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Global Evaluation

1993 - 2001

About Capacity 21

Launched at the Earth Summit in 1992, **Capacity 21** is an innovative initiative that helps developing countries and countries in transition strengthen the capacities of key development actors to integrate the principles of Agenda 21 into national and local efforts for sustainable development.

Capacity 21 provides a unique type of assistance. It promotes **participatory, integrated** and **decentralised** approaches to assist countries in planning and implementing holistic strategies for sustainable development.

Working in close **partnership** with governments, civil society and the private sector, Capacity 21 programmes are **country-owned, country-driven** processes that influence and support national and local policy and decision-making to build real, long-lasting capacities for sustainable development at all levels of society.

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Capacity 21 Evaluation Report 1993–2001

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Evaluation of UNDP's Capacity 21

The Capacity 21 programme was established as an integral part of Agenda 21, the sustainable development strategy agreed on at the Earth Summit in 1992, and has been UNDP's main instrument for implementing Agenda 21. The task assigned to the Capacity 21 programme was to undertake systemic programmes in selected countries to build the capacity of local institutions to integrate economic, social and environmental issues into the development process at the national, provincial and local levels. The Capacity 21 Trust Fund, which was established by UNDP's Governing Council in 1993 to provide the resources for implementation of Capacity 21, entered its ninth year of operation in 2002 with an uncertain future.

The purpose of the Trust Fund was to provide an independent mechanism through which the Capacity 21 programme could finance technical co-operation for interested governments to promote and support the formulation and implementation of sustainable development strategies and action plans. In addition, its purpose was to assist governments of developing countries in building their capacity to implement Agenda 21, and develop and absorb technology transfer and know-how. The financial resources of the fund were managed under the authority of the UNDP Administrator in accordance with applicable UNDP regulations.

Capacity 21-supported initiatives were to help local institutions and experts design strategies with longer time horizons that lead to development multipliers by creating public awareness and potential for meaningful participation in decision-making. This would also mean encouraging national counterparts to confront vested interests, attack business-as-usual mind-sets, and evolve strategic alliances with others working towards the same overall goals, not always easy tasks for an international agency to undertake.

To achieve its objectives, Capacity 21 set out to evolve methodologies in unfamiliar territories, such as the integration of planning processes across sectors (horizontal) and between levels of government (vertical); across space (geographical); and across time (intergenerational). It supported the participation of a diverse range of stakeholders to ensure that all interests in society are represented in the identification of needs, and the prioritization and implementation of planning objectives. It also encouraged information sharing across sectoral departments, and between levels of government and a broad range of stakeholders, for more comprehensive and integrated planning.

This is a summary of the findings and recommendations of the evaluation undertaken by an independent team of evaluators (see annex 1 for brief biographies) described below during the period March 2001 to March 2002.

Acronyms and Abbreviations

ATS	<i>Approaches to Sustainability</i> (Capacity 21 publication series)
BDP	Bureau for Development Policy (UNDP)
CBO	Community-based organization
CIS	Commonwealth of Independent States
C221	The Global Evaluation Team's proposal for a second phase of Capacity 21. UNDP built on this proposal to create Capacity 2015.
DAC	Development Assistance Committee
DFID	Department for International Development (UK)
FAO	Food and Agriculture Organization of the United Nations
G77	Group of 77; largest coalition of Third World countries in the United Nations
GEF	Global Environment Facility
IAL	Information, advocacy and learning
ICT	Information and communication technology
IIED	International Institute for Environment and Development
IISD	International Institute for Sustainable Development
ILN	Information and learning network
ISC	International Steering Committee
IUCN	International Union for Conservation of Nature
IULA	International Union of Local Authorities (Turkey)
JICA	Japan International Co-operation Agency
LEAD	Leadership for Environment and Development (international network of professionals committed to sustainable development)
ODA	Overseas Development Assistance
OECD	Organization for Economic Co-operation and Development
OPARG	Operational Policies & Applied Research Group (UNDP)
RCO	Regional co-ordination office
REDULOCAL	Network of local universities in El Salvador
RSC	Regional steering committee
SDC	Sustainable Development Council
SDC	Swiss Agency for Development and Co-operation
SDF	Sustainable Development Facility
SDNP	Sustainable Development Network Programme
SEED	Sustainable Energy & Environment Division (in BDP/UNDP)
SIDS	Small Island Developing States
SURF	Strategic resource facility (UNDP)
TRAC	Target for "Resource" Assignment from the Core (UNDP's core resources)
UNCED	United Nations Conference on Environment and Development, Rio de Janeiro, 1992 (also called the "Earth Summit" and the "Rio conference")
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNRISD	United Nations Research Institute for Social Development
UNU	United Nations University
USAID	United States Agency for International Development
WHO	World Health Organization
WSSD	World Summit on Sustainable Development Johannesburg, South Africa, 26 August–4 September 2002 (also called "2002 Earth Summit")

Structure of the Evaluation

The Global Evaluation consists of six chapters:

- Chapter 1:** Introduction: sets out the background and evolving context for Capacity 21 and UNDP's capacity building in general
- Chapter 2:** Implementation: describes the pilot initiative's implementation
- Chapter 3:** Evaluation Findings: reports on the findings of the evaluation process
- Chapter 4:** Evaluation Conclusions: lists the evaluation team's key conclusions
- Chapter 5:** Recommendations of the Evaluation Team: details the evaluation team's key recommendations based on the evaluation findings
- Chapter 6:** Conceptual Outline for a new capacity-building initiative

The contents of this document have been written by a team of independent evaluators (please see list of consultants on page 59) and do not necessarily represent the views of UNDP.



Chapter 1

Introduction

Evaluation Objectives

- To review and assess the achievements globally (of programmes, information, advocacy and learning strategies, resource mobilization, administrative and operational management) since the programme's inception.
- To identify good practices and lessons learned from the Capacity 21 programme at national, regional and global levels that will be of value to the global community.
- To provide a set of recommendations to participating governments, UNDP and the donor community on ways to pursue Agenda 21 implementation following 2002, and on how to integrate programming for sustainable development and participatory methodologies.
- To suggest key elements for UNDP's long-term strategy for implementation of Agenda 21 beyond the World Summit on Sustainable Development.

Evaluation Methodology

UNDP's Evaluation Office was consulted on the evaluation methodology. The evaluation team reviewed the process of establishing and implementing the Capacity 21 programme since its launch in 1992, and of assessing and evaluating the achievements of the initiative from 1993 to 2001. Nineteen countries¹ were selected for evaluation by the team, and a team member visited each country. A common framework and methodology were chosen based on UNDP evaluation methodologies, a number of GEF (Global Environment Facility) publications dealing with capacity development, and Capacity 21's own strategy for monitoring and evaluation.

The framework and methodology were used by a team of consultants, chosen for their experience within the regions, to perform in-depth analysis at the country level to assess impacts and results. Additionally, the team participated in regional workshops and reviews of reports and publications to evaluate the contribution of the pilot initiative to capacity building. Among the key issues considered were relevance, performance, success and impact of the various country efforts. In addition to country-level analyses, regional workshops were conducted to analyse the status of regional programmes and co-ordination efforts. Three of the five regions now have full-time regional co-ordinators. The regional workshops, combined with WSSD preparatory meetings, provided useful insights into lessons learned and future potentials. In addition to the regional level, effort was devoted to interviews at headquarters with all regional bureaux, present and former staff, and donor representatives. Of particular interest is learning how countries that participated previously should be eligible under a new programme, and how new initiatives should be focused. Previous evaluation reports were also analysed, including a number of other multilateral organizations' key evaluations, like the World Bank's environmental review and the GEF's Operational Strategy/2.

1. Bulgaria, Bolivia, Burkina Faso, China, Costa Rica, El Salvador, Estonia, Grenada, Jordan, Kyrgyzstan, Lebanon, Mongolia, Morocco, Nepal, St. Lucia, Samoa, The Gambia, the Philippines, Turkey.

Evaluation Audience

One audience will be the donors. Recommendations based on the evaluation findings and the ongoing development challenges will articulate a clear rationale as to why donors who want sustainable development to become the new paradigm for development in recipient countries, and not just a new cliché, should invest resources.

The second audience is UNDP. Based on the lessons learned, there are a number of steps and practices that UNDP, as the most visible donor, can and should take to support continued capacity building, as well as ideas on how UNDP can develop greater synergy with mandates emanating from, for example, the Millennium Summit (held in New York, September 2000).

The final audience for the report is aid-recipient countries. Economic globalization, global and local environmental challenges, and changing aspirations of populations are mutually reinforcing and represent major challenges for the transition from the dominant national development paradigm — growing the economy in the short term to meet existing demands — to sustainable development. National and provincial governments will need to develop human and institutional capacity in order to have effective systems in place to plan and direct sustainable economic development.

Evaluation Team

A team of six senior international consultants was assembled. Each consultant was asked to take care of a region and participate in the overall report. A team leader co-ordinated the effort. The composition of the team is as follows:

Dr. Al Binger, Co-ordinator/Team Leader, Small Island Developing States

Dr. Kamelia Georgieva, Europe/CIS

Dr. Ashok Khosla, (and the team of) Development Alternatives, Asia and Pacific

Dr. Mona Makram-Ebeid, Arab States

Dr. Marie-Angelique Savane, Africa

Dr. Alvaro Umaña, Initial team leader, Latin America

Chapter 2

Implementation

Capacity

Simply defined, "capacity" means people who have the ability, backed by the decision systems and infrastructure they need, to identify, formulate and analyse the problems of particular relevance to their societies, and design effective strategies to solve them. To be effective, such capacity needs to be built up in all sectors of society — government, business, academia, the media and civil society — with opportunities for strong collaborative experiences leading to a tradition of dynamic interaction among them. To play its fullest role, capacity in this sense has to be built up at all levels of society: national, provincial and local. It is only when a local community acquires capacity to design and create its own future that genuine development can take place. Basically, capacity is synonymous with leadership, that is, informed leadership from all walks of life.

Capacity also refers to the ability of individuals and institutions to make and implement decisions and perform functions in an effective, efficient and sustainable manner. At the institutional level, effort is focused on organizational and functional capacities, as well as institutional ability to adapt to change. The aim is to develop institutions as a total system, including individuals, groups and organizations engaged in building capacity.

A country or community with the requisite capacity should be able to choose among different technology options and adopt those most appropriate for local markets and conditions. Capacity also enables societies to implement solutions and learn lessons from experiences to redesign future solutions even more effectively. Above all, capacity is needed in each country to recognize issues of self-interest, advocate more sustainable policies and negotiate effectively in bringing these about. In time, capacity grows with the building of institutions and infrastructure, and is reinforced by infrastructure of all types — social, physical, financial and communication.

Capacity Building for Sustainable Development

Capacity building is a term that is often used to express the process of institution building or training at individual, institutional and systemic levels. The issue remaining, after all conventional interventions in developing countries and countries in transition, is the sustainability of the intervention results.

Capacity development is therefore the process of creating, mobilizing, utilizing, enhancing or upgrading, and converting skills and expertise, institutions and contexts. It can be short-term, to address an immediate problem, or long-term, to create an environment where a specific change should take place.

In the broadest perspective, capacity development can be seen as a process to attain circumstances favourable to reaching proposed objectives at local, national and regional levels; this includes regulatory structures, and information, knowledge and technologies that contribute ultimately to an improvement in global environmental management.

A country's ability to follow a sustainable development path is determined by the capability of its people and institutions — public, private and civil society. It is the sum of both human and social capital, interacting with the natural resource base and physical and financial capital, that determines the scale and direction of development. Capacity development is the sum of the efforts needed to nurture, enhance and utilize the skills of people and institutions to set in motion a long-term process that leads to sustainable outcomes in terms of the lives and livelihoods of the population.

Capacity 21 Objectives and Grant Criteria

The objectives of the Capacity 21 programme were to:

- Formulate, on the basis of existing plans, sustainable development strategies for the achievement and implementation of development goals.
- Identify priority areas of the UNDP's Agenda 21 and formulate a National Agenda 21 in support of sustainable development goals.
- Identify major capacity-building requirements for effective implementation of a National Agenda 21 and sustainable development plans.
- Formulate programmes and projects to meet capacity-building requirements; to strengthen national, or where appropriate, regional scientific and technological research and development; to enhance knowledge, information and databases; and to increase the participation of all stakeholders in the decision-making processes.

Activities funded were to complement, supplement and catalyse other resources such as domestic resources, Overseas Development Assistance (ODA) and TRAC (UNDP's core resources); additionally, they were to enable countries to compete more effectively for resources available under special mechanisms such as GEF. The initial phase was to be implemented as a pilot, with a funding level up to US\$100 million. At the end of this period, there was to be an evaluation of the pilot phase in order to assess experience and impacts, the adequacy of the approach and potential long-term benefits. National UNDP offices would be the point of entry for countries wishing to obtain programme resources. UNDP would play the co-ordinating and managerial role.

Access to programme resources would require the country to meet the following criteria.

- There must be a strong government commitment to Agenda 21 and to the capacity-building proposal. There must be a national programme developed through co-operation between, and ownership by, government and other stakeholders.
- National capacity — to be determined through analyses of what exists, what is needed, and how this could be achieved through a phased approach with a dynamic strategy — must be considered.

- A national context, and the presence of a policy framework and an enabling environment, must exist to ensure that the desired end is achieved and sustained.
- There must be commitment to "downstream impact". This could be in terms of a direct, immediate impact or a later one, but must be defined. There must be clear indicators of performance by which the impact can be assessed.
- Capacity-building activities must be in a programmatic or holistic context. This means addressing relevant sectors in relation to one another and to natural resources as well as to all relevant aspects of each sector.
- The programme must clearly outline how funded activities would link to relevant activities funded through other means.
- The proposed programme must demonstrate the involvement of relevant and essential beneficiaries and partners (stakeholders) at appropriate stages of programme development and implementation.

Implementation

A significant amount of the work undertaken by Capacity 21 has been through a network, which comprised the Capacity 21 team in New York, regional offices, global advisors, and the UNDP's resident representative and environment/sustainable development focal points in the various UNDP country offices.

Capacity 21 was established as a temporary facility (under a UNDP Governing Council decision); no timeline was given for when it should close down. It has functioned against a backdrop of increasing demand from countries for Capacity 21 support, and under three UNDP Administrators.

Capacity 21 programmes are country-driven and country-owned processes that influence and support national and local policy- and decision-making. They were intended to help ensure that the capacity for sustainable development policy, institutional and legal frameworks for development would be established at the country level. This approach is fully consistent with and provides a model for UNDP's focus on upstream institutional and policy development, and supports UNDP's mandate of poverty eradication. Capacity 21 has high visibility and an established reputation at the country-office level.

In general terms, capacity-building programmes supported by Capacity 21 can be clustered in the following categories:

- **Category 1** — The development of a National Agenda 21, and national strategies for sustainable development.
- **Category 2** — National co-ordinating mechanisms: establishment and support of national councils for sustainable development.

- **Category 3** — Integration of environment into development.
- **Category 4** — Decentralization of planning and decision-making — formulation of Local Agendas 21.

Table 2.0 below provides details of the countries and the categories of capacity building. Figure 2.0 and Figure 2.1 provides details on a regional basis.

Table 2.0 Distribution of projects by Category

Category 1	Category 2	Category 3	Category 4
(24 or 32%)	(2 or 2%)	(24 or 32%)	(27 or 36%)
Niger South Africa Senegal Egypt II Jordan Sudan Bulgaria Estonia Kyrgyzstan Moldova Slovak Republic Bolivia Chile Costa Rica Ecuador China Iran Laos PDR Mongolia Pakistan Philippines Papua New Guinea Mekong River Commission	Dominican Republic Philippines	Cameroon The Gambia Ghana Malawi Mozambique Swaziland Djibouti Egypt I Lebanon I Morocco 1 Syria I Syria II Turkmenistan Colombia Costa Rica Bhutan China India Iran Laos PDR Mongolia Nepal Papua New Guinea Vietnam	Burkina Faso Kenya Tanzania Lebanon II Morocco II Palestinian Authority Albania Bulgaria Estonia Kazakhstan Kyrgyzstan Moldova Russian Federation Romania Turkey Uzbekistan Colombia Costa Rica Cuba El Salvador Guatemala Haiti Mexico Paraguay Peru Nepal

The most frequently implemented category of capacity building focused on the *Decentralization of planning and decision-making – formulation of Local Agendas 21*. On a regional basis, however, support for building capacity for the *Integration of environment into development* was the most funded category in Africa and the Arab States, where half the countries received funding in this area. There was equal support for capacity building in the categories of the *Development of National Agendas 21* and *strategies for sustainable development* and *Decentralization of planning and decision-making – formulation of Local Agendas 21*.

