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**Capacity-building under the Convention**

**Report on the expert meeting on experiences in using performance indicators  
for the monitoring and evaluation of capacity-building at the national level**

**Note by the secretariat\***

*Summary*

An expert meeting was held in Rio de Janeiro, Brazil, from 6 to 7 November 2008, on experiences in using performance indicators for the monitoring and evaluation of capacity-building at the national level. The presentations included lessons learned from proven approaches to the development and application of performance measures for capacity-building for climate change and other areas, as applicable. Participants discussed the concept of capacity and capacity-building, the purposes, methodologies and challenges of monitoring and evaluating capacity-building, and the principles for the design and application of performance indicators to support the implementation of the framework for capacity-building in developing countries (the capacity-building framework) under the Convention at the national level. Participants recommended a list of options that could be considered in developing further steps to regularly monitor and evaluate capacity-building activities under the capacity-building framework.

\* This document was submitted after the due date owing to the timing of the meeting.

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## I. Introduction

### A. Mandate

1. The Conference of the Parties (COP), at its thirteenth session,<sup>1</sup> welcomed the report on the expert workshop on the monitoring and evaluation of capacity-building in developing countries held in St. John's, Antigua and Barbuda, from 5 to 6 November 2007,<sup>2</sup> and took note of the approaches to the monitoring and evaluation of capacity-building at different levels that were identified at the workshop. The COP recognized that further work is needed to identify monitoring and evaluation approaches relevant at the national and global levels, and invited Parties to submit information on their experiences with monitoring and evaluation at the national level, for consideration by the Subsidiary Body for Implementation (SBI) at its twenty-ninth session. Further, it requested the secretariat to prepare a technical paper containing approaches to monitoring and evaluation at different levels, taking into account the presentations given at the expert workshop on monitoring and evaluating capacity-building, the submissions from Parties mentioned above and other relevant information.

2. The COP requested the secretariat to convene a meeting,<sup>3</sup> before its fourteenth session, to discuss experiences in using performance indicators for the monitoring and evaluation of capacity-building at the national level, consistent with the framework for capacity-building in developing countries (capacity-building framework), taking into account the technical paper referred to above. The COP further requested the secretariat to prepare a report on the outcome of this meeting for consideration by the SBI at its twenty-ninth session.

### B. Possible action by the Subsidiary Body for Implementation

3. The SBI may wish to consider the information contained in this report as input to its discussions on monitoring and evaluating the capacity-building framework, and decide on further work needed in this area.

### C. Background

4. Capacity-building for climate change is considered to be an essential part of sustainable development and is fundamental for developing countries in meeting their commitments under the Convention and in addressing climate change at the national level. The COP, by its decision 4/CP.12, recognized that the purpose of regular monitoring should be to facilitate the assessment of progress made, the identification of gaps and the assessment of the effectiveness of the implementation of the capacity-building framework, and to support its comprehensive review.

5. The expert workshop referred to in paragraph 1 above was organized by the secretariat in collaboration with the Global Environment Facility (GEF). Discussions at the workshop focused on the experiences of Parties in capacity-building and the experiences of intergovernmental organizations and other bodies in monitoring and evaluating capacity-building. Some guiding principles emerged from the workshop, in particular:

- (a) Performance indicators would need to be chosen sparingly with the emphasis on their being practical and useful to the process of capacity-building, rather than fulfilling a general desire for monitoring;
- (b) A baseline for future monitoring and evaluation of progress should be chosen carefully;

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<sup>1</sup> FCCC/CP/2007/6, paragraphs 86–87.

<sup>2</sup> FCCC/SBI/2007/33.

<sup>3</sup> FCCC/CP/2007/6, paragraph 88.

- (c) Monitoring and evaluation should support the long-term nature of capacity-building in a practical way, without interfering with the process of capacity development itself.

6. A time frame and process for reviewing the capacity-building framework was established through decision 9/CP.9. A comprehensive review is carried out every five years; the first one was completed in 2004 at COP 10. The terms of reference for the second comprehensive review to be completed at COP 15 were endorsed by the SBI at its eighteenth session.<sup>4</sup>

7. In addition to the comprehensive reviews, the COP, by its decision 4/CP.12, decided on additional steps to be taken annually to regularly monitor the implementation of the capacity-building framework pursuant to decisions 2/CP.7 and 2/CP.10 (comparable guidance is given for capacity-building under the Kyoto Protocol in decision 6/CMP.2). Monitoring is conducted through submissions by Parties and relevant organizations, and the compilation and synthesis of information on capacity-building contained in national communications and other national documents.

