



# WORKING PAPER



## Capacity development: Taking a targeted approach

By Juliane Nier, Rachel Phillips and Russell Cook



## About this Working Paper

Accelerating the shift to climate compatible development is CDKN's business and improving the lives of the most climate-affected people is our mission. A multi-year, £130 million programme funded by the British and Dutch governments and many others, CDKN works to support climate compatible development in Asia, Africa, Latin America and the Caribbean.

Our programme provides technical assistance to governments as well as research-into-action projects that fill gaps in our understanding of climate change impacts and solutions. A further, crucial part of CDKN's programme is knowledge management and policy engagement, an effort to which this Working Paper contributes. We synthesise information on the collective performance of governments, as well as non-state actors, in tackling climate change. We convene online discussions and in-person events to assess how climate actions are serving the most climate-affected people and how climate action could be more ambitious and effective. Find more CDKN thought leadership on [www.cdkn.org](http://www.cdkn.org) or follow us on Twitter @cdknetwork.

## What is climate compatible development?

Climate compatible development is defined as "a 'development first' approach that minimises the harm caused by climate impacts while maximising the many human development opportunities presented by a low-emissions, more resilient, future".<sup>1</sup> In other words, development, climate adaptation and climate mitigation should go hand in hand, and one should not undermine the others.

## About the authors

This Working Paper was written by Juliane Nier, Rachel Phillips and Russell Cook at Edge Effects. The Edge Effects team has been supporting CDKN since 2012 in its efforts to prioritise learning by designing and managing the implementation of the CDKN learning programme.

## Reviewers

The paper was reviewed by Sam Bickersteth, Ari Huhtula, Alison Cambray and Mairi Dupar of CDKN.

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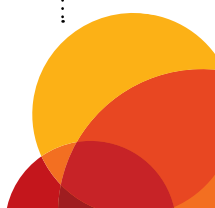


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CDKN-organised South-South learning exchange on bankable project development.

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## Executive summary

Approaches to the development of capacity and capability vary from one organisation to another and there is no 'one-size-fits-all' solution. The topic is complex and very context-specific. Rather than letting capacity develop by chance or as a by-product, CDKN has adopted a more intentional approach. It has done this by articulating the types of capabilities it would like to support within country systems and by working with actors at country level. This process started as an organisational enquiry in 2016.

This paper aims to share some of the latest thinking about CDKN's approach to the development of capacity and capability. These findings represent only what has been explored to date and the enquiry is still open, continuing to highlight new insights from CDKN's experience. This paper therefore also invites others to join the enquiry process and share their experiences, thoughts and observations on the topic.

## Developing capacity for a post-2020 world

The Paris Agreement provided the global community with an opportunity to unite and take on the greatest current development challenge. This is to deliver economic growth and prosperity in an environmentally sustainable and equitable way, while coping with the urgent challenge of climate change. In 2015, countries presented their nationally determined contributions, which serve as a guide to development planning. The strong ambitions set out in the Paris Agreement provide a clear call for action and the best opportunity to achieve the Sustainable Development Goals by 2030.<sup>2</sup> For many countries, this implies a significant advance in reducing carbon emissions and increasing resilience to the negative impacts of climate change.<sup>3</sup> The focus has now shifted to implementing the vision that was carefully co-created between different actors.<sup>4</sup> However, many acknowledge that "to implement the Paris Agreement, a transformative change in international capacity building is required."<sup>5</sup>

Countries are now turning to the complex task of integrating climate change into development planning and implementation. "Closing the gap between climate change ambitions and implementation will require a structural shift."<sup>6</sup> The challenge is intensified in low- and middle-income countries, where capacity and resources are more constrained.<sup>7</sup> This is not a new challenge. In light of the delivery of the Millennium Development Goals, the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) highlighted that "country capacity is the key to development performance".<sup>8</sup> Development cooperation now places a strong emphasis on country ownership. Exercising this ownership fully, in turn, requires the right balance of capacities and capabilities at country level.

In the context of an uncertain, contested and complex environment, successfully integrating climate change into economic development is a critical part of the solution. For integration to be successful, relevant actors need to come together to create change within their respective economic systems. This requires people to work on new problems in innovative ways and within novel partnerships. Leaders must be equipped with a new set of abilities and adopt fresh ways of thinking, collaborating across traditional boundaries and experimenting and learning together to build an equitable and sustainable future. Capacity, whether in people or their institutions or policies, is a fundamental precondition to achieving this goal in the long term.