Fig. 2.0
Africa - Percentage of Countries Funded by Category

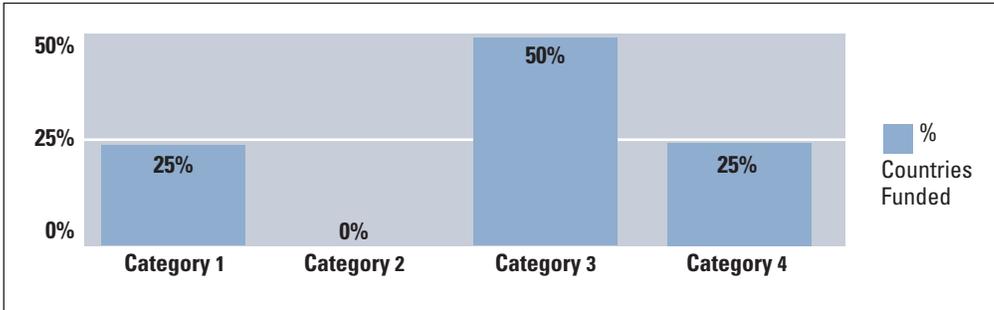


Fig. 2.1
Arab States - Percentage of Countries Funded by Category

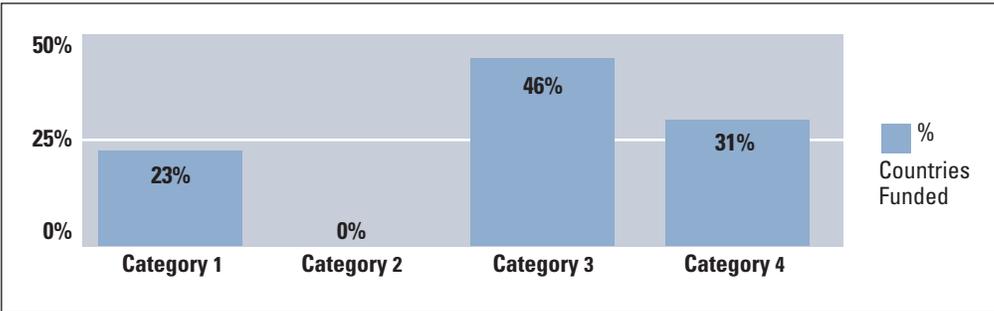


Fig. 2.2
Europe & CIS - Percentage of Countries Funded by Category

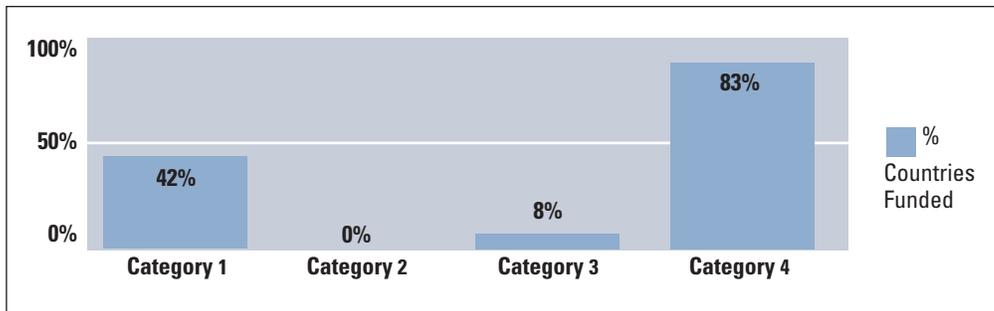


Fig. 2.3
Asia Pacific - Percentage of Countries Funded by Category

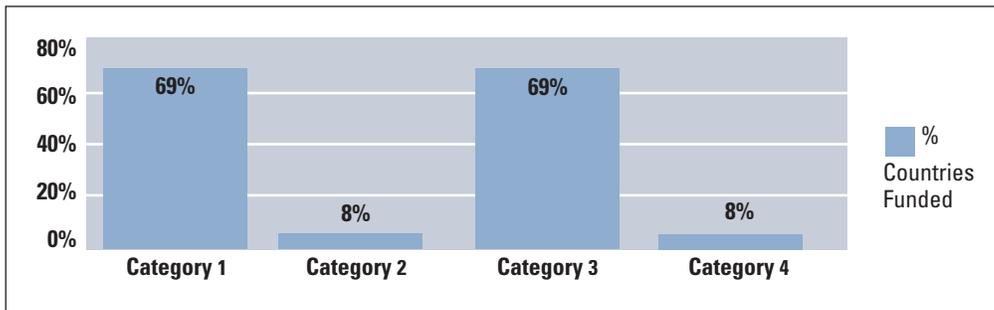


Fig. 2.4
Latin America - Percentage of Countries Funded by Category

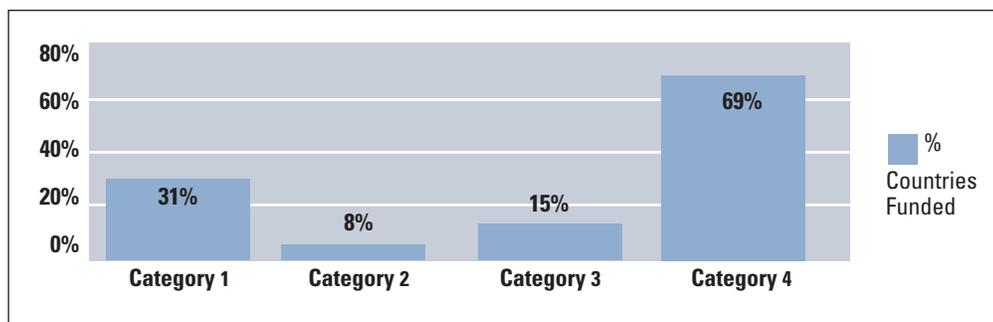


Fig. 3.1
All Regions - Percentage of Countries Funded by Category

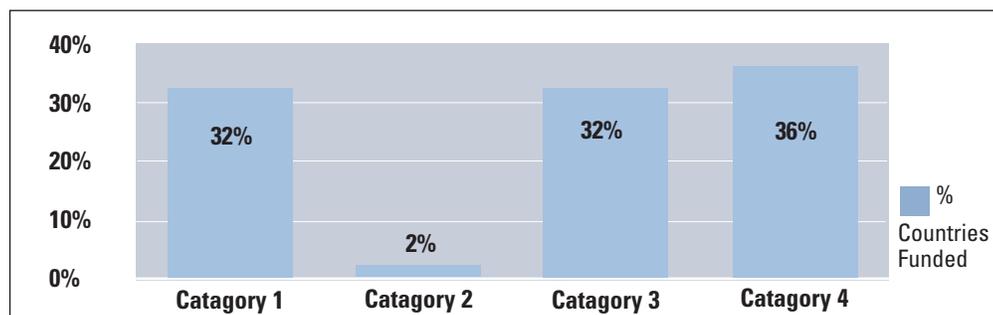


Table 3.0 Amount of Funding Received by Region

REGION	CAP21	TRAC	GEF	GOVT	OTHER	TOTAL
Africa	\$ 7,316,153	\$ 1,844,438	\$ -	\$ -	\$ -	\$ 9,160,591
Arab States	\$ 7,082,637	\$ 1,154,300	\$ -	\$ 305,200	\$ 1,280,000	\$ 9,822,137
Europe & CIS	\$ 2,389,349	\$ 1,385,000	\$ 350,000	\$ 1,022,380	\$ 155,700	\$ 5,302,429
Asia Pacific	\$ 10,209,799	\$ 1,385,000	\$ 350,000	\$ 1,022,380	\$ 155,700	\$ 13,122,879
Latin America	\$ 8,627,359	\$ 786,000	\$ 3,889,000	\$ 19,729,058	\$ 1,050,000	\$ 34,081,417
TOTAL	\$ 35,625,297	\$ 6,554,738	\$ 4,589,000	\$ 22,079,018	\$ 2,641,400	\$ 71,489,453

Chapter 3

Evaluation Findings

Background

During its nine years of implementation, the Capacity 21 programme funded a number of initiatives in many countries. During the first few years of Capacity 21, much of the emphasis was on programme development, that is, assisting countries to develop and implement sustainable development programmes. In 1996, Capacity 21 held its first donor strategy meeting in Morocco. Donors, country representatives and key partners participated. The main outcome was the strong endorsement that through Capacity 21's support, considerable good work had been done at the country level. However, the meeting recommended that greater emphasis be placed on information, learning, advocacy, monitoring and reporting. During the period 1993–96, the global advisory network was established and became operational, along with annual independent evaluations of the Trust Fund. During the period 1996–98, a number of initiatives were approved and began to be implemented, and regional workshops (with participation of UNDP environment/sustainable development focal points in country offices) were initiated to facilitate learning, knowledge management and sharing of experiences and expertise.

These pilot programmes now provide models for successful — and unsuccessful — approaches at regional, national and local levels to promote and implement capacity building in support of Agenda 21. The results of the evaluation of the Capacity 21 initiative are presented in two parts:

- Implementation management
- Activities implemented

Implementation management

Initial Institutional (UNDP) Context

The Capacity 21 Trust Fund, which was established by UNDP's Governing Council in 1993, entered its ninth year of operation in 2002. The purpose of the fund was to finance the provision of technical co-operation to interested governments; to promote and support the formulation and implementation of sustainable development strategies and action plans; and to assist governments of developing countries in building their capacity to implement Agenda 21, and develop and absorb technology transfers and know-how. The financial resources of the fund were managed under the authority of the UNDP Administrator. The fund was administered by UNDP in accordance with applicable UNDP regulations. Capacity 21 was based in the Sustainable Energy & Environment Division (SEED) in the Bureau for Development Policy (BDP).

Changing Institutional Context

Capacity 21 moved from the former SEED to the new Operational Policies & Applied Research Group (OPARG) in 2000. This move is consistent with Capacity 21's focus on integrated, cross-sectoral programming for sustainable development.

Information, Advocacy and Learning (IAL) 1999–2002

In 1998, a meeting of Capacity 21's national and international partners, including donors, was held in London. The meeting concluded that special attention needed to be paid to learning, including the analysis and dissemination of programme results, so that more countries could benefit from experiences and lessons learned.

It was recognized that Capacity 21, with experience of Agenda 21 implementation in more than 75 countries, is strategically placed to draw on this extensive knowledge base to share good practices, approaches and experiences with the global development community. As a result, efforts were stepped up to extract country-level lessons and experiences and develop them into practical and concrete products and tools to promote learning, advocacy and information sharing between developing countries and their partners for sustainable development planning and programming.

Capacity 21's IAL programme is achieving its objectives through the development of a number of products, including the innovative ATS series, a new Web site to serve as a global knowledge hub and learning platform, and a learning module on capacity building for sustainable development. The process of developing the ATS publications, in which local stakeholders and partners manage the process of reflection, analysis and synthesis of experiences and lessons emerging from their Capacity 21 programmes, serves as a capacity-building exercise in its own right. The series seeks to foster information and knowledge exchange and learning by policy-makers and practitioners at global, regional, national and local levels. The publications also provide useful advocacy tools for resource mobilization and awareness raising about the programme at the local level.

It is anticipated that at the end of this programme the products and tools developed by the IAL programme will provide a comprehensive, country-driven series of recommendations that inform the global community (at the upcoming Johannesburg summit and preparatory committee meetings) on the essential strategic actions for Agenda 21 implementation in the long-term.

Capacity 21 has now placed regional co-ordinators in Africa (Dakar), Europe and the CIS (Bratislava), Asia Pacific region (Bangkok) and Latin America (Mexico) as a source of advice and support on sustainable development to UNDP country offices and governments, and to develop partnerships with relevant regional institutions. A regional co-ordinator for the Arab States is due to start in mid-2002, based in Beirut. Regional co-ordinators are mandated to work closely with UNDP's regional strategic resource facilities to ensure that lessons and experiences emerging from Capacity 21 programmes are shared within and outside UNDP.

Based on the recommendations of the donor meeting of 1998, which was attended by junior-level officials, a complete rewriting of the functions of all headquarters staff was undertaken, focusing more on information, learning, advocacy and the mainstreaming

of Capacity 21 principles into UNDP, with less emphasis on programme development. This resulted in the following:

- Recruitment of an information specialist to manage the preparation and launch of Capacity 21's information, advocacy and learning (IAL) strategy and its associated products, including the launch of the Approaches to Sustainability (ATS) series and Web site.
- Recruitment of Capacity 21 regional co-ordinators.
- Recruitment of a mainstreaming specialist. The initiation of confused and unfocused attempts to mainstream Capacity 21 principles into the corporate UNDP culture was grounded on the understanding (based on the mainstreaming mandate that emerged from the 1998 donor meeting) that the Capacity 21 programme was to be closed. The evaluation team was originally recruited to undertake a terminal evaluation.

During the period between 1999 and 2001, 25 new initiatives were approved, funded to the level of US\$10.6 million (including US\$1.3 million for the first global programme for Capacity 21's WSSD strategy), and implementation was begun. In addition, a number of workshops and monitoring activities were carried out. A new UNDP Administrator took over in 1999 as Capacity 21 principles were to be mainstreamed into the UNDP modus operandi.

The new Administrator's focus for UNDP was on upstream cross-sectoral support, capacity development, and support to countries through a decentralized policy advisory network. By 1999, Capacity 21 had a solid track record in these areas in a number of countries. The refocusing of the organization resulted in the radical transformation of the BDP (which housed the Capacity 21 programme), including decentralization of staff to the field and staff cuts. Much of the attention of both UNDP and BDP senior management was taken up with management issues during this period. Capacity 21 was also affected by this change. At one point, Capacity 21 was asked to reduce its headquarters staff from eight persons to three persons, but this was subsequently waived based on the planned closure of Capacity 21, post-Johannesburg.

The principal contributor to the Capacity 21 Trust Fund, Japan, withdrew its support, stating that since Capacity 21 was being mainstreamed, there was no need for additional funds. (As pointed out above, however, demand for Capacity 21 support continued to grow during this time.) In recognition of Capacity 21's cross-sectoral work, the unit was moved within BDP from SEED to the newly formed OPARG in late 2000. In early 2001, following the consolidation of the larger change process and with the rapid approach of WSSD, senior management turned its attention to Capacity 21. The result of this new attention was a decision not to close the programme, but to launch an expanded follow-up capacity-building initiative based on Capacity 21 accomplishments.

Management Committee

UNDP's action committee approved the establishment of Capacity 21 on 5 August 1993, as a pilot initiative to support activities, with a maximum budget of US\$100 million, depending on available resources. At the same time, the action committee established the management committee to review and approve programme proposals. The management committee is composed of representatives from units within BDP, the programme global co-ordinator and regional co-ordinators, and is responsible for approving proposals, monitoring progress and evaluating national initiatives. Special initiatives are also taken up at the management committee, for instance, scholarship programmes for desertification studies funded by the Japanese, and funding for the Sustainable Development Network Programme (SDNP).

Management committee performance has not been one of Capacity 21's strengths. The functioning of the committee has been criticized in previous evaluations. It was responsible in large part for the strange sequence of decisions — ranging from mainstreaming Capacity 21 principles into UNDP institutional culture and consequently ending the initiative, to developing a new capacity-building initiative for WSSD — that negatively affected the momentum and institutional capacity leading up to WSSD.

