions at plant level (PL)	Develop economic and legislative instruments (PL) Improve reporting of policies and measures (EE) Training in instruments in transport sector (HU)	Support for staff training in mitigation and cost assessment analysis, macroeconomic implications of mitigation measures (HR), Non-energy related emission projections (HU)	Assessment of vulnerability of economy, health, environment (PL) Risk assessment (HR, PL)	Define programme and establish and operate GCOS station (HR)	Long-term measures on education, training, evaluation (RU) Training of experts, improving skills (RU) Training NGOs (HR)

**Table 1. (continued):**                    **Compilation of information on the capacity-building needs and priorities of EIT Parties related to the implementation of UNFCCC** (Source: UNFCCC, 2000c)

Priority areas for capacity-building		General	GHG inventories	Implementation of policies and measures	Projections and assessment of the effects of policies and measures	Vulnerability and adaptation	Research and systematic observation	Education, training and public awareness
<b>Specific needs</b>								
	Experts'/ policy makers' awareness / analytical capacity	Increase awareness of experts and policy makers (SLN)	National certification program (EE)				Development of national technological infrastructure ensuring systematic observations of climate change and accounting of transfer of GHG (RU)	Technical training for extending the base of experts familiar with climate change (RU) Design and implement promotional programs (HR)
	Participation in international/ regional meetings	Participation in international workshops (BG, CZ, LV)					Support for cooperation of EITs with IPCC and the GCPS (CZ)	
Human resource development	Exchange programs and cooperation	Exchange programs (BG, LV) Involvement in international research (HU)					Support for appropriate international and intergovernmental programs, networks, efforts (RU)	
	Workshops	Local workshops and experience sharing (BG, CZ)						
	Educational curricula							

**Table 1. (continued):**                    **Compilation of information on the capacity-building needs and priorities of EIT Parties related to the implementation of UNFCCC** (Source: UNFCCC, 2000c)

Priority areas for capacity-building		General	GHG inventories	Implementation of policies and measures	Projections and assessment of the effects of policies and measures	Vulnerability and adaptation	Research and systematic observation	Education, training and public awareness
<b>Specific needs</b>								
Knowledge and information	Access to means	Access to information on state-of-the-art methods and software; in-time software/hardware acquisition (BG)			Procurement of modeling tools (HR)			
	Clearing houses	Information database (BG, HR, RU)	Development and management of database of GHG emissions, including national emission factors (RM)					National and regional centers for information exchange (EE, UA)
Knowledge and information	Networks for transfer of experience	Promotion of regional cooperation through national and regional centers for information exchange (EE)	Financing and experience sharing on “new gases” (LV)	Transfer of experience in integrated resource planning and sustainable management (HR) Cooperation with Annex II Parties (CZ)	Involvement in international research (HU)			Regional cooperation (EE)
	Public awareness	Information centers (UA)		Awareness of ways to reduce GHG emissions (BG)				

**Table 1. (continued):**            **Compilation of information on the capacity-building needs and priorities of EIT Parties related to the implementation of UNFCCC** (Source: UNFCCC, 2000c)

Priority areas for capacity-building		General	GHG inventories	Implementation of policies and measures	Projections and assessment of the effects of policies and measures	Vulnerability and adaptation	Research and systematic observation	Education, training and public awareness
<b>Specific needs</b>								
	Materials	Guidelines development (CZ, EE)						
Methodologies	Research	Develop country-specific research and studies (BG, EE, LV, UA) Involvement in international research activities (HU)	Improve GHG inventories (HR, EE, HU, PL, SLN) Country-specific emission factors and methods (BG, HR, EE, PL, UA) Uncertainty estimates (BG, PL)	Methods and tools for transport sector (HU)	Improve GHG emission projections and assessment (HU, PL) Develop scenarios; future technical parameters of technologies used for projections (BG)	Research in vulnerability and adaptation (HR, HU, LV, PL)		

**Table 1. (continued):**                    **Compilation of information on the capacity-building needs and priorities of EIT Parties related to the implementation of UNFCCC** (Source: UNFCCC, 2000c)