## What is meant by capacity and capability?

Organisations talk about capacity and capability in many different ways; the terms are intrinsically linked and are often used interchangeably. An often-quoted definition comes from OECD DAC, which states that capacity is "the ability of people, organisations and society as a whole to manage their affairs successfully."<sup>9</sup> This definition assumes that skills, knowledge and expertise, as well as leadership, are key elements for the successful management of affairs.

In the development sector, the term capacity is used more widely among practitioners and organisations. It has gained traction among governments and funders as they have invested in resourcing and scaling up institutions and organisations. From a recent dialogue about the difference between capability and capacity with the Pelican community,<sup>10</sup> it emerged that some practitioners call these skills 'knowledge and leadership capabilities'. They are an important component of the much broader concept of capacity.

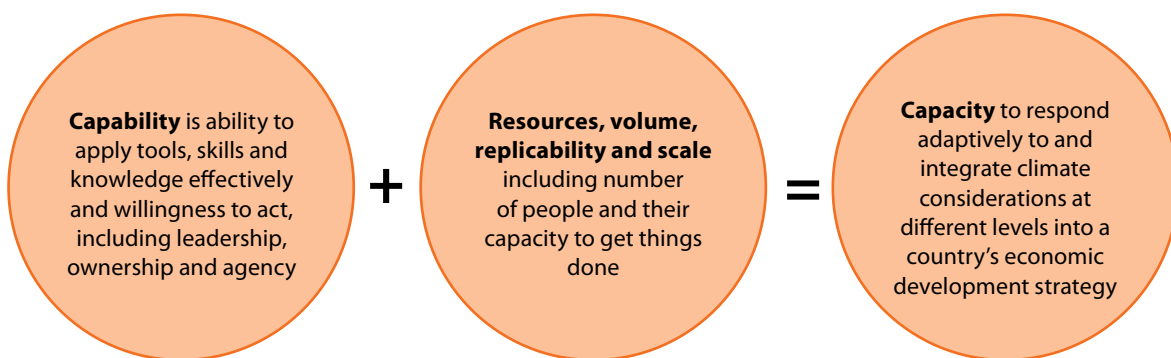
The Big Lottery Fund definition differentiates between capacity and capability: “Knowledge and confidence (capability), together with financial resources, systems and structures, tend to be thought of collectively as ‘capacity’, and efforts to develop them as ‘capacity building’. However, capacity implies resources, volume, replicability and scale (how much you can do) and capability denotes how well you can do it.”<sup>11</sup>

In the literature, there is a stronger focus on capacity than on capability. CDKN decided that its niche and area of play should be capability development, because this focuses directly on action. By supporting the application of tools, skills, knowledge and agency, CDKN has helped to close the gap between climate change ambitions and implementation.

CDKN’s definition of capability development has been informed by many other institutions (including the World Bank, OECD DAC, Big Lottery Fund, Learning Network on Capacity Development and European Centre for Development Policy Management) to arrive at that given in Figure 1.

Capability is built through action itself and it strengthens the management and benefit of development processes. For CDKN, capability is focused directly on action, on building skills through practice. Experience shows that process, partnerships and multi-stakeholder approaches, as well as technical expertise, are needed to deliver change fast and at a significant scale. Capability development is a long-term process of change that must be locally owned and endogenous. Therefore, it is deeply embedded in CDKN’s programmatic country approach.

**Figure 1. CDKN’s definition of capability development**



### Developing different types of capability

Based on CDKN’s experience, four types of capabilities are the key to effective action in a complex environment (see Figure 2, page 4). While all of them exist in their own right, CDKN’s experience shows that enabling relevant actors to develop all four together, tailored to their specific country context, is most likely to lead to a self-sustaining system.

Putting these four types of capabilities into practice depends on the country context and actors’ needs. For example, CDKN worked with the Ministry of Natural Resources of Rwanda (MINIRENA) to develop an instrument that would support climate compatible investments in the country. The process was led entirely by the government, with CDKN’s technical support being demand-led. This journey of cooperation resulted in greatly enhanced capability in Rwanda, particularly strategic, institutional and technical capability. Without external support, MINIRENA was able to achieve Adaptation Fund and Green Climate Fund accreditation in 2015; its readiness fund and project pipeline development are ongoing.