Within UNDP headquarters, the programme has not received recognition consistent with the importance given to it by developing countries at UNCED. This has also had a negative impact on the programme's effectiveness.

As seen from the regional experiences, despite successes there are challenges that will need to be addressed in any future capacity-building initiative based on the Capacity 21 pilot initiative. Most important in terms of programme management are:

- Inadequate linkages and synergies, both horizontally and vertically, in the design and implementation of the projects in the countries.
- Limited systems for monitoring, reporting and evaluation.
- Balance between process and product, in both the Capacity 21 overall programme design and its formulation and implementation at country and local levels.
- Weak national and local-level resource-mobilization strategy.
- Incorporating indigenous knowledge in the design stages of initiatives.
- Over-dominance of environment and subsistence issues in programme funding, inadequate focus on economic aspects of sustainable development, and inadequate involvement of economic stakeholders.

- Need for better understanding of the limited skills at the sub-national, local government and community levels.
- Weakened administration and oversight at the headquarters level.

Personnel Performance

Management performance has been negatively affected by the decisions of the management committee, including the allocation of 8 per cent overhead for administration. During the period between 1999 and 2001, the Capacity 21 pilot initiative operated with "acting" management capacity (during the UNDP change process), leaving the programme without senior leadership at headquarters during critical times. Staff morale has not been good, following the donor meeting of 1998, because of the uncertain future of Capacity 21. During the period 1999–2001, programme staff have been exposed to job insecurity and uncertainty about the programme's future.

Regional Co-ordination

A key recommendation emerging from the 1998 strategy meeting in London, between Capacity 21 and national and international partners, was to establish a regional co-ordination capacity. It was expected that this would help improve programme development, monitoring and evaluation, as well as help capture good practices and critical lessons. As of February 2002, four regional offices have been newly established. The Arab States co-ordinator, already selected, is not yet in place, and activities in the region continue to be co-ordinated from UNDP headquarters.

Advisor Networks

At the core of Capacity 21 is a cadre of senior international advisors (from developed and developing countries) with a variety of expertise, who provide quality advice on and technical support for programme development, monitoring and evaluation, strategy and positioning in international fora. At the end of 2001, Capacity 21 had 12 such advisors, representing each region. Their role was to:

- Provide technical assistance to the various programmes.
- Assist programme staff with the development of improved methodologies to capture lessons, disseminate information and support monitoring and evaluation.
- Assist with the conceptual design of programmes.
- Identify future initiatives.

Capacity 21 also draws heavily on UNDP's extensive network of sustainable development advisors, national officers and government counterparts from programme countries.

Programme Pipeline

National allocation is a planning tool. Formal and informal discussions are held with the UNDP Regional Bureaux on priority countries, to determine where support would be best utilized. Monies are allocated to each country, and feasibility missions are launched. These missions are not funded from the allocation, but from an overall programme-development project managed at headquarters. This programme also finances the activities of the global advisors. Many countries have requested support for second and third phases, but limited resources have made this impossible. Often, countries were encouraged to do their own financing. For example, Lebanon's second phase capacity-building initiative was country-financed, with Capacity 21 assisting with technical advice.

Monitoring and Evaluation

Monitoring is an area of weakness. Although the first grants were approved in 1993, the programme has yet to put in place a systematic methodology for monitoring programme progress. While it is understandable that such a methodology would be challenging to develop, given the wide range of programmes that were funded, this should have been accomplished. In the view of the evaluation team, the late development of monitoring systems, while not quantifiable as to the impact on project effectiveness, negatively affected implementation. The decision by the management committee to benchmark administrative overhead at 8 per cent meant there were limited financial resources to implement an effective monitoring and evaluation regime. Consequently, no real statistical analysis was possible for the evaluation. It should be pointed out, however, that Capacity 21 conducted scheduled programme evaluations that were qualitative in their findings.

Resource Mobilization

Resources for programme implementation have been mobilized at two levels. The UNDP-established Trust Fund has mobilized an estimated US\$90 million during the period 1992–2000. At the national level, resource mobilization has taken place in a number of countries, with financing coming from donors, national, regional and local governments, and in-kind contributions. While it is not possible to quantify the total level of resources mobilized, China provides one outstanding example. The China programme was supported in two phases at a total of US\$1.6 million, on which the country leveraged an additional US\$75 million from various donors. Nepal used US\$400,000 in seed funding to establish the SDNP micro-credit facility, in which they have raised close to US\$50,000 so far, which has been reinvested. To date, only limited resources have been mobilized from sources such as GEF (in Vietnam), which was a

major potential counterpart-funding source identified in the original programme design.

Since the original post-UNCED contributions in 1993 and 1994, only Japan and the UK have contributed steadily — until two years ago, when the decision was made to phase out Capacity 21. The ad hoc donor strategy has involved regular reporting, some donor missions, co-operation with the OECD DAC Task Force on national sustainable development strategies, and personal contacts. On a more formal basis, Capacity 21 has always had a Japanese staff member seconded from the Ministry of Foreign Affairs, which, along with programme development and monitoring functions, serves as a liaison between the government of Japan and Capacity 21.

Donor relationships, however, have been ad hoc, and there has been no systematic approach to the development and management of donor relationships.

Donor Relationships

The landmark 1998 donor meeting in the UK, at which most donor representatives were junior level and not necessarily decision-makers (Japan, for example, sent its local representative based in the UK), recognized that the Capacity 21 pilot initiative was doing good work at the country level. Participants questioned UNDP's commitment to Agenda 21 (and therefore Capacity 21). They did not see any indication of UNDP contributing from its core resources into Capacity 21/Agenda 21 activities — although they were pleased to see that at the country programme level, considerable UNDP core resources were leveraged to complement Capacity 21 Trust Fund resources. The donors did not understand why they were being asked to contribute to two different sources (that is, the Capacity 21 Trust Fund, focusing on sustainable development, and UNDP, focusing on sustainable human development) that they felt were the same thing. The two largest donors, Japan and the UK, asked why other donors had stopped contributions to the Capacity 21 Trust Fund after the first couple of years. The participants consequently decided that, notwithstanding the quality work being done, the Capacity 21 programme should be ended. Capacity 21 personnel should focus on mainstreaming its principles and approaches into UNDP for the remainder of its existence (rather than starting up new initiatives and programmes), and on IAL activities.

Partnerships

Capacity 21 has established partnerships with UNEP, IUCN and the Dutch government to develop environmental legislation and harmonize existing environmental laws in Africa. While this has produced several impressive compendia of laws, there has not been much capacity building. Although Capacity 21 is on the steering committee for the second phase, it has not been active and has not contributed financially or technically.

The Mediterranean Technical Assistance Programme (METAP) was a partnership with UNDP/Capacity 21, UNDP/Arab States Bureau, the World Bank, the European Investment Bank, the Swiss Development Bank and the European Commission. Eight or nine programmes were developed, but overall it was not very successful, as it was intended to be a programme development facility, assisting countries to develop environmental programmes and mobilize resources. The manager of this programme was in conflict with the partners, and Capacity 21 removed him and closed the centre.

WHO partnered with Capacity 21 to develop health and environment programmes in Barbados, Ghana, Guatemala, Jordan, Lithuania, Nepal, the Philippines, Sri Lanka and Vietnam.

In the preparation of Approaches to Sustainability studies, partnerships have been forged with agencies and organizations including GEF, International Council for Local Environment Initiatives, International Union of Local Authorities, International Institute for Environment & Development, Stockholm Environment Institute, Earth Council, Bangladesh Centre for Advanced Studies, and other national and local NGOs and institutions. All studies are prepared by local authors and co-ordinated by local steering teams based on cross-sectoral consultation with programme stakeholders and partners.

Trust Fund Management

The programme was implemented in general through country-based programmes. They were initiated based on requests of national governments to the UNDP missions in the countries, and these transferred the requests into applications to the Capacity 21 Trust Fund.

Capacity 21 is completely self-financing and the management committee was responsible for all financial decisions. Capacity 21 pays all costs for its programming activities, administrative costs, office space and telecommunications. One of the recommendations from the 1998 London meeting was that Capacity 21's activities be mainstreamed into UNDP's programming activities. This would require some co-financing from UNDP's core budget. This has not happened. In an ideal scenario, Capacity 21 activities would continue to be financed from a trust fund with a set percentage of co-financing from UNDP's core — say 15 per cent, which represents the good practices industry standard.

The Trust Fund has an approved operating cost rate of 8 per cent: 7 per cent for administrative management costs and 1 per cent reimbursement to UNDP as host. While there has been no in-depth assessment on why this low level of administrative overhead was set — roughly half of what is considered good administrative practice — the evaluation team feels that this has contributed to management shortcomings in implementing the Capacity 21 pilot initiative.

Activities Implemented³

Although implemented on a relatively small scale relevant to the global needs of capacity building, the Capacity 21 programme has had many impressive achievements in all five regions, and has changed the lives of many people and communities. There were also, however, disappointments and anticipated, but unrealized results. The programme has generated ideas to guide future capacity-building initiatives in support of Agenda 21. It has also generated and documented many excellent examples and experiences that provide evidence and models of how stakeholder-driven capacity-building initiatives in support of sustainable development can be achieved.

The programme's results in the five regions were so diverse and educational that documenting the evaluation results proved challenging. As outlined in chapter 1, the evaluation team used a methodology based on lessons learned, good practices and challenges. The evaluation results were assessed under three headings:

- Lessons Learned
- Good Practices and Achievements
- Challenges and Limitations

Some of the categories of evaluation results have sub-areas; for example, "lessons learned" was subdivided into programme design; implementation, monitoring and evaluation; and information, experience, expertise exchange and learning. Key lessons across these categories are listed below.

Lessons Learned

The importance of ownership: Building capacity for sustainable development cannot be implemented successfully without the organic ownership of the country's designated stakeholders. This means that ownership has to be established during or prior to programme design. All direct and indirect stakeholders and beneficiaries need to have ownership of the design, the implementation process and the results of a programme or initiative.

Building trust among stakeholders is essential: In many cases, implementation problems may be attributed to a lack of trust that was not addressed during the design phase. Trust building at all levels including the policy level was identified as essential to stakeholders' involvement in planning and implementation. In the Latin American region, it became evident that trust is at the core of the technical co-operation required for the future. Trust enables work with horizontal relationships based on

3. Information about findings from specific national and regional programmes can be found in the regional and country reports of the Capacity 21 Global Evaluation.

respect, which can change the nature of relationships between governments, civil society and development agencies. The development process should respect the views, positions and contributions of all stakeholders.

The critical role of national/local "champions": Champions are respected, committed, influential individuals at national and local levels who actively support and promote the cause of sustainable development. Their involvement in a programme confers priority and credibility to it. One such person is Princess Basma Bint Talal, a main political figure supporting development activities. The Jordan Agenda 21 was officially launched in July 2001 under her patronage.

The limitations of the "environmentalist" label: In some countries Capacity 21 initiatives were too closely identified with the country's "environment lobby" (for example, in Lebanon and Jordan). This caused difficulties with key partners, such as government agencies responsible for investment, economic development and finance.

Process orientation and a longer-term perspective: Special effort needs to be made to ensure balance between process orientation and outcomes. Conventional project-cycle management emphasizes products. In the case of capacity building, however, the processes that lead to the deliverables are of greater significance and should be considered as a different result. These processes result in attitude changes, including ownership of and engagement with the principles, which can then be internalized and incorporated into different levels of behaviour. At the same time, if there is insufficient facilitation of the product-development process, the participants lose motivation and the effect is negative. This balance between process and product is one of the strengths of Capacity 21 pilot activities, and one of the most important lessons learned for the future.

Participation takes time and resources: Participation is costly, time-consuming and requires considerable effort. It is a long-term process that cannot be achieved through single meetings or discussions. Time and resources need to be dedicated during development of the initiative, including extensive organized consultations with stakeholders, to agree on the components and implementation arrangements. The preparatory process for country- and local-level initiatives ranged from six months to two years. The result of this emphasis on allowing adequate time for the involvement of stakeholders has been, in most cases, local ownership and successful implementation.

Flexibility is crucial: The national and local development context in which capacity-building initiatives are being implemented is dynamic at all levels. There is a tremendous need for flexibility and opportunism in the planning and implementation process, so that there can be adaptation to changing needs and circumstances.

Furthermore, the ability to recognize failure as an integral part of implementation, learn from it and adapt accordingly, has been instrumental in providing guidance in programmes.

The following six-step formula is in line with Capacity 21 principles and ensures systematic, participatory implementation:

1. Opinion mobilization and prioritization.
2. Leading group formation.
3. Institutionalization.
4. Local Agenda 21 integration into decision-making.
5. Special fund creation for implementation of Agenda 21.
6. Capacity building and implementation.

Capacity building for sustainable development is a long-term process with ups and downs:

Interventions should therefore be designed to accommodate and learn from these realities and fluctuations. Capacity building involves addressing the concerns of various levels of stakeholders simultaneously. Multi-directional flows of information, influences and ownership are needed.

Capacity building involves cascading processes like training of trainers and dissemination of information:

To create the needed multipliers. Local learning is an effective way of positively informing and influencing national policies and strategies.

UNDP field offices have a critical role in legitimizing and giving credibility and profile to the capacity-building process:

Care needs to be taken, however, to ensure that the intervention is not overbearing. UNDP can provide support as an honest broker and by giving the participatory process credibility. Involvement and leadership in capacity-building initiatives from the national UNDP office, particularly from the resident representative in the early stages when working with limited financial resources, usually makes a significant contribution to a successful outcome.

Good Practices and Achievements

Demand-driven response to country and local needs: This is a positive characteristic for the majority of initiatives supported at country or regional levels. This feature takes into consideration the acute and priority issues of each country and region; the products, while secondary to the processes explained above, are targeted at solutions.

Resource leveraging through strategic institutional and financial frameworks: Eighty per cent of financial resources provided by the Capacity 21 pilot programme in Nepal have been converted into revolving funds through sustainable development facilities (SDFs). Through community-based organizations (CBOs), communities have access to the SDF revolving fund for loans to undertake social, economic or environmental projects. There is sometimes a nominal interest, as determined by the villagers, in case of income-generating activities. Communities also contribute to these funds by small-scale savings on a regular basis. The amount of community funds has reached substantial totals (US\$45,088). In the process, SDFs and CBOs have been institutionalized in each of the participating 21 districts, to facilitate financing of initiatives and to ensure the programme's long-term sustainability. In countries in which the issues of sustainability and continuity have surfaced, this represents one model that could be deployed in implementing future capacity-building initiatives.

Political will, governance structures and stakeholder interests all converge: In the case of China, showing the rest of the world how economic development priorities can be pursued within the rubric of sustainable development priorities.

Local-local dialogues promoted by Capacity 21 have succeeded in assisting local authorities, as well as helping build capacities in setting development agendas.

Local-national links for sustainable development: El Salvador provides a good example. In 1997, the municipal authorities of Ahuachapán, under the guidance of a national Capacity 21 technical team known as Nación 21, were involved in a participatory planning process for sustainable development. Representing different political parties, until recently locked in civil conflict, they worked with a network of local universities (REDULOCAL) to produce a local development plan based on their needs. They received financing from the Inter-American Development Bank for a programme to manage solid waste materials and promote decentralization.

Flexibility of implementation: Programmes were able to be more responsive to the needs and demands of stakeholders on national and local levels. In most central and eastern European countries, consistent with the initial objective of the Capacity 21 pilot, project documents were designed to support national administrative agencies and the development of national strategies. The implementation process showed that development of an Agenda 21 and national sustainable development strategies required a much longer time frame than was set in the project document. It was also realized that raising public awareness and building public support and stakeholders' ownership were essential for a successful outcome.

Implementation responsibilities belong to independent bodies: In Turkey, the programme was implemented by the national branch of IULA (International Union of Local Authorities), a respected NGO with rich experience in the country. Estonia is also a significant example of the programme's success. The programme's implementation was entrusted to the Stockholm Environment Institute Tallinn Centre, a think-tank

NGO with four international branches. The important result in both cases is that at the end of the programme, each institution, whose capacity was greatly improved through Capacity 21 implementation, remains an important and independent focal point for future activities and fund-raising.