## II. Proceedings

8. The secretariat, in collaboration with the Government of Brazil, organized the expert meeting on experiences in using performance indicators for the monitoring and evaluation of capacity-building at the national level from 6 to 7 November 2008 at the South American Copacabana Hotel, Rio de Janeiro, Brazil. The Governments of Austria, Norway and Romania provided financial support for the meeting.

9. Participants at the meeting included 34 representatives from Parties, relevant international organizations, intergovernmental organizations (IGOs) and non-governmental organizations (NGOs) that are active in the area of capacity-building and in monitoring and evaluation.

10. Discussions at the meeting were informed by submissions<sup>5</sup> from Parties on experiences with the monitoring and evaluation of capacity-building at the national level, and by a technical paper<sup>6</sup> on approaches to the monitoring and evaluation of capacity-building at different levels.

11. The meeting was chaired by Mr. Bagher Asadi, Chair of the SBI. It was opened by Mr. Sérgio Serra, Special Ambassador for Climate Change. Welcoming remarks were also made by Mr. Newton Paciornik of the Ministry of Science and Technology of Brazil, Mr. Bagher Asadi and a representative of the secretariat.

12. The meeting was arranged over five sessions. The introductory session provided background information on the capacity-building framework and progress made in its monitoring and evaluation, and conveyed the main points emerging from the expert workshop. The findings of the technical paper referred to in paragraph 10 above, where options for monitoring and evaluating climate change capacity-building activities are analysed, were presented. This session also outlined the objectives of the meeting as follows:

- (a) To share experiences in the application of performance indicators in monitoring and evaluating capacity-building at the national level, including practical examples of such activities;
- (b) To share experiences and lessons learned in approaches used in monitoring and evaluating capacity-building in various fields, in order to explore how such methods could be applied to capacity-building for climate change;

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<sup>4</sup> FCCC/SBI/2008/8, annex IV.

<sup>5</sup> FCCC/SBI/2008/MISC.6.

<sup>6</sup> FCCC/TP/2008/5.

- (c) To discuss potential conceptual frameworks for the development and application of performance indicators for capacity-building for climate change under the Convention at the national and global levels.

13. The second session included presentations by Parties (Brazil, Netherlands) and NGOs and IGOs (Christian Service Committee, Malawi; International Institute for Sustainable Development (IISD), Canada; Centre for Socio-Eco-Nomic Development, Switzerland) of case studies and experiences on the application of performance measures at the national and global levels in different programmes.

14. The third session included presentations by Parties (Albania, China, Japan, Malawi, Nigeria and United States of America) of case studies and experiences on the application of performance measures at the national level .

15. At the fourth session the enhancement of effective monitoring and evaluation of capacity-building through the application of performance measures was discussed in two breakout groups. The groups covered questions about the key lessons learned in, and tools used for, monitoring and evaluation; the possibility of a process for developing a set of indicators to support the monitoring and evaluation of the capacity-building framework at the national and global levels; the identification of a set of criteria that could be used to decide whether and how indicators can be developed at the national to global levels; and the feasibility of a pilot activity to develop and apply indicators as appropriate.

16. The fifth and final session brought together the outcomes of the breakout groups. A case study was also presented, explaining the process and methodology being followed by the Expert Group on Technology Transfer (EGTT) for developing and testing a set of performance indicators for the development and transfer of environmentally sound technologies.

17. All presentations are available at the UNFCCC website.<sup>7</sup>

### **III. Summary of presentations**

#### **1. Recent approaches to monitoring and evaluation at multiple levels**

18. A presentation was given on the technical paper referred to in paragraph 10 above, which explores the policies, frameworks and approaches to capacity issues, and the monitoring and evaluation of capacity-building activities being pursued under the Convention and its Kyoto Protocol. It presents possible approaches that could be adopted and applied to monitoring and evaluation under the capacity-building framework.