Priority areas for capacity-building		General	GHG inventories	Implementation of policies and measures	Projections and assessment of the effects of policies and measures	Vulnerability and adaptation	Research and systematic observation	Education, training and public awareness
<b>Specific needs</b>								
Methodologies	Adaptability to local needs		Adjustment of activity data nomenclatures (BG) Adjustments for continuous time series (BG, CZ) Methods for activity data quality control and assurance; estimates of uncertainty (BG) Preparation of regional guidelines for good practices in GHG inventories (EE)	Regional guidelines for implementation of policies and measures (CZ, EE)	Elaborate scenarios (BG, PL) Definition of emission factors, evaluation of uncertainty; quantification of impacts of policies (BG) Methodological guidelines for emission projections (CZ, EE) and estimates of effects of policies and measures (EE)	Establishment of adaptation programs (PL) Uncertainty (BG) Assessment of socioeconomic damage, especially coastal areas and agricultural land (HR)		
	Access to methodologies		Application of models and methods (HU)		Guidelines on projections and evaluation of policies and measures (CZ) Application of models and methods (HU)	Application of models and methods (HU)		

**Table 2. Compilation on information on the capacity-building needs and priorities of EIT Parties related to the implementation of the Kyoto Protocol (Source: UNFCCC, 2000c)**

Priority areas for capacity-building		Establishing national system for the estimation of GHG emissions (Article 5)	Preparing information for the purposes of ensuring compliance with Article 3 of the Kyoto Protocol (Article 7)	Implementation of the flexible mechanisms: joint implementation (Article 6) and emissions trading (Article 17)
Specific needs				
Institutional capacity	Climate change institutional frameworks	Organizational, institutional and legislative arrangements (HR) Technical and financial assistance in establishing national systems (EE, PL, RM) and managing database of national systems (PL) Develop adequate and regular national GHG data collection (UA) Establish system for data collecting, processing, archiving, reporting, and quality control and assurance (PL, RM, RU, SLN)	Establish national compliance system (RM) Legislative basis for non-compliance and evaluation of existing legislation with a view to adapting to emerging international compliance procedures (RU)	Establish institutional links and the legislative basis for implementation of the Kyoto Protocol (HR) Institutional strengthening (HU) Consultations on establishing and operating emissions trading system (PL) Establish legislative basis (RU) Establish administrative infrastructure (UA) Establish monitoring system, verification, certification of emission reduction (PL, UA)
Institutional capacity	Coordination programs	Improved coordination (EE)		
	Participation of stakeholders	Participation of stakeholders (EE)		
Institutional capacity	Planning			Coherent strategy (BG) Establish national joint implementation (JI) programme (UA)
	Infrastructure and equipment	Web page (PL)	Technological equipment for an infrastructure (RU)	Technological equipment infrastructure (RU)

**Table 2. (Continued)**

**Compilation on information on the capacity-building needs and priorities of EIT Parties related to the implementation of the Kyoto Protocol (Source: UNFCCC, 2000c)**

Priority areas for capacity-building		Establishing national system for the estimation of GHG emissions	Preparing information for the purposes of ensuring compliance with Article 3 of the	Implementations of the flexible mechanisms: joint implementation (Article
Human resource development	Number of national experts			Technical training for experts (RU)
	Training	Improve GHG inventory system (, PL) Staff training and transfer of experience in the establishment of organizational, institutional and legislative arrangements (HR)		Training in establishing and operating emissions trading system, estimation of GHG emissions at plant level (PL, UA) Training in JI procedure and implementation, training and certification of independent companies (BG) Training to calculate baselines for JI (BG, HU, LV, UA) Training of experts and policy makers (EE)
	Experts/policy makers awareness / analytical capacity			Building capacity for identification of projects, their formulation and designing (HR) Starting up demonstration projects to build capacity, including risk and cost assessment (HR)
	Workshops	Participation and organization (BG)	Good practice workshops for exchange of information on JI and emissions trading (EE, LV)	
	“Pool” of expertise			Develop “local expertise” (EE) Demonstration projects (HR)
Knowledge and information	Networks for transfer of experience		Consultations in determining compliance (RM)	Consultations on establishing and operating emissions trading system (PL, RM)

**Table 2. (Continued)**

**Compilation on information on the capacity-building needs and priorities of EIT Parties related to the implementation of the Kyoto Protocol (Source: UNFCCC, 2000c)**