A high level of ownership by countries relative to other donor projects: In Bulgaria, relevant stakeholders were involved in the project's formulation. Government entities (including the Ministry of Regional Development and Public Works, Ministry of Environment, Ministry of Education and Science, and municipal and regional administrations) played an important role in the project's implementation process, and it has been observed that the right partnerships have been chosen. The activities of the Capacity 21 pilot were perceived as valuable, because they were in line with the priorities of the government, especially those of the Ministry of Regional Development. The latter has demonstrated a high level of commitment since the outset of the programme's implementation and has ensured general political support.

Participatory learning is critical: In The Gambia, the learning dimension provided space and time for learning within the national environmental context. Participants from the various sectors as well as from different governmental agencies were able to break down barriers, learn from each other, recognize success and failure, and recommend possible ways of moving forward.

The "cascade system" of capacity building: In Burkina Faso, the programme undertook to train trainers, who in turn train and build the content and process capacities of others, and so on. It helped nearly 50,000 individuals take the lead in defining their country's strategy for combating desertification. In an effort to evolve beyond project-based approaches towards processes that promote capacity building and participation, a nationwide network of steering committees has been established at the national, regional, provincial, departmental and village levels to promote information sharing and awareness raising for integrated natural resource management. Through this network, individuals involved in planning and management at the village level have been empowered and connected with experts and institutions that help them tackle everyday problems, while advising them on long-term, holistic strategies for sustainable development.

Demonstration projects/programmes helped translate the concept of sustainable development into concrete operational action: The sustainable community development programme of Nepal has focused on the most pressing needs of the community as entry points. For example, some projects focused on literacy and water supply for social development; others promoted community economic development by helping develop new and alternative crops and markets. Still others focused on helping communities improve their management of shared environmental resources. The striking aspect of these initiatives has been that over time the best ones started to converge, helping to demonstrate sustainable development.

Challenges and Limitations

In most countries, programmes focused on either environmental issues or social problems, such as gender or poverty issues, and on participatory approaches for decision-making. Usually, the government's implementing agency was either the Ministry of Environment, of Social Affairs, or of Regional Development. There is no example of such a role being given to a Ministry of Finance or Economy. This reflects the difficulty that sustainable development practitioners and advocates are having with the economic dimension. *The economic dimension, the so-called third dimension of sustainable development, will be one of the key challenges in the implementation of future capacity-building initiatives in support of Agenda 21.*

Not all programmes have been successful. Some programmes have had difficulties in defining their approach and have had limited success, perhaps due to the sub-critical nature of the intervention; and in some countries, the efforts did not bear fruit and little trace can be found. While no comprehensive analysis has yet been undertaken to identify the reasons for failure, one common category includes regional (cross-border) programmes involving a number of countries. Such programmes were usually developed without the high level of participation that characterized successful projects. One example is the Caribbean regional programme for the establishment of sustainable development councils (SDCs). Although the programme's rationale was sound and it had a logical approach to the development of policies that would incorporate the principles of Agenda 21, the lack of consultation at the national level caused it to *fail to develop a sense of local ownership*. Evaluation showed that five of the six SDCs established under the programme are no longer in existence, and there is little evidence of residual impact in the majority of these countries. The Mekong regional programme is another that failed to achieve the level of success that defines the majority.

Another cause for less-than-desired outcomes is the **level of funding**. For example, the Pacific Islands programme was designed at a funding level of approximately US\$2 million, and a programme co-ordinator was recruited to oversee the implementation of this scale of programme. As a result of funding limitations, however, the programme budget was halved. This had a number of negative impacts; the programme co-ordinator, for example, had to devote significant time to mobilizing additional resources at the expense of implementation. Nevertheless, positive outcomes were reflected in Samoa's cabinet approving four new policies for environmental protection and promotion of sustainable development. In retrospect, the reduction in funding should have triggered a redefinition of the programme.

In the Arab States, Capacity 21-supported activities did not effectively address **gender issues**, nor did it identify comprehensive gender targets. National programmes failed to reflect forcefully enough that sustainable development needs the full participation of women in decision-making at all stages of programme design and implementation (examples include Jordan and Lebanon).

Failure to develop effective "user-friendly" plans for participatory self-monitoring and reporting represents one of the few structural weaknesses of the programme and is currently being addressed.

Little has been done to establish **long-term financial sustainability** for country programmes. This should be given significantly more attention in future initiatives, and special mechanisms should be put in place.

Knowledge and expertise sharing on global environmental issues have mostly occurred among NGOs — but much less at the community level. The same applies to organizational strengthening. Capacity 21 has achieved a great deal with respect to raising the awareness of NGOs, communities and the public regarding environmental issues. However, **links between local, national and global environmental and socio-economic issues have not been firmly established**, especially in the minds of community members, whose initial priorities are more related to personal livelihood concerns. This will require time, resources and appropriate strategies.

Indigenous knowledge is not being given adequate attention in designing capacity-building initiatives.

Chapter 4

Evaluation Conclusions

This section of the report presents the evaluation conclusions and recommendations. The team organized the conclusions into three categories: **relevance, performance** and **successes**. Key conclusions are listed below.

Relevance

Capacity 21's utilization of a **cross-sectoral and holistic approach in analysing strategic policy and institutional options for sustainable development** has successfully connected poverty, environment, governance and social integration, and has provided a number of examples to serve as demonstrations. More importantly, the capacity built at the local level remains. Formulating and implementing cross-sectoral initiatives has proved a demanding challenge for the public sector, based to a significant extent on its compartmentalized structure. Consequently, success has been limited. The Capacity 21 programme is helping to meet this challenge in a number of countries, albeit on a small-scale. Where initiatives were implemented, the principles of participation and access to information have significantly advanced the process of community empowerment. The extent of the task should not be underestimated, however, and there are still significant challenges to be addressed.

Compared with other activities supported by donor funding, Capacity 21 is unique and is appreciated for being so by those in developing countries **responsible for mobilizing resources to support capacity building**. In India, for example, the entire programme sought to educate a critical mass of ecological economists. The rationale for the programme was based on the critical need for these professionals to practice policy formulation that would be consistent with the principles of Agenda 21. The China programme, considered to be among the best, was focused on the development of provincial planning capacity. The relevance of the initiative is reflected in the US\$75 million mobilized as counterpart funding.

The evaluations of capacity-building initiatives supported by Capacity 21 in 16 countries have shown the interventions to be relevant. The emergence of major issues since Rio — such as economic and environmental globalization; HIV/AIDS; worsening accessibility to safe water and adequate nutrition; and reduction in donor support — make **capacity building for the implementation of Agenda 21 more important today than 10 years ago**, when the programme was launched.

Legislation in sustainable development is fundamental in policy development: In Bolivia, Agenda Bolivia 21 continues to be a reference for participatory planning procedures for sustainable development. The decentralization process and municipal reform were made possible through the Law of Popular Participation. In Ecuador, Diálogo 21 participated in the design, management and approval of public policies that led to legislation in support of local action. One of the most significant results was the Law on Parochial Committees, which went into effect when the Organic Law on Rural Parochial Committees, Official Register No. 193, was passed, on 27 October 2000.

Performance

Capacity 21 has received support from 13 international donors that have contributed over US\$90 million to the Trust Fund. Since Capacity 21 became operational in 1993, it has supported efforts in 75 countries. In addition, co-funding from national partners and other sources is estimated at significantly more than the US\$90 million Trust Fund. In a number of these countries, the financial resources provided have leveraged significant amounts of resources, in some cases from unusual places such as the beneficiary community itself. As a result of the programme's impact, significant resources from other donors and national governments are being invested in capacity building.

Capacity 21 has provided a unique type of assistance to developing countries seeking to ensure that local capabilities are generated to catalyse processes that lead to sustainable outcomes. Its guiding principles have been access to information, and promoting an innovative, participatory, cross-sectoral and integrated approach to the implementation of Agenda 21. The assistance provided has significantly **increased the awareness among key professionals, the media, and decision-makers and leaders** at different levels of national life in the recipient countries.

The high levels of stakeholder participation that characterize successful programmes indicate a **strong degree of local ownership**, the basic requirement for a sustainable intervention. This is further evidenced by the continuation of activities in the countries after the programme ends. This is seldom the case with other UNDP or donor programmes, where the usual situation is that activities end when financial resources are no longer available.

Successes

Participatory processes bring together various stakeholders, which supports **growth of understanding among different players** about their respective roles in the development and implementation of sustainable development approaches. The processes allow interested stakeholders to work together towards a common goal. This increases tolerance for different ideas and controversial issues, as they are presented and reconciled by the stakeholders in a consultative manner. Participatory programme development, in conjunction with sustained advocacy, has resulted in a better appreciation of the key issues for sustainable development planning.

National and local ownership: The highly participatory nature of the Capacity 21 initiative and capacity-building process has resulted in a greater sense of ownership of national programmes that are shaping national and local policy- and decision-making. These programmes ensure that sustainable political, institutional and legal frameworks for development co-operation are established.

Improved analytical and change management skills: Through the process of participatory planning, skills in problem analysis and synthesis of information from various sources have been developed and improved. These skills can now be applied to other situations and will continue to be refined and transferred. The capacity to manage participatory policy-development processes is also being developed.

The value added by Capacity 21 lies in processes that reach local people in provinces, cities and municipalities, link them to global issues, and empower them to deal with current challenges. Small amounts of resources, when applied appropriately and in a timely fashion, and when delivered through a credible mechanism (such as UNDP) to satisfy developing country needs, can lead to catalytic results in terms of the legal and institutional frameworks for sustainable development.

Capacity 21 directly contributed to a small-scale paradigm shift in eight of the 19 countries visited by the team. It acted as a **catalyst**, which prompted **interventions** that tackled sustainability integrally, and garnered high-level political support that is leading to significant legal and institutional changes. And at the senior political level, the learning process is ongoing. In short, a small-scale paradigm shift is in progress.

Capacity 21 has successfully catalysed the development of critical mass of national and local-level professionals, who are now practising the principles of sustainable development as articulated in Agenda 21 as a means of discharging their responsibilities. This is the case in five of the countries visited.

In five other countries visited by the team, **Capacity 21 did not manage to tackle sustainability integrally or at the national level**. It has little potential for nationwide impact. In short, the pilot capacity building was equivalent to a conventional donor-assisted programme, and little trace of the programme remains. In some cases, it failed to influence or build any capacity; there is no trace of impacts or ongoing learning. Results are inconclusive at present, and programme implementation has been delayed.

What Capacity 21 Achieved

It is the evaluation team's unanimous opinion that the Capacity 21 programme has made major contributions to the goals of sustainable development in many countries, despite having had to work with severe budgetary and institutional handicaps throughout its existence.

In many of its partner countries, it has helped create some degree of understanding of the need for holism in dealing with the complexity of sustainable development issues. It has been even more effective in promoting flexible, responsive, yet systemic systems for development planning, both at national and community levels. It has had some success in enabling the establishment of horizontal and vertical linkages within governments and across sectors. It has been able to foster distinct attitudinal change

and new ways of thinking about sustainable development issues, in large part by helping to create a sense of ownership among communities and individuals. It has been unusually successful in creating multipliers for its impacts by emphasizing the need to empower people — particularly women, minorities and the marginalized.

The evaluation team has seen ample examples of the results of Capacity 21 and initiatives, and noted a wide variety of direct and catalytic impacts on the ground. In many instances, new awareness was created among the public, and skills and sensitivity were generated among development practitioners throughout the regions where the programme has been in operation. Political support has been generated for the concept of capacity building, and this has led to some institutional, legal and other changes to enable this to happen. **Most striking, perhaps, is the number of cases in which Capacity 21 led to the introduction of integrative approaches, and the changes implied by these approaches, in people's development paradigms.**

These are no mean achievements for a programme that has operated, for most of its existence, under severely adverse conditions. For much of its life, it did not have the luxury of guaranteed continuity of operations, and its personnel have often worked under considerable uncertainty. Its strategic management, planning and budgeting were constantly hampered by the unfulfilled promises of donors and poor support from its constituencies, both within and outside UNDP. The programme never occupied a central position within the overall constellation of UNDP's strategy and operations and, ironically, did not benefit much from the broader decentralization process, which for Capacity 21 was only partial.

Perhaps its somewhat peripheral position within the bigger organization was partly to its advantage. It was largely left alone to pursue its goals to promote systemic change, and to work with its country partners to demonstrate principles, rather than get bogged down with on-the-ground specifics. Out of view of mainstream management, it could be more than usually innovative and take risks without having to address the normal turf or vested interests. These same factors may also have enabled the programme to mobilize untapped resources and support, and to utilize its resources more effectively than would otherwise have been the case.

At the same time, it is to the credit of the global Capacity 21 team that it managed to mobilize partnerships and produce high-quality outputs with its limited resources. It was able, over the years, to overcome the natural resistance that comes from entrenched mind-sets to promote wholly new and unfamiliar approaches to development in a variety of development contexts and cultures. Inside UNDP, it overcame its somewhat peripheral location within the organizational hierarchy to garner considerable management support in its latter days. Where it did not have the means to bring about direct change, it opted for and often successfully adopted catalytic approaches.

The impacts of the Capacity 21 programme are certainly net positive — and significant. It has created visible, durable and replicable results, and demonstrated the potential for multipliers in the capacity-building approach to development co-operation. Its costs for achieving these results were quite limited, ironically in part because of the low importance given to the programme in UNDP and the consequent under-expenditure on personnel, travel and other resources. **In terms of both cost efficiency and programme effectiveness, Capacity 21 must rank high among recent programmes in the UN system.**

At the same time, it must be admitted that thus far, Capacity 21 can only be considered as a kind of pilot, or more correctly, a collection of pilots, due to the lack of resources to achieve a full roll-out. As such, it has successfully demonstrated on many fronts the potential of the capacity-building approach. UNDP and donors interested in promoting sustainable development should certainly be encouraged to relaunch it in a strengthened incarnation.

What Differentiated Capacity 21 from Conventional Projects and Programmes?

Capacity 21 is not the only international development programme dedicated to integrated, systemic approaches to sustainable development through the building of national and local capacities. Since the Earth Summit, a number of other donor agencies have instituted programmes with similar overall goals. UNDP has operated the Small Grants Programme on behalf of GEF for the past 10 years. In addition, GEF has the Medium Sized Project Fund largely for this purpose. The World Bank and the International Finance Corporation also manage several capacity-building trust funds on behalf of various bilateral donor agencies, including those of Japan and the Netherlands.

Several bilateral aid agencies, including the SDC (Switzerland), DFID (UK) and JICA (Japan) have significant capacity-building funds, many of them operated through host country intermediaries. Sizeable capacity-building funds are also available from international and national NGOs and from foundations. Indeed, foundations such as Rockefeller, Ford, MacArthur and others were pioneers in this field, and were providing what were essentially capacity-building funds long before the Earth Summit. The Capacity 21 programme is unique in that it has provided not only financing for capacity building, but also extensive and very effective backstopping services to support it. In this manner, **it has been able to actively facilitate participatory processes and catalyse the inner potential of local communities.**

Result of the Capacity 21 Pilot — a Formula

The nine-year programme in capacity building in support of Agenda 21 has achieved impressive results in the countries reviewed. The initiative, its results and impacts are relatively small when compared with the dimensions of the challenge. However, with modest resources the Capacity 21 pilot initiative has been significant in demonstrating

the potential of processes that catalyse systemic change. Building capacities of people, institutions and systems is an essential basis for sustainable development efforts.