19. The presentation focused on lessons learned from monitoring and evaluating the implementation of global programmes such as poverty reduction strategies, the Global Alliance for Vaccines and Immunization, and the Joint United Nations Programme on HIV/AIDS. It also outlined innovative approaches such as the 'most significant change' technique, a form of participatory monitoring and evaluation, and 'systems thinking' approaches that view individuals and their organizations within the context of their environments, and the growth of interest in these approaches as an analytical framework for development and natural resource management.

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<sup>7</sup> <<http://unfccc.int/4493>>.

## 2. Experiences and lessons learned in using performance indicators for the monitoring and evaluation of capacity-building

### *In various programmes*

20. A representative of the Christian Service Committee of Malawi shared his experience relating to development practices in Malawi and other countries. He noted that monitoring and evaluation generally operates well if integrated within operational units rather than as separate units. From his observations, it is difficult to monitor activities properly because there is no set framework. He suggested that a monitoring and evaluation framework that would be developed alongside the capacity-building framework could be used by all stakeholders to capture information relating to capacity-building for climate change and would enhance systematic monitoring and evaluation. He presented a case study on the implementation of a food security policy, which involved all stakeholders in decisions, from agreeing on indicators to establishing the scope of monitoring, including deciding what data should be collected, when and by whom. The challenges emerging from the different capacity levels of stakeholders were also discussed.

21. A representative of the Ministry of Foreign Affairs of the Netherlands discussed the non-linear, endogenous and complex nature of capacity development, and how organizations, as units of analysis and as open systems, are influenced by external factors. He emphasized the need to analyse the context in which an organization operates so as to develop indicators, and spelled out five core capabilities that could underpin a framework and a generic set of principles for the evaluation of organizational development: to adapt and self-renew; to act and commit; to relate to external stakeholders; to achieve coherence; and to deliver on development objectives. In addition, the way in which changes in capacity can affect the output of an organization was examined. The presentation concluded by reflecting on the questionable added value and difficulty of defining international indicators for capacity development.

22. A participant from IISD, Canada, presented the institute's experience in developing and applying indicators and performance measures. The presenter highlighted the benefits of monitoring and measuring progress and described the various steps in the integrated reporting processes. She discussed principles for the design of indicators, noting that involving stakeholders in the process and respecting their values influences the choice of indicators being developed. Various case studies were presented, focusing on how indicators can be useful in: carrying out a more profound analysis of the socio-economic conditions; shifting from top-down governance towards a regional/local policy and decision-making; promote task orientation; and linking the indicator system with development measures' implementation to monitor the impacts. The presenter concluded by outlining the key challenges in applying performance measures, including data collection, finding a reporting balance – the need to communicate regularly with stakeholders, but not overwhelming them – and the potential need to monitor issues that could become important in the future.

23. Lessons learned from different practitioners included the need to emphasize that monitoring should be process-oriented; it is a management tool and requires a system architecture and the participation of stakeholders. Monitoring should focus on both how the task is being done and what has been achieved in terms of outputs and outcome. The representative of the Centre for Socio-Eco-Nomic Development drew attention to the need to review performance indicators for capacity-building in the context of an institutionalized monitoring and evaluation process in the partner countries (donor and host countries). She outlined the context and challenges of capacity development as a fundamental component of aid effectiveness and a key element in achieving the United Nations Millennium Development Goals; it is critical to achieving the objectives of ownership, aid alignment and mutual

accountability, as set out in the Paris Declaration on Aid Effectiveness.<sup>8</sup> She also presented a monitoring framework to be considered for further development as guidelines for monitoring capacity-building processes in the partner countries. Data collected from such a monitoring system would (1) support the realization of decision 2/CP.7 and build the partner countries' institutional capacity in directing and managing their climate change programmes; and (2) provide rich data to map global capacities in fighting climate change and establish a benchmark to develop indicators. The presenter also discussed the shortcomings of current monitoring practices and pointed out the need to change the mindset and approach with regard to monitoring and to agree on the following: a monitoring and evaluation protocol; a methodology, focusing on organization, management and institutional collaboration; and third-party verification according to the agreed capacity-building objectives and measures.

*At the national level*

24. Participants representing different regions presented and discussed their experiences in using performance indicators for monitoring and evaluating capacity-building. Participants underlined that most experiences and lessons learned to date relate to project-based monitoring and evaluation.