Several components were involved in this process. These including the following:

- Development of a green growth and climate resilience strategy as a cross-sectoral effort (with resource mobilisation as a key enabling pillar).
- Designing a ‘Green Fund’ (FONERWA)<sup>12</sup> to mobilise national and international resources and channel them, and building capacity to fulfil this mandate (FONERWA was capitalised by the UK Department for International Development, which provided £22.5 million in 2013).
- Capacity building for district-level stakeholders (public and private sector) to develop project proposals to be funded by FONERWA (this took place over two years and five districts were able to access £7 million in funding).

In another example from the state of Madhya Pradesh, India,<sup>13</sup> government departments were charged with delivering the State Climate Change Action Plan. However, the state government lead on climate change recognised that low awareness and commitment among civil servants was one of the greatest challenges to uptake of the action plan. CDKN worked with the state government to produce policy briefs tailored to each economic sector<sup>14</sup> and helped government actors to disseminate the briefings to the relevant departments. This action required technical, relational and strategic capabilities. The Madhya Pradesh Climate Change Knowledge Portal<sup>15</sup> presented the action plan as a compelling resource and useful toolkit for a range of government and public audiences.

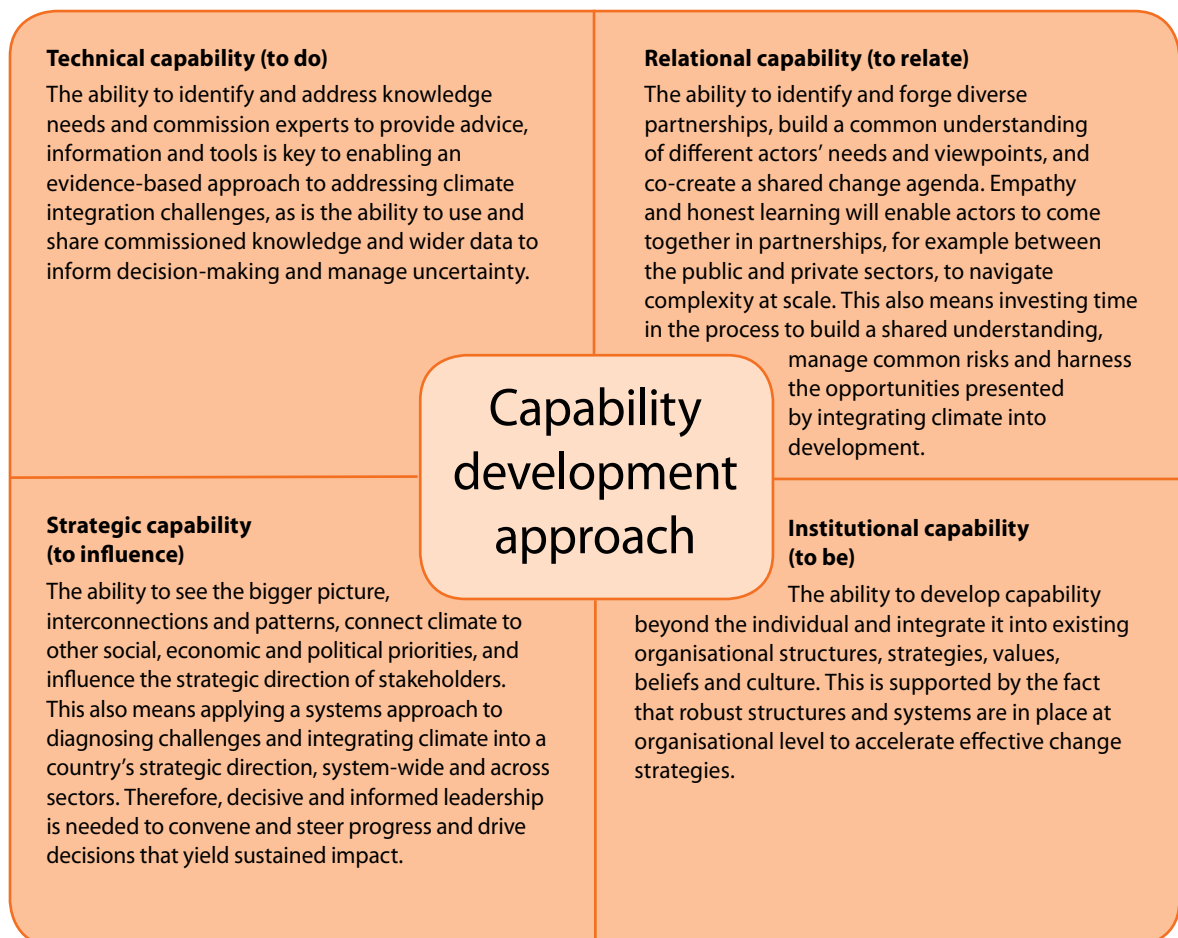
### An effective approach to capability development