Based on these outcomes, successful formulae for capacity building have emerged and provide the foundation for future initiatives:

Local ownership +

Agenda 21 principles +

Participatory stakeholder processes +

Right staff +

UNDP resident representative support +

Financial resources +

Co-ordination from Capacity 21

Chapter 5

Recommendations of the Evaluation Team

Five Decades of Development Challenges

Over the past 50 years, the world as a whole has made undeniable, and often quite dramatic, progress on many fronts. People in scores of countries have attained unprecedented levels of health, wealth and knowledge. Diseases that were the scourges of whole nations for millennia have been conquered. Food production has grown to levels unimagined even a few decades ago. An ever-growing range of industrial products is accessible to an ever-growing range of customers. And cheap sources of energy have made possible facilities for travel and communication that enable large numbers of people to acquire knowledge and live a life of convenience and comfort on a scale never known before.

However, the flip side of this development coin presents a very different tale. The forests, rivers and soils of large parts of the world have experienced greater and more rapid deterioration in the past few decades than in the preceding thousands of years. Species are becoming extinct at a rate that is rapidly approaching levels comparable to that of the mass extinction that wiped out the dinosaurs. Climate change caused by human activity is now one of the top items on the international agenda. These pressures on the Earth's natural resources have been extensively documented in UNEP's environmental data reports and by other international agencies.

Much of the progress we have made has thus been achieved at the expense of natural and social capital, which has diminished precipitously as a result. Unprecedented creation of wealth has gone hand-in-hand with unprecedented expansion of poverty.

Evolution of Development Theory

During more than five decades of international development co-operation, multilateral and bilateral agencies have spent large amounts of money in the hope of accelerating the expansion of developing country economies. The resources mobilized for this effort by the recipient countries themselves were even larger, often by one or two orders of magnitude. Yet, of the countries that had large populations living below the poverty line at the end of World War II, the majority are still poor. Worse, many of them now face the double jeopardy of having lost a large part of their natural and social capital as well.

Much of this development effort was influenced by theories of societal change formulated within the discipline of neoclassical economics. These theories, which at any given time largely reflected the doctrines prevailing in the Bretton Woods institutions, have evolved through many cycles during this period. Unfortunately, they have rarely been enriched by a larger understanding of societal, cultural and political processes — a shortcoming that has in many cases led to failure, sometimes total failure, in achieving their stated goals.

Evolution of Development Praxis

Emerging from long and sometimes painful colonial experiences, the host countries had their own optics of national interest, and chose from a wide spectrum of economic and political frameworks that ranged from Marxist and socialist on the left, to outright capitalist on the right. Often, to raise financial capital for their development plans, they had to accept the advice of external policy consultants and adopt development models that were at significant variance with their own policies. The results, in a large part of the developing world, were confused and dysfunctional economic interventions, often lacking in coherence, and occasionally leading to mutually countervailing outcomes, stagnant economies and social conflict.

The Context of Development Planning and Implementation

Experiences with planning and implementation of development programmes differ, of course, from country to country. There have certainly been projects over the years that can be counted, by any standard, as success stories. There are many others, however, that cannot, and it is important that the international community derive whatever lessons it can to enable it to design more effective strategies for the future.

A few generalizations are possible regarding some of the basic attributes of development programmes as practised through much of the developing world. A broad consensus exists, based on analysis of numerous development projects, that a large part of past development activity can be characterized as follows.

- **By and through governments:** In most developing countries, the responsibility for planning and executing actions for national development rests almost entirely with governments, public sector organizations and external agencies employed by the government. This often leads to inappropriate design of development actions and assignment of inappropriate roles, with government taking responsibility for activities better done by others.
- **Top-down:** Decisions are often made and legitimized without adequate participation of the people affected by them.
- **Narrowly sectoral:** Designed as projects (see below), most development activity ends up by having a narrow, short-term focus, often in conflict with the requirements of sustainable development.
- **Inflexible:** Organized and executed by bureaucratic systems that are heavily constrained by poor professional motivation, fear of innovation, aversion to risk, the tyranny of rigid budget lines and the artificial deadlines of financial year-ends, it becomes difficult to introduce much imagination into development projects.
- **Externally driven:** Because of both the inadequate availability of local expertise and the plentiful availability of external funding, many governments have relied heavily on

expatriate consultants to formulate their economic development plans. Moreover, such development activities almost never leave behind:

- **Local ownership of assets:** If the local beneficiaries have not contributed to the design or implementation of development action, it is understandable that they are often alienated from the results — which they sometimes proceed to undermine or not use.
- **Capacity for the future:** When there is little involvement of local people or sense of ownership among them, there is little possibility for building up local capacity to innovate, incubate or multiply solutions for their remaining needs.

The Project Mode of Implementation

No matter what the conceptual basis of development policy is at any time, most development action, particularly that funded by overseas sources, is implemented in the form of projects. This, in itself, is not always or necessarily undesirable. The project is an excellent, logical framework for achieving stated goals. A well-designed project clearly defines the outputs expected and the inputs, in terms of money, resources and time, needed. Before starting, or even before a decision is made to undertake the project, the outputs and inputs can be appraised to determine the worthiness of the project. During implementation, the project documentation helps different actors dovetail their contributions efficiently and effectively. Well-executed projects can provide for a high level of transparency and accountability, both essential in any development activity.

Despite the demonstrated value of the project as a means of working towards development goals, and the long-standing reliance of most development agencies on it, one must also recognize the limitations of this approach. Some of these limitations can, unfortunately, pose severe barriers to the attainment of goals critical to making development sustainable. Whether these limitations are general (inherent and integral to the project as a device for implementation) or specific to a project (for example, simply the result of poor project formulation), they are so pervasive that one must accept them as inseparable from the very idea of a project.

With all their advantages, for certain purposes, projects suffer from severe limitations. As mentioned above, their reliance on centrally conceived, highly focused, narrowly designed processes can help achieve results — but not always of the kind needed. For sustainable development, longer time horizons and more intangible side benefits are needed than can usually be addressed by projects.

Limits of Current Development Strategies

Although not everyone would necessarily agree with each detail, there appears to be a widespread perception that the outcomes of current development strategies are not

commensurate with the inputs committed to them. Among the shortfalls, the most commonly mentioned are:

- **Implementation gap:** Even when development projects achieve output targets, a large proportion never achieve the full impacts they were designed for.
- **Accountability gap:** The mechanisms for holding project authorities responsible for achieving their goals are weak, primarily because the local stakeholders are not adequately involved or do not have the requisite watchdog skills.
- **Continuity gap:** Development projects intended to have long-term continuity often wind down or close up once project funding comes to an end.
- **Replicability/scalability gap:** Development programmes that serve as exemplary models that are adopted by others for replication and scaling up are not as common as should be expected, given the quality of resources that go into their planning and implementation.
- **Multiplier gap:** Real economic transformation occurs when development activity leads to leveraging positive impacts outside its own domain — and yields positive side benefits, which produce multipliers that can resonate through the economy. Projects in the past have often led, on the contrary, to negative impacts on the environment and to disruptions in traditional practices that previously were at least viable.
- **Sustainability gap:** Most development projects are based primarily on economic criteria and often have negative, unintended consequences for social and environmental issues, which could have been avoided or minimized through proper consultation with the stakeholders. In any case, despite extensive development efforts, inequity and injustice, marginalization and social exclusion continue to remain at unacceptably high levels, and the quality of the environmental resource base is heading towards unacceptably low ones.

In addition, some opportunities, crucial to building a society's capacity to design its own future, often are missed by international development initiatives, leading to such missing links in society as:

- **Technology gap:** Development programmes, particularly those that are driven largely by external considerations, often lead to inappropriate technology choices and considerable waste of capital resources. Often their biggest failure is to leave behind little or no "technicity", or the ability to master technology and appropriate it for uses suited to local needs and resources.
- **Institutional gap:** Although development programmes have occasionally led to the establishment of effective institutions for innovation, incubation and delivery of solutions, the achievements over the past 50 years fall far short of what is needed.

- **Leadership gap:** Perhaps the greatest failure of international development is its poor record in building local leaders who can help their societies make informed decisions and design development strategies more in tune with their own aspirations and resource endowments. Rather, in many places, it appears to have contributed to an acceleration of the opposite process, the brain drain.

Need for Evolving Better Development Approaches

Given the significant gaps described above, between the expectations from 50 years of international development practice and the actual outcomes, it was only natural that by the early 1990s there would be a growing demand for new approaches to development. This demand grew in urgency as the imperatives of competing in a rapidly globalizing economy became apparent in even the poorest countries. And, with worldwide communications beginning to bring new messages to every home, creating rising expectations for such values as better quality of life, participation and environmental management, the demand became increasingly widespread and pressing. By the time of the Earth Summit at Rio de Janeiro, there was a broad-based concern among both donors and recipients that international development strategies needed to be redesigned.

Out of the Rio process came an understanding that, in addition to redesigning conventional, project-based development activities to close the gaps identified above and make them more sustainable, much more emphasis is needed on a particular new form of development co-operation: the building of local capacity. One result of this recognition was the inception of the Capacity 21 programme, with responsibility for implementing it given to UNDP.

In Capacity 21's experience, the most exciting and sustainable models for enhancing capacity take place between people and institutions, systemically across all levels and all sectors of society, in a complex web of interaction that achieves the co-management of economic, social and environmental priorities and concerns. The programme has worked with countries to identify and implement integrated, holistic approaches, tools and strategies that enable them to develop sustainably in the future according to their own priorities.

However, development assistance has been predominantly project-based, and even in successful cases, has not created enduring local capabilities. Even in cases where efforts have focused more on a programmatic/process approach, lasting capabilities have been difficult to generate, and few donors have invested resources in an effort to better understand the complex process through which local capacities are created at individual, institutional and national levels.

The major challenge to UNDP is how to make the transition from a successful pilot capacity-building initiative — achieved against the odds and implemented during a time when the demand was not as great or as understood as at present — to one with

the scale and substance to meet the expectations that have been created. In the view of the evaluation team, this impressive result in quality, although modest in scale, has to be the foundation on which the next initiative is built. **In fact, going back to the December 1992 programme design, UNDP has implemented a nine-year, rather than a one- to two-year, pilot.**

Instead of the usual list of recommendations that would be used to guide design of the next initiatives, the evaluation team decided that it would be a better investment of time to develop a conceptual design for the next capacity-building initiative. The conceptual design is in chapter 6. It takes into consideration the lessons learned, best practices, management and resource limitations, regional and national impacts, and emerging challenges such as globalization and the donor environment.

The Need for Continued Capacity Building

Sustainable development cannot be successful within isolated countries, even whole regions. Sustainable development is about the survival of the planet and is a global effort. This characteristic leads to the necessity to create all possible conditions for implementation of sustainable development principles in all countries and regions throughout the world. Capacity building is essentially learning, which takes time, space and effort, but the results from learning can usually be measured in a geometrical progression.

The programme's achievements prove that developing countries still have limited professional and institutional capacity to implement sustainable development principles — due partly to their economic problems and limited well-developed tools for democratic governance. At the same time, experience shows that relatively small investments in the capacity-building process can lead to significant results. Already, return on investment is seen within two to three years.

In the current world distribution of scientists and engineers, over 90 per cent are in the developed countries. That means that less than 10 per cent of scientists and engineers are in the developing countries. Whatever the desired ratio of scientists and engineers for effective capacity in managing systems and structures, the developing countries are nowhere near that ratio, unless the developed countries have an overabundance. This is not likely to be the case, as annually a significant number of scientists and engineers migrate from the developing to the developed countries.

Developing countries' capacity weaknesses go beyond scientists and engineers, as important as they are. The weaknesses range from the limited number of professionals in key disciplines, to institutions, to the overall system in which the business of the nation takes place.

Over the past decade, following the 1992 Earth Summit, governments, international organizations and NGOs have officially adopted the strategy of sustainable development. The results, however, have been limited. While there is no comprehensive

research to identify the reasons behind the slow progress, the UN secretary-general, in his report to the UN General Assembly in September 1999 on the progress of sustainable development within the small island developing states, pointed out the very limited progress by SIDS due to limited financial resources and capacity.

At the Millennium Summit, held in September 2000, world leaders set ambitious targets for development, commonly referred to as the "millennium development goals". The issue of capacity building was identified as a priority for developing countries.

It is proving much more difficult at the national level to make the transition to the sustainable development paradigm, and institutionalize the required principles and process, than to enunciate it. The emerging issue of globalization, coupled with the limited success of economic reforms in most developing countries, and the economic changes brought about by the opening of markets and indebtedness, continue to exert pressure on natural resources, further increasing the risk of irreversible damage to critical ecosystems. There is, therefore, a need to carefully analyse the capacity-building challenges to the implementation of Agenda 21 and sustainable development in the developing countries.

At the time of the Rio conference, globalization was an emerging phenomenon, promoted by some as the new wave of opportunity to help struggling national economies. Almost 10 years later, globalization, with few exceptions, has not yet validated the premise that it brings tangible opportunities to struggling economies, primarily in the developing countries. A 2001 World Bank report points out that developing countries continue to face serious internal and external constraints to economic growth and improving quality of life. As a consequence, environmental degradation continues throughout the developing world, driven by a combination of failures to grow national economies or to meet the survival needs of growing populations. Economic and population pressures are converging to bring increased stress to natural resources.

The combined impact of reduction in development assistance, economic globalization and HIV/AIDS now results in even greater regional differences across developing countries and countries whose economies are in transition. Across many regions, there is growing tension over trans-boundary resources like water, as well as pollution. Environmental globalization in the form of climate change now has to be included in all long-term decisions on sustainable development investments.

Capacity building at the time of the Rio conference was considered a priority by the developing countries. Unfortunately, the resources mobilized were able to support a pilot initiative that covered only 75 of them. As a consequence, many countries that need to undertake capacity building have not been able to get the assistance agreed to at Rio, and a number of countries are at a disadvantage by not having the opportunity to participate. **Ten years later, the need for capacity to support the transition to sustainable development processes is greater than ever, and is reflected in the declarations of the Millennium Summit.**

The evaluation of the Capacity 21 pilot initiative showed most success at the local level; while there were successful initiatives at the national level, the processes took strongest roots and had their best results and impacts at the local level. Traditionally, the local level has been the most difficult for donors to support; however, this is where capacity building for sustainable development is most critical in developing countries and economies in transition. The impressive outcome of the processes at the local level is the basis on which the team recommended a new phase of Capacity 21, tentatively named C221.*

Recommendations

Key recommendations for consideration include:

- Lessons learned from the pilot programme as reasoned in the original programme design will make the second phase more successful, both for the countries where the programme has already started and for countries in the future. The evaluation team therefore recommends that design of the next initiative is comprehensively informed by the lessons learned and best practices, and that the challenges identified are addressed.
- As capacity building is dependent on baseline conditions as well as the implementation process, rigid time frames for implementation do not necessarily make a positive contribution to the process, and in some cases may actually lessen the impact. Here again, the flexibility provided by the programme has made it possible to continue slow-moving projects. Future programme design and administrative guidelines should ensure that this critical aspect of flexibility is not lost. Capacity building implies that there is existing weakness. It should not be a surprise if projects take longer than the three-year cycle to be implemented. Experience to date shows that a number of projects have had difficulty with implementation, and have required more than the three-year time frame for implementation. The evaluation team recommends that the three-year time frame be abolished and five- to 10-year periods be considered.
- In order to provide the continuity that is so important in capacity building, the team recommends that the period for the new initiative be 15 years.
- The mechanism of the Trust Fund, with contributions from UNDP's core to support administrative costs, is recommended as the preferred mechanism for funding the next capacity-building initiative.
- The difference in the nature of the sustainable development challenge, between regions as well as within regions, in the view of the evaluation team, requires that the next initiative have significantly greater regional and subregional character. This is to make sure that:

*UNDP built on the Global Evaluation Team's conceptual capacity development programme C221, to create Capacity 2015. For further information on Capacity 2015 please visit www.undp.org

- The different regional and subregional needs and concerns, such as trans-boundary issues and problems (water resources, air pollution), that need urgent attention can be effectively addressed.
- Learning about similar issues will be shared between and among regions.
- Modification of implementation mechanisms is needed in order to maximize the participation of other stakeholders — and reduce dominance of governments — through tripartite agreements among governments, civil society, the private sector and donors.
- More effective participatory monitoring and evaluation is needed at the country level based on better baseline data and mechanisms (adapt from some of the good practices available in Estonia, Turkey, Nepal).
- A major goal of the future initiative should be getting the economic dimension of sustainable development incorporated into more projects to help mainstream the concept with this sector. The team recommends that more effort be given to assisting countries in developing capacity-building activities that incorporate economic functions. Given the scale of the challenge and the need for self-learning and capacity building, a component of the new initiative should be dedicated to the effective dissemination of information, experiences and expertise, and the promotion of learning. This component should include a skills bank of experts, so that effective technical assistance is available to assist countries in implementing activities. This is essential, since countries must address the ongoing cerebral haemorrhage (the loss of professionals from the public sector) that affects nearly every developing country.