25. A participant from the United States described some of the approaches and lessons learned of the United States Agency for International Development (USAID) in monitoring and evaluating project based capacity-building activities. The participant emphasized the different, yet complementary, roles of monitoring and evaluation: monitoring is designed to collect data repeatedly on a continuous basis to assess whether the project or activity is progressing as planned; and evaluation is an analytical effort and structured process to determine the relevance and fulfilment of objectives and the effectiveness, impact and sustainability of a project or activity, providing a powerful learning tool and leading to recommendations. She described the eight-step process to collect monitoring data, noting that monitoring should not be too complex or time-consuming. She also reviewed the main types of evaluation that USAID is considering, from traditional (donor focused) to participatory (participant focused), and discussed assessments, which are broader than evaluation and quick and flexible.

26. The participant indicated that core to performance management or 'managing for results' was the development of a performance management plan, which includes the development of performance indicators, the collection of baseline data and the establishment of performance targets in a systematic process. She also outlined the characteristics of good performance indicators, which include validity, reliability, adequacy, relevance, practicality and cost-effectiveness. As a general rule, USAID's experience pointed to using two to three standard indicators that represent the most basic and important dimensions of a project's goals. The participant presented one example of a national evaluation tool called PART (Program Assessment Rating Tool)<sup>9</sup> that is focused on evaluating programmes of the United States Government in a systematic, consistent and transparent manner, but which is not focused specifically on climate change or capacity-building.

27. The presentation concluded by reflecting on the country-driven nature of capacity-building as emphasized in the Paris Declaration on Aid Effectiveness, and on the importance of ensuring cost-effectiveness and timeliness of the monitoring and evaluation process, and noting that data collected should actually be used. For further information, the participant referred to the submission from the United States on this issue as contained in document FCCC/SBI/2008/MISC.6 as well as the United States Government's presentation on monitoring given at the capacity-building workshop held in Antigua in November 2007.

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<sup>8</sup> <<http://www.oecd.org/dataoecd/11/41/34428351.pdf>>.

<sup>9</sup> <<http://www.whitehouse.gov/omb/part/>>.

28. Another issue that was repeatedly raised by participants was the necessity to define what is meant by capacity and capacity-building or capacity development. This issue was also raised in the presentation by a participant from Japan where, he explained, their activity focused on capacity in the context of developing countries' ability to cope with challenges through their own organization and actions. The process for capacity development should be comprehensive and focus on three different levels: individual, institutional and social. The participant described the methodologies and tools being used for monitoring and evaluating capacity-building activities, such as the project cycle management that presents the flow of monitoring and evaluation activities, the project design matrix that illustrates where indicators are being used, and the problem and objective trees that identify the project objectives and indicators. Evaluation is dependent on what was defined before starting a project, and what the target is, based on capacity assessment. He highlighted the uniqueness of capacity development in the area of climate change where the overall goal is defined by the scope of the capacity-building framework.

29. The participant also discussed the issue of comparability and whether 'size mattered'. Looking at the same type of project in two different countries, he observed that comparing was useful for drawing lessons from good practices but that simple replication did not happen. Regarding the same type of project in the same country, external factors may be similar, but there is still the need to take internal factors into account. The presenter concluded by reflecting that the pre-condition for defining indicators is the capacity assessment done jointly with the partner country, that indicators are identified to reflect a specific context and hence are tailor-made, and that they could be used to interpret lessons from good practices.

30. A participant from China presented national perspectives on the monitoring and evaluation of capacity-building activities in developing countries, outlining the purpose of the process as a tool to improve capacity-building activities, and in particular to evaluate the adequacy of the implementation of the Convention, identify gaps and needs, provide guidance to determine priorities and share experiences and lessons learned. The participant discussed the rationale for the use and selection of performance indicators as fundamental elements of the monitoring and evaluation process. He considered principles for designing performance indicators, including user-friendliness and cost-effectiveness, and described two categories of indicators that can be used in the context of the capacity-building framework: those concerned with the quality of the capacity-building activities (process evaluation); and those concerned with the improvement of the capacity level (objective evaluation). Noting the lack of empirical evidence of capacity level, the participant explained that, in accordance with decision 2/CP.7, they have selected the process evaluation strategy to focus on the monitoring and evaluation of capacity-building activities together with the evaluation of performance/capacity level.