CDKN's experience has shown that focusing on only one type of capability or enforcing a prescriptive methodology or tool is not an effective means to build sustained capability. Therefore, CDKN's approach to capability development is grounded in a core set of guiding steps. These have been informed by CDKN's own experience<sup>16</sup> and emerging practice in the development sector.<sup>17</sup>

*Step 1: Consider the context: understand the wider country system.* Development actors operate in a complex ecosystem. It is therefore important to have a thorough understanding of the economic, political and wider social system encompassing change in a country. A systems analysis will help identify entry points, interconnections, key actors, a capability baseline and gaps, change processes and other components of the integration challenge that are most critical to improving the lives of the poorest and those most vulnerable to climate change, including women and girls. Resources can be deployed at their best to address the most critical needs in the system.

*Step 2: Working collaboratively to set a co-owned change agenda.* For capability interventions to result in successful climate integration they must be embedded in local stakeholder structures and processes. Through

**Figure 2. The four types of capabilities**



collaboration, actors can bring together their different perspectives, acquire a shared understanding of the greatest integration challenges and co-create a mutual change agenda, which in turn will enable greater in-country ownership.

*Step 3: Self-assessing and sense-making capability priorities.* Capability is a fundamental precondition to achieving the climate integration goal in the long term. In-country actors are best placed to provide an honest assessment of capability strengths at country and systems levels. Together they will also be able to determine which capabilities are most needed to achieve climate integration.

*Step 4: Identifying and engaging relevant stakeholders in dialogue.* Many actors are part of the climate change and development agenda at country level. They often have different needs and champion different change agendas within the context of climate integration. An in-depth understanding of stakeholders' needs, agendas and capabilities helps to bring relevant actors into a co-owned change process.

*Step 5: Getting into action early and learning along the way.* When tackling a complex challenge such as climate integration, it is rarely possible to rely on past experience and best practice. Getting into action fast and building a culture of experimentation can help address the gap between climate ambitions and implementation. Understanding what works, what doesn't and why can provide important evidence for course corrections, scaling up and replicating more efficient ways of working.

*Step 6: Focusing on non-linear, iterative, flexible and adaptive programming.* Tackling the climate integration challenge means operating in a rapidly changing, unpredictable environment. This requires an iterative, flexible and adaptive approach to probe into the potential next steps. Systems are not always conducive to non-linear, iterative programming and, for many actors, this represents a new way of working.

*Step 7: Capability development is a long-term process.* Building consensus and momentum such that all relevant actors and decision-makers in a country are fully engaged in the shared change agenda can take several years. Furthermore, political, social, environmental and economic changes can quickly add an additional layer of complexity. Therefore, changes in capability, and the resultant impacts at the system and country levels, will happen over the long term.

### Join the enquiry process

CDKN is still in the process of learning about capability development. Articulating the approach is a first attempt to make sense of experiences, conversations and literature on the topic. The enquiry process and iterations are ongoing as new insights from practice continue to emerge. For correspondence about the findings in this paper, please contact the authors at: [juliane@edgex.co.uk](mailto:juliane@edgex.co.uk).

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- 10 The Pelican Initiative is a platform on evidence-based learning and communication for social change. It brings together world-wide practitioners with expertise in monitoring and evaluation, learning and participatory enquiry, organisational change management, research and communications. There are currently 3,875 discussions logged on this platform (<https://dgroups.org/groups/pelican>).
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## About CDKN

The Climate and Development Knowledge Network (CDKN) supports decision-makers in developing countries in designing and delivering climate compatible development. It does this by combining research, advisory services and knowledge-sharing in support of locally owned and managed policy processes. CDKN works in partnership with decision-makers in the public, private and non-governmental sectors nationally, regionally and globally.

## About Edge Effects

Edge Effects is a consultancy specialising in learning, leadership and capacity building for sustainable development and positive change. We believe that effective responses to complex sustainability challenges reside in a diversity of perspectives, collective wisdom and creative experimentation; our purpose is to enable people and systems to tap into their creativity and accelerate the transition to a low carbon, climate resilient world.



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