Beyond Capacity 21 — A Vision for the Future

The experiences of Capacity 21 offer many valuable lessons for the future. First, that fundamental change is needed to make development processes sustainable, and such change is possible.

Second, effective and powerful development strategies exist that do not necessarily follow approaches now in use. Examples include greater reliance on local initiatives involving people-to-people interaction; emphasis on institutions and decision processes rather than on hardware; and the value of alliances among government, public agencies, civil society and other sectors.

Third, there are no short cuts to sustainable development, but the process can be speeded up by using the type of process employed by Capacity 21, involving a succession of stages from demonstration to validation to institutionalization to multiplication.

The evaluation of Capacity 21's performance persuades us of the merits of such an approach, despite the limitations under which it had to operate. We strongly recommend

that the programme be continued and strengthened, with the understanding that, to succeed, any such programme will need:

- A critical mass of financial and other resources. The evaluation team recommends that UNDP, in structuring the new initiative, give serious consideration to developing an international partnership with other donors, bilaterals and the private sector.
- A reasonable gestation period — we recommend 15 years.
- Genuine decentralization. The evaluation team recommends a strong regional structure with enhanced local-level implementation capacity.
- Integration with other sustainable development programmes.

Such an initiative would offer considerable advantages for UNDP, which could capitalize on the foundations already established. It would also support UNDP's focus on decentralizing governance and integration across sectors. Given the current trends in international co-operation, it could well become central to the organization's future. It would be an effective means for leveraging other programmes and multipliers, and would provide new ways to strengthen institutional impact. It would act as an excellent channel of feedback and learning for the organization, and as a channel for professional growth and fulfilment for its personnel.

It has not escaped us that Capacity 21 also offers significant benefits for participating governments, with impacts it has already demonstrated in the pilot phase: confidence building; skills for strategic planning, integration and cross-sectoral strategies; the values of transparency and information; and the importance of people's participation in designing and implementing sustainable development interventions.

The evaluation team strongly recommends that UNDP and donors, including GEF, the World Bank and private sector organizations, establish a trust fund mechanism in partnership with the Group of 77 (organization that helps developing states pursue common goals and develop leverage in the United Nations) to build longer-term capacity in developing countries for the implementation of Agenda 21.

Chapter 6

Conceptual Outline for a New Capacity Building Initiative

Programme Goal

The goal of the new initiative is to build capacity for sustainable development through support for partnerships that enable the implementation of initiatives in response to the needs of local communities. The initiative will utilize proven principles and processes validated by the Capacity 21 pilot initiative implemented by UNDP during the period 1993 to 2001.

Programme Title and Duration

The programme title is C221* — a generic name to represent an international partnership of significantly greater scale and scope than Capacity 21 to help build capacity in developing countries. The recommended duration of the programme is 15 years.

Objectives

Objectives include:

1. Support governments and civil society groups seeking assistance to establish partnerships that will enable the implementation of sustainable development initiatives in response to the needs of local communities.
2. Provide support infrastructure that will enable effective exchange of information, experience and expertise to facilitate efficient and effective programme implementation and ongoing collective learning.

The priority will be assistance to partnership initiatives that are building capacity at the local level, as part of national capacity and learning processes to bring about systemic change at the national level for the transition to sustainable development. UNDP will utilize its unique regional and/or national presence to act as facilitator and co-ordinator. C221 should be implemented in a manner that provides continuity from the Capacity 21 pilot initiative, especially concerning the responsibilities of countries and methods of implementation. It should better capitalize on partnership opportunities than did the pilot initiative.

Scope

The evaluation team recommends that C221 have three distinct but integrated components. Each component would provide support for local/national/regional partnerships for building capacity. The first component would provide assistance to countries that did not participate — or the level of funding/success did not result in significant capacity building — in the Capacity 21 pilot initiative; as a consequence,

*UNDP built on the Global Evaluation Team's conceptual capacity development programme C221, to create Capacity 2015. For further information on Capacity 2015 please visit www.undp.org

they are at a disadvantage when compared with countries that did participate in the pilot initiative. All countries in this first group would be required to provide the necessary resources for the initial stage of project definition and design.

The second component would support those countries that have undertaken a Capacity 21 initiative and now need help to put in place additional partnerships to replicate, scale-up or institutionalize the successes. Access to financial resources would require co-financing by the countries.

The third component would provide a support infrastructure to aid effective and efficient implementation of activities as well as ensure exchange of information, knowledge, experience and expertise to facilitate ongoing collective learning by the professionals, stakeholders and institutions participating.

Component 1: Learning by Doing

Assistance would be given to countries that did not participate in the Capacity 21 pilot initiative to develop partnerships to implement initiatives that address capacity-building needs. It is recommended that the flexibility that characterized Capacity 21 and that is considered a major contributor to its success be maintained, but with greater focus on the local level. Based on the evaluation findings, modifications will be incorporated into the programme cycle.

The suggested level of funding is US\$100 million. The recommended level of funding is based on the US\$90 million that was used to implement the pilot initiative. This level of funding provides assistance to 75 countries; however, limited funding was regularly identified as a constraint to initiatives. Based on the lessons learned, the evaluation team believes that implementation will be more efficient, and that US\$100 million for the estimated 60 or so countries that did not have a chance to participate in the pilot phase should be adequate given other opportunities for partnerships in capacity building.

This level of funding, supplemented by resources and assistance available from components 2 and 3, should avoid a repeat of those instances in which countries requested follow-up support, but resources were inadequate to respond. In some cases, this left raised expectations unfilled, particularly at local levels, slowing the rate of progress.

The resources that were available under Capacity 21 restricted the number of countries that could participate in the pilot initiative. As a result, a large number of countries are still to receive support for capacity-building initiatives in support of Agenda 21. It is anticipated that a number, if not all, of these countries will therefore be at a disadvantage with regard to participation or benefiting from future initiatives, relative to those that were able to participate.

Eligible activities would include:

- Support for local initiatives focused on learning by doing — based on the demand-driven principle that was so successful in the pilot initiative.
- Support for local initiatives focused on building partnerships that have real potential of having national-level impacts.
- Assisting national governments to implement activities to improve institutional capacity through training of professionals, or to undertake policy research and formulation to promote sustainable development.

Based on lessons learned and good practices, the evaluation team recommends modification to the project cycle (design, implementation, monitoring and evaluation) for activities that are supported. These modifications are outlined in section V.

Component 2: Implementing Experimentation

The second component would support those countries that have undertaken a Capacity 21 initiative and now need help to put in place additional partnerships to replicate or institutionalize successes.

Rationale: As discussed in chapter 3, emerging economic issues like globalization, and environmental issues like climate change, represent additional challenges for developing countries still trying to identify the best approach for the transition to sustainable development. The evaluation indicates that the majority of countries that participated in the Capacity 21 pilot have established sound, if modest, platforms from which to pursue additional capacity-building initiatives, particularly at the local level.

Eligible activities: As pointed out in chapter 3, developing countries and countries in transition are still searching for models of development. Capacity 21 resources allowed a significant number of countries to identify key components of a workable model (local ownership, transparency of information and integration across sectors). It is the view of the evaluation team that experimentation based on the platform established by Capacity 21 should be encouraged. The experimentation and learning activities assisted under this component will require a longer period of time for implementation. It is therefore recommended that the programme cycle be extended from three years to five years.

This being the case, there should be fewer thematic points of entry than with component 1. Suggested points of access include rural and urban poverty alleviation, environmental security (food, household energy, erosion and flooding, and water), entrepreneurial initiatives and waste management. The thematic areas recommended under component 2 are:

- Demonstration projects and/or programmes for poverty alleviation and conflict prevention.
- Combination of top-down and bottom-up approaches, and integration of environmental, social and economic concerns as entry points.
- Projects and/or programmes that address co-operation on trans-boundary regional and subregional issues.
- Projects/programmes that capitalize on traditional and indigenous knowledge and culture.
- Projects/programmes that support decentralization of planning and decision-making.
- Projects/programmes that support advocacy and sensitize parliamentarians, journalists and decision-makers at all levels.
- Projects/programmes that build upon existing income-generating and microcredit activities to develop sustainable development skills and generate sustainable development knowledge.
- Projects/programmes that provide seed capital for the establishment of local sustainable development funds.
- Support activities (public awareness, media support, advocacy, training, skills building) and alliance building.
- Networking, information sharing, knowledge management, lessons, experiences and expertise.
- Incorporation of sustainable development concerns into formal educational curricula at all levels.

Additionally, based on successful outcomes of previous activities, assistance should be provided to partnerships making progress towards:

- Establishing women's forums and institutions to participate in planning and decision-making.
- Establishing structures for youth and marginalized groups to participate in sustainable development processes.
- Promoting access and use of appropriate technologies including modern information and communication technologies (ICTs).

- Establishing mechanisms, including private-sector partnerships, for mobilizing resources to support sustainable development.
- Focusing on capacity building for implementation of strategies, not just for their development.
- Putting in place a mechanism to catalyse demand for capacity-building activities.
- Ensuring sustainable outcomes, like tripartite institutional processes needed to help institutionalize Agenda 21 principles and processes, and institutional sustainability.

As with component 1, the evaluation has identified lessons that are to be incorporated into the project cycle.

The level of funding recommended is US\$720 million, of which US\$360 million will be a counterpart contribution. This level of funding represents a scaling-up of the initial pilot's US\$90 million by a factor of eight.

Component 3: Information and Learning Support Network

A unique characteristic of capacity development to support Agenda 21, and sustainable development in general, is that it is about process, participation, partnerships and a guiding set of principles. Learning empowers many. The evaluation team considers an efficient and effective demand-driven information and learning network (ILN) to be essential for the success of C221. This network must be organized along regional nodes, and facilitate effective exchange of information and experiences within and between countries; particularly along problematic thematic lines such as safe water, sustainable farming, household energy, waste management and disaster preparedness. Additionally, the evaluation team anticipates that this network will help countries participating for the first time to learn faster, and will provide an improved basis for replication and expansion of successful initiatives at national and regional levels. The team recommends that the ILN build on the activities undertaken by SDNP. (Details about SDNP can be found at www.sdn.org.)

UNDP's Strategic Resource Facilities (SURFs)

The SURF system was an outcome of UNDP's 2001 change process. SURFs are regional or subregional units providing policy support to clusters of country offices. Nine SURFs have been set up to date: in Addis Ababa, Bangkok, Beirut, Bratislava, Dakar, Harare, Kathmandu, Panama and Port of Spain. Each SURF comprises:

- A SURF board, including the client resident representatives of the cluster.
- Out-posted policy specialists from BDP competency groups (including GEF and other funds and programmes).
- SURF co-ordination units.

The SURFs strive to provide timely, flexible, demand-driven services to UNDP country offices in the following areas:

- Networking and information sharing between staff and development partners.
- Expert referrals and access to technical and programme-related information.
- Technical support for programme identification, design, formulation and review.
- Documentation and dissemination of comparative experiences and best practices.

Eight thematic networks were also established as part of the SURF system, domiciled in the global hub. These serve to promote knowledge networking among UNDP staff around UNDP's corporate practice areas.

The team recommends that a skills bank be developed as an integral part of component 3, comprising professionals that have been involved in Capacity 21, primarily the global advisors to the pilot initiative, as well as from institutions whose mandate includes capacity building for sustainable development; for example, LEAD, UNU, IISD, JICA and IIED. The skills bank would serve as the key repository of expertise to assist the implementation of capacity-building initiatives.

This component is different from the other two in that, instead of grants, it would provide direct support upon request, in the form of information, access to experience and expertise, and technical assistance to countries building information support or training systems, or designing initiatives. The information infrastructure would:

- Help in the implementation of the C221 programme by providing support/assistance to national-level initiatives, as well as facilitate the effective exchange of information, experience and expertise among and within countries. It will focus on improving access to information, experience and expertise to facilitate capacity building.

- Provide access to skills development courses and relevant materials, and to specialized courses, ICT-based workshops and seminars, to meet the needs of professionals and institutions focused on bringing about transition to sustainable development. This is in response to requests from professionals and institutions for C221 to make more effective use of ICTs to provide innovative and effective learning capacity, a position that is strongly endorsed by the evaluation team.

The ILN will build on the existing resources of Capacity 21. Over the course of eight years of assisting 75 countries, the Capacity 21 pilot initiative has built up a modest but unique and valuable information base on cross-sectoral approaches to poverty eradication and environmental protection, on participatory planning and learning, and on policy formulation. The information, experience and expertise developed by Capacity 21 are the foundation for the development of the recommended comprehensive ILN. The component will consolidate the body of experience and expertise for further use by developing countries and their partners into the future.

Rationale: A number of the best practices identified during the evaluation confirm the vital role of information exchange and access to experience and expertise in capacity building. For example:

- The speakers' bureau in the Philippines provides professionals to help build awareness about sustainable development issues and approaches within local communities and businesses.
- The establishment of a prize for best practices in sustainable development is a national event in The Gambia that provides a forum for the exchange of information within the country, as well as a national platform for increasing awareness.
- Dialogue and consultation forums were established in Morocco.
- Examples from The Gambia and Burkina Faso point to the importance of information exchange to underpin and support learning and knowledge development. The creative use of local theatre represents an effective method of communication, and of dissemination of the principles of Agenda 21 and approaches to sustainable development.
- The Latin America Information Network is an important development.

The evaluation team recognizes that substantive funding has been expended in the development of information networks to support sustainable development, but to date information at the local level, where it is often most needed, is limited. All sustainable development practitioners in the field desire better access to relevant information in a timely fashion that enables taking advantage of opportunities for input into policies. Despite the establishment of information as a key input into the participatory process, adequate information in local languages, where it is most needed to help build capacity, is not available.

Funding for this component is recommended at the level of US\$60 million over 15 years, representing about 7 per cent of the total for components 1 and 2.

Criteria for Accessing Funds

The evaluation findings show clearly that certain conditions are significantly more likely than others to lead to a successful capacity-building initiative. Conditions usually resulting in success included high-level political support, community ownership, access to information, commitment by the head of the UNDP field office, and adaptation of participatory processes by stakeholders.

The proposed criteria are based on lessons learned and best practices, as well as the need to address particular constraints like the difficulty in preparing proposals at the local level in developing countries. As was the case with Capacity 21, the criteria are designed to provide a basis for further discussions with potential stakeholders, including governments, in order to get the best possible programme approved. Obtaining C221 resources would require the following from the country:

- Strong commitment from the government to sustainable development, demonstrated by signature to the Rio convention and establishment of institutional capacity for environmental protection or sustainable development.
- National and/or local-level initiatives with an anchor in the ministry responsible for planning and finance.
- National policy and legislative framework that is not considered a constraint.
- Indicators of performance and clear plans as to how information will be made available.
- Understanding of the involvement of relevant stakeholders.
- The initiative designed and presented in a holistic manner, so that it addresses the relevant sectors and relationships with the natural resource base.
- Source(s) of counterpart contribution clearly identified.
- The mode of oversight; for example, a national steering or ministerial committee.
- Matching funds from local resources, foreign sources or a combination (possible sources of matching funds include GEF, with which Capacity 21 did not develop collaborative links, national sources, philanthropic organizations, UNDP thematic funds, bilateral donors and regional development banks).
- Where considered necessary, a strategy for continuity after C221 funding has been utilized.