31. The participant also discussed the concrete steps that could be taken for the monitoring and evaluation process, including the establishment of a task force and the development of a work programme. He presented a case study of a joint British–Chinese capacity-building project and examined the challenges of moving from the project level to the national level in terms of performance evaluation and indicators, noting the weak capacity of developing countries to carry out national-level monitoring and evaluation for capacity-building activities. The participant highlighted the experiences and lessons learned in China and reviewed the progress, gaps and needs relating to the 15 areas of the capacity-building framework; a high level of capacity-building is required in a country like China, especially at the local level, and financial and technical resources for capacity-building activities are currently not adequate.

32. Depending on the institutional set-up, monitoring and evaluation of capacity-building activities is often carried out informally, as presented by a participant from the Environmental Affairs Department (EAD) of Malawi. She described the capacity-building activities undertaken so far, including a variety of stakeholder meetings, technical working groups, preparation of national communications and the dissemination of a climate change newsletter. She explained how, for each activity, performance



monitoring indicators and expected outcomes have been defined. The participant presented the national performance management system that has been recently established to improve the performance of the civil service, and which can also be used as a new monitoring and evaluation tool for capacity-building. In conclusion, she noted that the functional and structural review of EAD has identified the need for a monitoring and evaluation section, and that climate change activities are integrated into the Malawi growth and development strategy to ensure systematic monitoring and evaluation of programmes, activities and capacity development.

33. The cross-cutting nature of capacity-building was widely recognized, as discussed by a participant from Albania in her presentation on the scope of climate change and capacity-building activities in the country, pointing out that capacity-building is an integral part of the climate change programme along with public awareness and communication. The participant reported that most climate change projects focus on greenhouse gas (GHG) inventories and mitigation as well as vulnerability and adaptation, and are funded either by the United Nations Development Programme (UNDP) or by other donors through UNDP. She explained that capacity-building is addressed under stand-alone projects or as projects components, covering a broad scope of activities from GHG inventories to the negotiation process through impact assessment and adaptation or the carbon market. The participant also described the experiences shared with other countries in different capacity-building areas, including the clean development mechanism (CDM) and carbon financing.

34. The participant described the results-based management approach used by UNDP for monitoring and evaluating the projects it is managing; monitoring and evaluation is part of the project management cycle. She presented different case studies and explained that for GEF medium- and full-size projects and other UNDP projects the Logframe (logical framework matrix), set up during the formulation phase, is used. The Logframe does not apply to enabling activities where annual reviews as part of monitoring are based on results. Monitoring is a data intensive exercise carried out using different verification methods and differing from project to project. The presentation concluded by highlighting the significant contribution of enabling activities in building climate change capacity in the country, and the importance of setting verifiable indicators involving all stakeholders.

35. A participant from Nigeria described the national capacity-building activities being undertaken in the country, including: the preparation of the national communication, the preparation, on a voluntary basis, of the national adaptation programme of action; the establishment of national climate change programmes; the dissemination of an electronic newsletter; the design of a climate change website; training on negotiation skills; the launch of CDM procedural guidelines; and a project on building Nigeria's response to climate change, with the support of the Canadian International Development Agency. He presented a case study on capacity-building for the implementation of adaptation measures, which included the organization of a workshop for policymakers in the 11 front-line states of northern Nigeria that are prone to desertification to facilitate the formulation of good environmental policy and integrate climate change adaptation issues into the regions' sustainable development action plans; to assess and respond to the vulnerability of sectors in the light of predicted climate change impacts; and to build capacity to replicate the workshop in the respective states.

36. Crucial needs must be met for capacity development to respond effectively and efficiently to climate change, including the need for long-term training, the need for GEF funding to assess needs and to support the establishment of governance structure, the need for bilateral partnership to develop and implement capacity-building under Article 6 of the Convention, and the need to track the capacity-building implementation process.

### 3. Developing and testing performance indicators for the development and transfer of environmentally sound technologies

37. An overview of the process and methodology being followed for developing and testing a balanced and robust set of performance indicators for the development and transfer of environmentally sound technologies was given. An important element is participative co-design: the key stakeholders, as represented in the EGTT, interact at regular intervals during the process. Based on the vision and the objectives in the technology transfer framework,<sup>10</sup> a draft list of more than 170 performance indicators was formulated.<sup>11</sup> An initial selection of 32 candidate key performance indicators were drawn from this list during the EGTT meeting in October 2008. By the end of February 2009, these indicators will be tested using a standardized methodological sheet.