Priority areas for capacity-building		Establishing national system for the estimation of GHG emissions	Preparing information for the purposes of ensuring compliance with Article 3 of the	Implementations of the flexible mechanisms: joint implementation (Article
	Public awareness			Public awareness (BG, HR, RU)
Knowledge and information	Workshops			Training experts and policy makers (EE)
	Research		Develop national or regional emission factors, conducting special research in this area (UA)	Studies (RU)
			Capacity to prepare in time annual inventories, together with the necessary supplementary information for the purposes of ensuring compliance with Article 3 of the Kyoto Protocol (SLN).	Develop criteria for project selection (BG, UA) Establish system for monitoring, reporting, verification, registration, accounting and certification of ERUs (HU, PL, RM, RU, UA)
	Access to methodologies			Guidelines on baselines and AIJ/JI preparation (BG, CZ, HU, UA) Application of models and methods (HU)

1. For the full texts of decisions adopted by the Conference of the Parties at its fifth session see document FCCC/CP/1999/6/Add.1.
2. Annex I EIT Parties comprise: Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, the Russian Federation, Slovakia, Slovenia and the Ukraine.
3. Submission of the Russian Federation (FCCC/SB/2000/INF.7).
4. For the reports of the Parties and a summary report on the challenges faced by EIT countries, go to the UNITAR web site at [www.unitar.org/cctrain/eit](http://www.unitar.org/cctrain/eit).

**ANNEX 4: Review of the country priorities in of land degradation as contained in the responses to the questionnaire<sup>90</sup>**

National priority	Country	AM	AZ	BY	EE	KG	KZ	LT	MK	RO	TJ	UZ	YU	Total (12) <sup>91</sup>	Average	EECA <sup>92</sup>
Erosion			2		3	1		3-4	1	3	5	3	2	9	2.5-2.6	H
Inappropriate use of arable land and pastures		4		1	2		3	1			1	2		7	2.0	H
Aridity (desertification) problems		3	1			5	1			2		4		6	2.7	M
Loss of forests/vegetation cover		1	5							1	4		1	5	2.4	M
Pollution/contamination of soils		2			5				2	4		5		5	3.6	M
Water logging		5			4					5			3-4	4	4.3-4.5	M
Salinization of soils			3			2					2	1		4	2.0	M
Re-cultivation of degraded lands			4			4		2						3	3.3	L
Changes in hydrological regime				2			5				3			3	3.3	L
Public awareness							4	5						2	4.5	H <sup>93</sup>
Depletion of soil fertility					1									1	1.0	L
Improvement of stony soils						3								1	3.0	L
Funding for implementing the CCD							2							1	2.0	H <sup>94</sup>

<sup>90</sup>The table shows the responses to the questionnaire received by July 16, 2000.

<sup>91</sup> Number of countries which have stated the issue as a priority.

<sup>92</sup> Ranking of priority within the EECA region using the following scale: H - high priority, M - medium, L - low. In assessing the priority regard was paid to country priorities quoted in the national reports.

<sup>93</sup> Besides Kazakhstan and Lithuania many countries described inactive role of NGOs and academic institutions in ecological education and public awareness programs and urgent need to improve their involvement in implementing the CCD.

<sup>94</sup> Most countries underline overall lack of funding to control land degradation but only Kazakhstan mentioned this priority in response to the questionnaire.

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**CDI Questionnaires in the framework of this assessment (46)**

Armenia (3), Azerbaijan (3), Belarus (3), Bosnia and Herzegovina (3), Bulgaria (2), Czech Republic(1) Estonia (3), Kazakhstan (3), Kyrgyz Republic (1), Latvia (1), Macedonia (3), Romania (3), Russian Federation (2), Slovak Republic (2), Slovenia (2), Tajikistan (3), Ukraine (2), Uzbekistan (3), Yugoslavia (3)

**Phone, e-mail or face to face interviews in the framework of this assessment (20)**

Azerbaijan (1), Bulgaria (1), Estonia (2), Hungary (2) Kazakhstan (3), Latvia (2), Russian Federation (1), Slovak Republic (7), Ukraine (1)