Proposal Formulation, Appraisal and Approval Procedures

The process of proposal formulation, appraisal and approval has been changed from that employed for the Capacity 21 pilot. The change is intended to speed up the time frame for providing assistance, which was estimated at about 18 months in the case of the Capacity 21 pilot, when a management committee composed of Capacity 21 staff and a technical officer from the regional bureau was responsible. Some modifications are introduced to incorporate the strong regional and national character of C221 as described below.

Formulation and Appraisal

Each proposal seeking assistance would start in the form of a concept paper. This is intended to reduce the time required at the local level, where capacity is limited for the preparation of a formal project proposal. The concept paper would describe the thematic point of entry, links with previous initiatives and likely sources of counterpart support, and the form, role and responsibilities of all partners/stakeholders. The concept paper, upon approval by all partners, would be submitted to the UNDP field office for review of compliance with the criteria and synergy with ongoing donor activities.

The concept paper would be forwarded with a recommendation, along with any additional information, to the regional co-ordination office (RCO) for evaluation. The regional office would inform the field office as to whether the proposed project should be considered for funding. If so, the RCO would support the field office and the potential partners in developing a formal proposal, which would be submitted jointly by the field office and the RCO to the C221 director at UNDP New York, and to the members of the regional steering committee (RSC).

Approval

The RSCs will have responsibility for final approval of all requests for assistance. Meeting regime is three per year.

Management Arrangements

The Capacity 21 programme was implemented without any independent oversight. An internal management committee was responsible for all decisions relating to disbursement (approximately US\$9 million per year). Involvement in the Capacity 21 pilot at the level of regional bureau director or above was very limited. In the case of C221, in the opinion of the evaluation team, oversight should be vested in an international steering committee (ISC).

The ISC would be an independent international body appointed by the UNDP administrator, composed primarily of leading regional figures in the field of development (economic, social and environmental), donor representatives, senior UNDP leadership, members of the private sector including media representatives, and of civil society including academia.

International and Regional Steering Committees

The ISC would be composed predominantly of the chairs and vice-chairs of the RSCs, but would include eminent persons of international stature in the area of sustainable development based in the developed countries and international organizations. The proposed meeting regime for the ISC would be once every two years, to review progress and amend operational guidelines based on recommendations from the RSCs or the UNDP programme leadership.

The RSCs would be five in total, representing Latin America and the Caribbean, the Arab States, Asia and the Pacific, Africa, Europe and the CIS. Each of the RSCs would consist of between nine and 11 members. The RSC would be responsible for the approval of projects based on UNDP recommendations, but in addition would be responsible for monitoring and evaluation, financial oversight, approval of resource mobilization strategy, and maintaining donor relationships.

The RSC structure makes it possible to recruit leading regional personalities to become involved in awareness campaigns, resource mobilization and local actions. This structure should significantly increase participation in the region, and should have a number of positive impacts on capacity building. The proposed regional operational nodes will also help minimize obstacles associated with limited media participation, limited information in the national language, slow response from regional support and less than desirable documentation.

UNDP Headquarters

The ISC and RSCs report directly to the administrator or designee. The C221 director based in New York responsible for co-ordination and monitoring would report to the officer designated by the administrator. All staff at the regional co-ordination offices will report to the regional director, who in turn has reporting responsibility to the RSC chair and the C221 director in New York.

As pointed out above, there has been limited involvement of senior-level UNDP headquarters staff in the management of the Capacity 21 pilot, and within UNDP New York the majority of units/departments knew little about this project. With the proposed C221's regional character, the evaluation team sees the implementation of this significantly larger initiative as feasible without any additional posts in New York. New York's role will primarily be monitoring (knowledge management, dissemination of ongoing learning and integrating into UNDP programming); institutional guidance; overall policy guidance on global issues; donor co-ordination; ensuring interregional exchange; and financial management of, and reporting on, the Trust Fund.

Capacity 21 UNDP Regional Offices

Regional workshops and reports, analysis of lessons learned, best practices, strengths and weakness, as well as the major emerging issues that will dictate to a significant

degree what gets done in environment and development, all point to the need for significantly greater regional character for the proposed C221. This position is consistent with that reached at the 1998 Capacity 21 strategic meeting in London between UNDP and its Trust Fund contributors, which was partially implemented.

It is the opinion of the evaluating team that there is need for the proposed C221 to do a significantly better job to:

- Develop national-level mechanisms to forge partnerships with the private sector.
- Help mobilize domestic resources.
- Co-ordinate donor interventions in priority thematic areas (for example, poverty alleviation, prevention of environmental degradation, improving environmental security).
- Facilitate replication of successful processes and programmes through information and experience exchanges.

Under the Capacity 21 pilot, the regional office for Latin America was established in 1999, the regional office for Africa in 2000, and for Europe and CIS in 2000. There is as yet no regional office for Asia and the Pacific, or the Arab States. The energetic and dedicated leadership that characterizes the Africa, Europe and CIS and Latin America offices can bring significant added value to the programme and should therefore be enhanced.

Although the regional offices make a major facilitating contribution, stakeholders at national and local levels feel that these offices need to make a greater contribution, and should be provided with the needed resources. This is not unexpected, as the regional offices are still being integrated into the system. Based on the special status of SIDS in the UN, and the difficult challenges facing them in making the transition to sustainable economic development, an interregional co-ordinating office to support capacity building in SIDS should be established.

The emphasis on a regional character for C221 implementation and management reflects:

- Recognition of the varying concerns and capabilities of the five regions, each with its unique character and subregions, even though they have similar needs for capacity building. For example, more than 50 per cent of the world's population lives in the Asia Pacific region, where there are significant contrasts in the various social, economic, environmental and developmental trends. The majority of countries in the region are still developing and are plagued with problems of social inequity, high population levels, limited education, struggling economies and a large number of poor primarily dependent on the natural resource base for survival, leading to ongoing resource depletion and environmental degradation. Only 14 countries in this region

obtained resources from Capacity 21. From this limited experience, it is clear that the need for capacity-building processes and activities aimed at sustainable development, as outlined in Agenda 21, is much more pronounced 10 years after Rio than before. The successful cases in this region also point to the fact that the opportunities for regional co-operation will be key for future efforts towards sustainable development and should be one of the future focuses of UNDP. At the end of January 2001, an RCO was established by Capacity 21.

- That the institutional landscape and capabilities of the agents of change are different; for example, the maturity of Asian and Latin American NGOs is much higher than those of Africa or the CIS at the present time. Based on best practices, the formula for success as presented in chapter 3 revolves around the RCO supporting the national office and the role of the resident representatives. A more regional centre of gravity would also provide a base to explore actions on trans-boundary regional and subregional issues and problems that need urgent attention to help mitigate the ecological degradation that is creating difficult conditions for pursuing sustainable development. Additionally, based on the early successes of the Latin American network in facilitating effective and timely sharing of information and promoting learnings on similar issues within the region, it is expected that information bottlenecks will be addressed relatively quickly, and an effective system for interregional information exchange developed to assist capacity building.
- Other management shortcomings and bottlenecks in the implementation of the Capacity 21 pilot at regional and national levels, identified during the evaluation, that should be positively affected by the regional management mechanism, including:
 - Facilitating the development of more partnerships that involve the private sector. Only a few initiatives in the countries evaluated by the team sought to build economic capacity. While to a significant degree this reflects the existing situation in most developing countries, which have limited economic skills or numbers of professionals, many countries interpreted Capacity 21 as having an environmental focus. More focus is required at the national level to achieve greater involvement of economic stakeholders (economic and finance departments of the government, and the private sector) in new partnerships as the capacity that will be most needed to generate goods and services within the context of sustainable development.
 - Increasing resource mobilization at regional and local levels. Donors want to see a greater percentage of their resources going to the field, not absorbed by overhead. The overhead cost for the management of the Trust Fund was 8–10 per cent. The regional structure and in-kind contribution of the UNDP field offices contributed to low administrative and management costs. A greater regional character should contribute to maintaining low overhead costs, which is important for resource mobilization. Also, a regional presence makes for more effective support for national efforts to mobilize domestic and regional resources.

Roles and responsibilities

As outlined in the previous section, an ISC based on the premise of RSCs has been proposed as the oversight body. In order for the RSCs to function effectively, the capacity of the regional co-ordination offices will have to be upgraded to support the RSCs, as well as initiatives at country and local levels.

The major responsibilities of the five RCOs would be to co-ordinate the work of the RSC, collaborate with the UNDP field offices to deliver effective and efficient support for the development, implementation, monitoring and evaluation of initiatives, and help secure resource flows into activities for replication and continued development. Existing information activities centred in New York should be restructured to become part of the regional infrastructure that supports implementation of C221. The RCO would also be home to the ILN.

The anticipated nature of the initiatives that would be funded under component 2 are, in the view of the evaluation team, likely to be experimental in nature and therefore require more support and assistance during implementation.

The priority focus on supporting the development of partnership initiatives to address local-level needs will require more involvement of UNDP's field offices. Assistance to field offices in playing this role will come from the RSC and the RCO. The involvement and support of the field offices and the resident representatives was a key component in the mechanism through which Capacity 21 initiatives were able to bring about substantial learning and capacity building with modest financial resources in a large number of countries.

The priority focus of C221 at the local level will require significantly more involvement by the UNDP field office to facilitate the development of partnerships to further capacity building in support of sustainable development. This facilitation role at the country level is uniquely suited to the UNDP field office, which is ideally located by virtue of its physical presence, moral credibility and experience from the Capacity 21 pilot. The field offices supported by the RCO and underpinned by the ILN will have the wherewithal to facilitate the development of partnerships between various stakeholders to help build local and national capacity development to solve local needs. The installation of advanced information technology at the regional offices to facilitate teleconferences and other real-time communications should be given serious consideration as part of the infrastructure for implementing and managing C221.

The major responsibility of the field office will be to stimulate and facilitate the development of capacity-building partnerships. The C221 responsibilities for the field offices, beyond those involved in the formulation, appraisal and approval of requests, are:

- **Mobilizing resources, co-ordinating donor relationships and helping co-ordinate activities under the Agenda 21 umbrella.** A growing number of donors wish to see their funds being utilized at national/local levels. Based on past best practices, and with support from the RCO and the ILN, countries will have additional support for obtaining

donor resources at national or local levels. The additional support should also help partners undertake systematic monitoring and reporting during implementation to meet donor requirements.

- Helping to capitalize on opportunities to support capacity-building initiatives through **mobilization of resources** from sources such as:
 - Thematic UNDP trust funds
 - GEF capacity development initiative
 - Japanese human resources development trust fund
 - Bilateral sources
 - Private sector and other funding sources

Partnership development — the geographic location of the support office of Capacity 21 frequently coincides with other regional offices of UN organizations such as UNEP, FAO and the World Bank. Unfortunately, the opportunity to explore mutual initiatives in capacity building was not pursued to any significant extent. It is anticipated that as partnerships develop to facilitate capacity building, the RCO will take advantage of this situation.

Helping the partners **address continuity and sustainability** during development of the initiative, and ensure availability of documents in local languages; assisting national actors with the development of clear exit strategies and plans for sustainability.

Implementation of practices for the more systematic documentation of processes at all levels, in order to support replication and expansion of successful initiatives. More effective participatory monitoring and evaluation would be based on better baseline data and mechanisms (adapt from some of the good practices available in Estonia, Turkey, Nepal).

C221 Implementation

C221 is to support groups of interests that are committed to pursuing capacity-building initiatives in order to respond to local/national/regional needs through participatory processes.

Component 1: Learning by Doing

The C221 programme is based on the success of the Capacity 21 pilot, which with support from the UNDP field offices was able to transform moderate financial resources into significant capacity development. The implementation strategy to be developed is to be based on lessons learned and best practices discussed in chapter 3, in order to retain the innovative aspects of Capacity 21 while addressing weaknesses and bottlenecks.

Among the weaknesses that have to be addressed are:

- Improving the balance between process and product.
- Better documentation of baseline data. One of the distinguishing characteristics of initiatives funded by Capacity 21 is that the project is the physical space in which learning takes places between and among all stakeholders. The outcome of the project is not the primary goal. Building the capacity of stakeholders to address the need represented by the project is. However, in order to continue the learning and help others learn, there needs to be documentation over time. Unfortunately, the Capacity 21 pilot was not able to develop and deploy monitoring indicators. This will have to be addressed as a priority, and be considered as part of the time frame for C221 implementation.
- Lack of use of indigenous knowledge. Programme cycles need revision to ensure that indigenous knowledge is incorporated into project design stages. Critical efforts to build capacity for more sustainable development must not ignore indigenous knowledge.
- Better information support, including availability of information in local languages.
- Limited project emphasis on the economic dimension of sustainable development. In this connection, resources must be allocated to address continuity, including local resource mobilization.
- Inadequate synergy in initiatives to link poverty alleviation and environmental security.
- Inadequate attention to climate change, which needs to be incorporated as a major issue in project design stages.
- Time frame for implementation: needs to be increased to five years.

Component 2: Implementing Experimentation

Particular weakness to be addressed during the design of component 2 include:

- Provision of resources to perform performance-based evaluations.
- Better information support.
- Making sure indigenous knowledge is incorporated.
- If needed, development of plans for sustainability/continuity.
- Ensuring local ownership of the initiative.

Additionally, mechanisms should be considered that make possible the involvement of key individuals from previous efforts.

Component 3: Information and Learning Network

In developing this component, it is essential that lessons learned from efforts such as the Sustainable Development Network, IISD, Panos Institute, Stockholm Environment Institute and International Development Research Centre, as well as from the evaluation findings of the Capacity 21 pilot, be incorporated before deciding on the nature and shape of the ILN. There is also a need to develop monitoring indicators and collect baseline data in order to maximize the usefulness and return on investment made in information activities.

Staffing and Reporting

The major changes in staffing will be at the regional level. RCO staffing would be upgraded to provide co-ordination for the RSC, providing support to the field offices and operating the ILN. The expansion in information support, as well as greater focus on regional resource mobilization beyond what is now done, will require each regional office to add a director and an information co-ordinator. A staffing complement of a director (replacing the current co-ordinator) and an information co-ordinator, added to existing staffing at each RCO, is considered adequate.

Staff at RCOs will report to the regional director, who in turn reports to the RSC chair and the C221 programme director in New York, who will be responsible for financial management of the Trust Fund.

One key lesson that is not easily captured in the various categories of the evaluation, but that is the most critical factor for success of C221 in the opinion of the evaluators, is the selection of programme personnel. The responsibility, qualifications and experience for all staff positions should be approved by the ISC at its initial meeting. Selection of all new staff positions should be done with members of the RSC.

Programme Duration

A major strength of Capacity 21 from the point of view of national-level stakeholders is flexibility. One area in which there was no flexibility was the three-year programme cycle. Given that innovation and experimentation is anticipated to be a major segment of what is funded by component 2, there is a strong case for providing flexibility that will allow programmes to have up to a two-year window for completion. The programme-cycle process should not be an additional obstacle to capacity building, for, ironically, what Capacity 21 showed was that existing capacity determines speed and manner of implementation. In the final analysis, capacity building is about

learning, and learning is time dependent. The evaluation team views three years as too short in the majority of cases for successful initiatives in capacity building in support of sustainable development, and recommends a five-year period.

Monitoring and Evaluation Procedures

Reports from national workshops and country visits carried out as part of this evaluation, as well as information from published literature on the pilot initiative, identify an important set of best practices for monitoring and evaluation. These practices and lessons learned, which are summarized in chapter 3, need to be institutionalized within the implementation methodology of C221. Key among these is that ownership by local stakeholders has to be created at the beginning of the project process. Failure to do this is likely to mean that the activity has little sustainable impact.

The monitoring and evaluation systems instituted must provide the foundation to effectively document the process, lessons, results and impacts of partnership initiatives. Given the wide area and nature of these initiatives, this will be a major challenge for RSCs and programme staff to undertake. Based on recommendations from earlier evaluations, as well as from the 1998 London meeting, there has been progress in the development of participatory monitoring and evaluation methodologies. Additionally, as pointed out under the ILN component, significant improvement in the collection of baseline data is needed.