## IV. Main outcomes of the discussions<sup>12</sup>

38. The presentations and the breakout group sessions generated much discussion on a variety of issues such as the concept of capacity and capacity-building or development, the purposes, methodologies, tools and challenges of monitoring and evaluating capacity-building, and the principles for the design and application of performance indicators to support the implementation of the capacity-building framework under the Convention at the national level.

### 1. Capacity and capacity-building

39. The chair of the meeting highlighted the importance of capacity-building in the Bali Action Plan (decision 1/CP.13) and as a cross-cutting issue. He recalled that capacity-building is a lengthy process, requiring a long-term and learning-by-doing approach. Participants agreed that, in this process, national ownership and leadership as well as enabling environments, incentives, and multi-stakeholder consultations and decision-making must be ensured.

40. Participants also recognized that there is a need to first decide, at the national level, on how capacity is defined: for example, whether capacity is an end – a goal – in itself, or is a means to an end. Participants were mindful of ‘systems thinking’ conceptions of capacity-building, such as it being a process which could never be said to be finished, and observed that donor support to capacity-building processes would inevitably be marginal to indigenous capacity-building efforts and processes, which are dynamic.

41. The view was expressed that a number of principles or key questions need to be captured with respect to capacity-building, such as whether the capacity-building exercise results in a country’s being able to conduct the task for which the capacity-building was intended, or how sustainable the capacity-building is in the medium to long term.

42. Participants considered two approaches for integrating capacity and capacity-building that can guide the design and implementation of monitoring and evaluation, which can be framed as follows:

- (a) Horizontal integration: capacity is viewed and developed at the levels of individuals, organizations, and national or societal systems (governmental, sectoral or social), mainly through projects or programmes or stand-alone efforts aimed at individuals or organizations, such as within a given sector;

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<sup>10</sup> The framework for meaningful and effective actions to enhance the implementation of Article 4, paragraph 5, of the Convention (decisions 4/CP.7 and 3/CP.13).

<sup>11</sup> FCCC/SB/2008/INF.6.

<sup>12</sup> The views expressed in the submissions from Parties referred to in paragraph 10 of this document are also taken into account in the analysis presented in this section.

- (b) Vertical integration: capacities are viewed and aggregated in terms of the local, national, regional or global levels, and can be further built and enhanced through the operation of networks of players (including local and central governments) orienting their efforts towards an overarching cause. This type of aggregation is mainly for planning purposes, to guide policy development and investment in particular areas of capacity and to guide targeting of capacity development to particular geographic regions.

## 2. Monitoring and evaluation

43. Participants welcomed the presentation analysing recent approaches to monitoring and evaluation at multiple levels, and considered how these experiences and approaches could be relevant and applicable to the monitoring and evaluation of capacity-building under the Convention, taking into account the levels of capacity-building needs. Participants emphasized the specificity and challenges inherent to capacity-building for climate change, and recognized that the broader perspectives put forward in the literature should be examined more carefully to find an agreeable balance between traditional approaches to and alternative paradigms for monitoring and evaluating climate change capacity-building activities.

44. Participants agreed that there was no ‘one size fits all’ approach to monitoring and evaluating capacity-building, and emphasized the importance of a country-driven process. Baseline assessments of countries’ capacities to address their commitments under the Convention were reported as an essential basic step in planning any monitoring and evaluation approaches. Furthermore, while a single methodology can be designed at the national and local levels, flexibility will have to be applied to take into account necessary variations induced by organizations’ external and internal factors. Participants highlighted the need for coherence between levels, and as stated by the rapporteur of one of the breakout groups, “at project level look at trees, at national level look at forests”.

45. The rationale for the monitoring and evaluation of capacity-building was discussed extensively during the presentations and was further considered in the breakout groups. Participants agreed that several different purposes should be met: to address gaps and needs; to measure progress of countries in enhancing their abilities to address the challenges posed by the Convention; to track the utilization of funds advanced by donors; to maximize impact attained and lessons learned; and to promote best practices and encourage more efficient use of resources, thereby influencing their success. Participants agreed that monitoring and evaluation should be seen as an opportunity and not as a threat, as the ownership of the process rests with the host country.

46. Participants recognized the different, yet complementary, roles of monitoring and evaluation and stressed the need for a distinction between indicators, monitoring and evaluation, and the need to establish links between the three components.