Financial Framework

The implementation of C221 represents a significant increase in responsibility of UNDP and the global community, which will be asked to provide financial resources. Total funding for the 15-year programme is US\$880 million, with US\$360 million being counterpart funding. The Capacity 21 pilot phase mobilized and disbursed US\$90 million, which was used to support initiatives in 75 countries. For the implementation of C221, UNDP will need to mobilize US\$500 million.

The US\$500 million represents US\$100 million for component 1 (learning by doing), US\$340 million for component 2 (experimental implementation), and US\$60 million for implementation of information and learning. The US\$100 million to support component 1 represents a similar level of funding to that of the Capacity 21 pilot, and is expected to provide support for about the same number of countries. The US\$360 million for component 2 is based on scaling up the donor resources available under Capacity 21's pilot by a factor of four. The US\$60 million for the ILN is based on estimates of providing US\$800,000 annually to each region.

Over the period 1990–99, annual development assistance averaged US\$57.2 million. A major complaint of donors was about the less-than-desirable level of efficiency at which the funds are used. Major global initiatives such as GEF have recognized that the major obstacle to implementing projects in developing countries and economies in transition is the limited capacity at all levels (institutional, professional and systemic).

It is therefore logical to argue that capacity constraints are also a major obstacle to the efficiency with which conventional donor resources are utilized. Donors, by investing in capacity building, could help increase the efficiency with which their resources are utilized to foster development in donor-recipient countries.

The learning by doing (participatory) approach to capacity building is demonstrating that learning empowers many, compared with conventional projects that deliver direct benefits to few, when successful. The evaluation team recommends that donors pay greater attention to the success of Capacity 21, as well as the foundation it has built for further achievements — given the growing need for development assistance, and the difficulty that developed countries are having convincing their citizens to meet the long-established level of 0.7 per cent of GDP contribution to ODA, and recognizing that support for initiatives that increase the efficiency of resource use are, in fact, an effective means of increasing resources.

Asking donors to provide an additional US\$500 million over the next 15 years (US\$33.3 million annually, representing less than a 0.07 per cent increase) to support focused and effective capacity building would be justified based on the increased effectiveness that the current level of support would achieve. The evaluation team recommends to UNDP and governments that this reasoning underpins efforts to mobilize US\$500 million for funding the C221.

Funding Mechanism — C221 Trust Fund

The strengths of the trust fund mechanism greatly outweigh any weaknesses. The long-term availability of resources allows greater flexibility in developing initiatives for capacity building without the annual worry as to whether resources will be available. As long as the primary guidelines of the Trust Fund agreement and mandate are followed, this mechanism has advantages over core funding, which by its nature is dependent on annual receipts and allocations.

The Capacity 21 pilot initiative was completely self-financing. This includes not only programming activities, but also administrative costs, office space and telecommunications. A recommendation from the 1998 London meeting that is yet to be implemented (likely a consequence of the earlier decision by UNDP leadership to end the initiative when the 10-year time frame expired) is for Capacity 21's activities to be mainstreamed into UNDP's programming activities. This would require financing from UNDP's core budget.

The UNDP leadership in 2001 decided to continue and mainstream dedicated capacity building in support of Agenda 21. A major issue to be resolved based on the decision to mainstream the substance of Capacity 21 — assisting countries to develop capacity for integrated cross-sectoral planning, institution strengthening and developing national strategies for sustainable development, as well as national councils for sustainable development — is the putting in place of the most effective and efficient programme structure. The evaluation team acknowledges that mainstreaming the substance of the

Capacity 21 pilot into UNDP, as recommended by the 1998 London donor meeting, will have significant positive impacts — both for UNDP and, more importantly, for the countries, as many of the successful principles and processes that now characterize the Capacity 21 pilot will get adopted by the other programmes and projects at headquarters as well as in the field.

The evaluation team strongly supports mainstreaming the new initiative, based on the past history of Capacity 21's pilot within UNDP, where it did not receive the level of importance it should have (partly because there was no financial commitment on the part of the organization), and the challenges that the future C221 will face. However, it recommends that as part of mainstreaming, UNDP contribute the administrative costs from its core funds.

The C221 Trust Fund would be used to provide support and assistance to the countries. The structure will help to ensure that the organization gives the highest level of commitment to this critical initiative, to secure future funding, and to ensure that the Capacity 21 approach becomes the framework on which UNDP programmes are developed.

Under such a structure, C221 activities would be financed from the Trust Fund with a pre-set percentage of co-financing from UNDP's core. Based on current good practices, an overhead of 15 per cent should be considered. The Capacity 21 management committee responsible for all financial decisions established an operating cost rate of a total of 8 per cent, representing 7 per cent for administrative management costs and 1 per cent reimbursement to UNDP as host.

Based on positive experience with the Capacity 21 programme, the evaluation team recommends that UNDP continue utilizing this mechanism for funding the proposed C221. As is the current situation, the C221 director would be responsible for management of the Trust Fund.

Annex One

Brief Biographies of the Global Evaluation Team:

Dr. Al Binger

Team Leader, and Small Island Developing States

Director, Centre for Environment and Development, University of West Indies in Jamaica. Committee member of United Nations Economic and Social Council (ECOSOC) Committee for Development. Conducted assessment and study on Capacity Development Initiative: Country Capacity Development Needs and Priorities for Small Island Development States for GEF-UNDP in 2000

Dr. Kamelia Georgieva

Europe and CIS

Project Manager, ARD Inc./Biodiversity Conservation and Economic Growth Project funded by USAID and Ministry of the Environment and Waters, Bulgaria. Member of IUCN's Communication and Education Committee.

Dr. Ashok Khosla (and the team of Development Alternatives)

Asia

President of Development Alternatives, New Delhi, India. Vice President, Club of Rome. Councillor, IUCN. Chair, Centre for Our Common Future. His team includes Dr. George C. Varughese, Vice President, and Dr. K. Vijayalakshmi, of Development Alternatives.

Dr. Mona Makram-Ebeid

Arab States

Currently teaches political science at the American University in Cairo (since 1983), and is President of the Association for the Advancement of Education (NGO). She is also a committee member of ECOSOC. Advisor to the World Bank (Middle East and North Africa region) 1992–96.

Dr. Marie-Angelique Savaneh

Africa

International consultant. Former Director of the Africa Division in UNFPA, also served with UNHCR and UNRISD. Active civil society representative at regional level on issues relating to gender, research and development, and sustainable development. Served on major independent commissions (South-South Global Governance, Education for the 21st Century). Former President of the Board of LEAD International.

Dr. Alvaro Umaña

Initial Team Leader, and Latin America

Former international consultant (UNDP, World Bank and Inter-American Development Bank). Senior advisor to Maurice Strong, a member of the board of the Rockefeller Foundation. Costa Rica's first Minister of Natural Resources (1986–90). Recently became group leader, Environmentally Sustainable Development Group, Bureau for Development Policy, United Nations Development Programme.

Country Studies in Latin America were undertaken by **Dr. Roberto Laserna**.

Financials

Funding Areas

COUNTRY	REGION	CAP21	TRAC	GEF	GOVT	NGO	OTHER	TOTAL
Burkina Faso	Africa	\$527,000	\$300,000	\$-	\$148,000	\$-	\$-	\$975,000
Cameroon	Africa	\$631,719	\$-	\$-	\$167,286	\$-	\$-	\$799,005
The Gambia	Africa	\$1,200,000	\$70,000	\$-	\$239,338	\$-	\$-	\$1,509,338
Ghana	Africa	\$800,000	\$500,000	\$-	\$-	\$-	\$-	\$1,300,000
Kenya	Africa	\$587,595	\$317,000	\$-	\$210,190	\$-	\$-	\$1,114,785
Malawi	Africa	\$909,500	\$206,310	\$-	\$250,000	\$-	\$210,130	\$1,575,940
Mozambique	Africa	\$833,000	\$-	\$-	\$164,860	\$-	\$-	\$997,860
Niger	Africa	\$282,102	\$500,000	\$-	\$-	\$-	\$350,000	\$1,132,102
Sao Tome & Principe	Africa	\$352,408	\$-	\$-	\$-	\$-	\$-	\$352,408
Senegal	Africa	\$170,977	\$30,000	\$-	\$-	\$-	\$-	\$200,977
Swaziland	Africa	\$205,000	\$-	\$-	\$83,028	\$-	\$-	\$288,028
Tanzania	Africa	\$629,800	\$650,000	\$-	\$122,770	\$-	\$-	\$1,402,570
SUBTOTAL AFRICA		\$7,129,101	\$2,573,310	\$-	\$1,385,472	\$-	\$560,130	\$11,648,013
Djibouti	Arab States	\$442,000	\$-	\$-	\$105,200	\$-	\$-	\$547,200
Egypt I	Arab States	\$750,000	\$380,000	\$-	\$-	\$-	\$-	\$1,130,000
Jordan	Arab States	\$400,000	\$-	\$-	\$80,000	\$-	\$-	\$480,000
Lebanon I	Arab States	\$550,000	\$-	\$-	\$-	\$-	\$60,000	\$610,000
Morocco I	Arab States	\$570,000	\$-	\$-	\$-	\$-	\$-	\$570,000
Morocco II	Arab States	\$500,000	\$200,000	\$-	\$755,100	\$-	\$-	\$1,455,100
Palestinian Authority	Arab States	\$206,790	\$-	\$-	\$-	\$-	\$-	\$206,790
Sudan	Arab States	\$500,000	\$-	\$-	\$241,736	\$-	\$-	\$741,736
Syria I	Arab States	\$681,450	\$414,130	\$-	\$-	\$-	\$-	\$1,095,580
Syria II (METAP)	Arab States	\$336,957	\$-	\$-	\$-	\$-	\$-	\$336,957
SUBTOTAL ARAB STATES		\$4,937,197	\$994,130	\$-	\$1,182,036	\$-	\$60,000	\$7,173,363
Albania	Europe & CIS	\$150,000	\$10,000	\$-	\$20,000	\$-	\$-	\$180,000
Bulgaria	Europe & CIS	\$400,000	\$60,000	\$-	\$20,000	\$-	\$-	\$480,000
Estonia	Europe & CIS	\$150,000	\$100,000	\$-	\$-	\$-	\$-	\$250,000
Kazakhstan	Europe & CIS	\$228,600	\$195,000	\$-	\$182,000	\$-	\$-	\$605,600
Kyrgyzstan	Europe & CIS	\$212,000	\$250,000	\$-	\$20,000	\$-	\$50,000	\$532,000
Moldova	Europe & CIS	\$100,000	\$50,000	\$-	\$-	\$-	\$-	\$150,000
Romania	Europe & CIS	\$100,000	\$130,000	\$-	\$-	\$-	\$100,700	\$330,700
Russian Federation	Europe & CIS	\$985,000	\$-	\$350,000	\$10,000	\$-	\$500,000	\$1,845,000
Slovak Republic	Europe & CIS	\$100,000	\$80,000	\$-	\$20,000	\$-	\$61,000	\$261,000
Turkey	Europe & CIS	\$700,000	\$800,000	\$-	\$1,400,000	\$-	\$-	\$2,900,000
Turkmenistan	Europe & CIS	\$148,349	\$50,000	\$-	\$-	\$-	\$5,000	\$203,349
Uzbekistan	Europe & CIS	\$155,000	\$50,000	\$-	\$10,000	\$-	\$-	\$215,000
SUBTOTAL EUROPE & CIS		\$3,428,949	\$1,775,000	\$350,000	\$1,682,000	\$-	\$716,700	\$7,952,649
Bolivia	Latin America	\$1,599,000	\$90,000	\$-	\$756,360	\$-	\$-	\$2,445,360
Chile	Latin America	\$100,940	\$-	\$-	\$-	\$-	\$-	\$100,940
Colombia	Latin America	\$180,000	\$-	\$-	\$20,282	\$-	\$-	\$200,282
Costa Rica	Latin America	\$1,141,250	\$-	\$-	\$1,800,000	\$-	\$445,000	\$3,386,250
Cuba	Latin America	\$471,300	\$-	\$3,889,000	\$15,269,000	\$-	\$300,000	\$19,929,300
Dominican Republic	Latin America	\$693,092	\$-	\$-	\$348,900	\$-	\$-	\$1,041,992
Ecuador	Latin America	\$422,000	\$116,000	\$-	\$50,000	\$-	\$-	\$588,000
El Salvador	Latin America	\$957,000	\$550,000	\$-	\$500,000	\$-	\$181,200	\$2,188,200
Guatemala	Latin America	\$400,000	\$-	\$-	\$-	\$-	\$-	\$400,000
Haiti	Latin America	\$250,000	\$100,000	\$-	\$30,000	\$-	\$250,000	\$630,000
Honduras	Latin America	\$997,307	\$15,000	\$-	\$70,000	\$-	\$-	\$1,082,307
Mexico	Latin America	\$1,000,000	\$30,000	\$-	\$2,785,537	\$-	\$-	\$3,815,537
Nicaragua	Latin America	\$400,000	\$100,000	\$-	\$89,250	\$-	\$-	\$589,250
Paraguay	Latin America	\$400,000	\$-	\$-	\$38,000	\$-	\$-	\$438,000
Peru	Latin America	\$827,000	\$-	\$-	\$205,600	\$-	\$-	\$1,032,600
Trinidad & Tobago	Latin America	\$150,000	\$-	\$-	\$50,000	\$-	\$-	\$200,000
SUBTOTAL LATIN AMERICA		\$9,988,889	\$1,001,000	\$3,889,000	\$22,012,929	\$-	\$1,176,200	\$38,068,018

Summary						
REGION	CAP21	TRAC	GEF	GOVT	OTHER	TOTAL
Africa	\$ 7,129,101	\$ 2,573,310	\$-	\$ 1,385,472	\$ 560,130	\$ 11,648,013
Arab States	\$ 4,937,197	\$ 994,130	-	\$ 1,182,036	\$ 60,000	\$ 7,173,363
Europe & CIS	\$ 3,428,949	\$ 1,775,000	\$ 350,000	\$ 1,682,000	\$ 716,700	\$ 7,952,649
Latin America	\$ 9,988,889	\$ 1,001,000	\$ 3,889,000	\$ 22,012,929	\$ 1,176,200	\$ 38,068,018
TOTAL	\$ 25,484,136	\$ 6,343,440	\$ 4,239,000	\$ 26,262,437	\$ 2,513,030	\$ 64,842,043

Capacity 21 Trust Fund Income 1993 - 2002

The Capacity 21 Trust Fund was established by General Assembly resolution A/RES/47/194 and UNDP's Governing Council in 1993 and is financed by generous support from fifteen donors. The purpose of the fund is to promote and support the formulation and implementation of sustainable development strategies and action plans, and to assist developing countries' governments in building their capacity to implement Agenda 21 and develop and absorb technology transfer and know-how. The financial resources of the fund were managed under the authority of the UNDP administrator in accordance with applicable UNDP regulations. Since 1993, Capacity 21 Trust Fund has worked with over 75 developing countries and countries in transition to adopt innovative capacity-building approaches to address environmental degradation, social inequity and economic decline.

DONOR	contribution	rounded %
Austria	2,000,000	2.24
Canada	1,450,960	1.63
Denmark	2,985,075	3.35
Dutch (Joint UNEP/UNDP EIp)	1,277,503	1.43
European Union	307,427	0.34
Finland	1,042,499	1.17
France	2,510,435	2.82
Germany	6,279,681	7.04
Italy	1,712,454	1.92
Japan	30,974,000	34.75
Netherlands	2,292,643	2.57
New Zealand	509,060	0.57
Norway	4,000,544	4.49
Sweden	1,390,323	1.56
Switzerland	2,586,207	2.9
United Kingdom	7,351,570	8.25
United States	2,180,000	2.45
Cost Sharing & Interest	18,295,229	20.52
Total Trust Fund	89,145,610	100



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