## 3. Performance indicators

47. Participants generally favoured careful selection of indicators, and noted that there is always a danger of over-complicating the task by identifying too many indicators, which generate excessive cost burdens in data collection. But they also noted limitations with the use of indicators: they may well be highly subjective, and difficult to generalize between countries. In relation to capacity-building, one other limitation is that they do not reveal whether government actions confirmed by indicators actually lead to increased performance. It was also noted that performance evaluation at the national level needs to summarize performance at the project level, and that aggregating the information remained a challenge.

48. A question was raised as to whether countries should consider what would be the key indicators for monitoring capacity-building, if donors (and their influence) did not exist. The clear priority was for

indicators to focus on national priorities, rather than donor concerns. Ultimately donors would be expected to harmonize their monitoring indicators with those of Parties to the Convention.

49. Participants agreed that the focus should remain on the 15 capacity-building areas agreed in the Convention's capacity-building framework. A situation where countries were bound to adopt specified indicators should be avoided in the short term, to permit various suggestions to be debated. However, participants recognized that it was important that all Parties are conscious of the obligations, under the Convention, of developed countries to support the developing countries in capacity development.

50. They also agreed that the levels of national indicator selection should encompass institutional, organizational and societal capacity indicators. Social awareness of climate change issues is not enough: practical actions and changes in behaviour are needed. Therefore social awareness – particularly among the most vulnerable groups and those with the greatest stake in the future, young people – is a valid and urgent form of capacity-building, which should have corresponding indicators. The biggest challenge remains how to measure changes in behaviour and the development of sustainable capacity. The point was also made that because needs change, sustainability should be viewed in a dynamic sense.

51. Qualitative descriptions in the form of stories illustrating changes or progress were considered essential complementary indicators to the more quantitative varieties. They also helped demystify the sometimes daunting technocratic progress matrices used so far.

52. Several simple principles for designing and implementing performance indicators were considered and agreed by all participants, for example that performance indicators should be clearly defined, easy to understand and to use, not too costly, unbiased, able to be aggregated, and based on available data and information.

#### 4. Institutional arrangements and funding

53. In the discussions as well as in their submissions, Parties emphasized that capacity-building for developing countries is fundamental in meeting commitments under the Convention and in addressing climate change at the national level. They stressed the importance of the availability of funds for capacity-building, and the need to access funds for monitoring capacity-building activities, as this is a continuous process. Some Parties observed that the current technical and financial resources for capacity-building activities are not adequate.

54. Participants noted that monitoring and evaluation should be process-oriented, and agreed that monitoring and evaluation should not be considered as some sort of external function but should be integrated within operational units.

55. Depending on the institutional set-up for climate change in developing countries, monitoring and evaluating capacity-building activities is often carried out informally, and in many cases, such as in small island developing States, there are not enough financial and human resources to provide dedicated personnel to undertake these functions.

### **V. Issues for follow-up and further consideration**

56. The discussions also provided ideas on possible further steps to regularly monitor and evaluate capacity-building activities undertaken pursuant to decision 2/CP.7, which are presented in the following list of options:

- (a) Decision 2/CP.7 could guide the development of a capacity-building strategy at the national level, and in every country. Such a strategy would be developed jointly with a monitoring and evaluation approach including the development of performance

indicators of the country's choice. The secretariat should have a role in framing such a system and an expert group or a task force on capacity-building should be established;

- (b) With respect to monitoring and evaluation at the national level, Parties could benefit from the development of generic as well as sector-specific guidelines;
- (c) Guidelines could also be developed to support and facilitate the identification and application of pertinent performance indicators;
- (d) Parties could benefit from developing a manual on how to move from the capacity-building framework to a capacity-building strategy and into the process of monitoring and evaluation;
- (e) Parties could benefit from a testing phase – referring to past experiences, and inviting countries to test the above-mentioned manual;
- (f) Parties could benefit from making use of existing information sources, linking with other processes such as the UNDP–GEF national capacity self-assessments;
- (g) Parties could benefit from the creation of a knowledge platform to share information on best practices and lessons learned;
- (h) There should be scope, in taking forward future efforts, for pilot projects at national level to experiment with innovative approaches (such as the ‘most significant change’ approach for keeping track of changes taking place and assessing their significance).

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