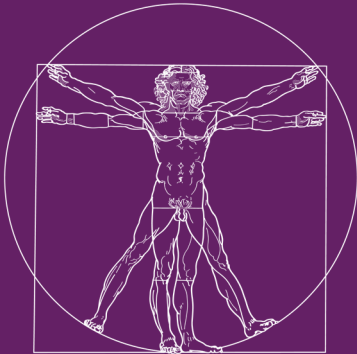


2018 EDITION

# POCKET GUIDE TO CAPACITY BUILDING

POCKET  
GUIDE TO  
CAPACITY  
BUILDING  
FOR CLIMATE  
CHANGE



ecbi



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## FOREWORD

For over a decade, the European Capacity Building Initiative (ecbi) has adopted a two-pronged strategy to create a more level playing field for developing country in the UN Framework Convention on Climate Change (UNFCCC): training for new negotiators; and opportunities for senior negotiators from developing countries and Europe to interact, understand each other's positions, and build mutual trust.

The first part of the strategy focuses on providing training and support to new developing country negotiators, particularly from least developed countries. The climate change negotiations are often technical and complex, and difficult for new negotiators to fully grasp even over a period of two or three years. We hold regional training workshops to bring them up to speed on the negotiations. We also organise workshops before the Conference of Parties (COPs) to the UNFCCC, covering topics specific to that COP. To ensure continuity in our capacity building efforts, we offer a few negotiators, particularly women, bursaries to attend the negotiations and represent their country and region/grouping. Finally, we help negotiators build their analytical capacity through our publications, by teaming them up with global experts to author policy briefs and background papers.

This strategy has proven effective over time. “New” negotiators that trained in our early regional and pre-COP workshops have risen not only to become senior negotiators in the process, but also leaders of regional groups and of UNFCCC bodies and committees, and ministers and envoys of their countries. These individuals are still part of our growing alumni, now capacity builders themselves, aiding our efforts to train and mentor the next generation of negotiators. Their

insights from being “new” negotiators themselves have helped us improve our training programmes.

The second ecbi strategy relies on bringing senior negotiators from developing countries and from Europe together, at the annual Oxford Fellowship and Seminar and the Bonn Seminar. These meetings provide an informal space for negotiators to discuss their differences, and try to arrive at compromises. They have played a vital role in resolving some difficult issues in the negotiations.

Following the adoption of the Paris Agreement in 2015, ecbi produced Guides to the Agreement in English and in French. These proved popular with both new and senior negotiators. We therefore decided to develop a series of thematic guides, to provide negotiators with a brief history of the negotiations on the topic; a ready reference to the key decisions that have already been adopted; and a brief analysis of the outstanding issues from a developing country perspective. These Guides are mainly web-based, and updated regularly. Although we have printed copies of the English version of the Guides due to popular demand, the online versions have the advantage of hyperlinks to help you access referred material quickly.

As the threat of climate change grows rather than diminishes, developing countries will need capable negotiators to defend their threatened populations. The Pocket Guides are a small contribution to the armoury of information that they will need to be successful. We hope they will prove as useful, and that we will continue to receive your feedback on how to improve them.

**Benito Müller,  
Director, ecbi**

**on behalf of the ecbi Advisory and Executive Committees**

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## **WHY DO DEVELOPING COUNTRIES NEED CAPACITY BUILDING?**

We already live in a world challenged by climate change. Extreme events and current and future climate uncertainty throw up several new challenges for governments, communities and individuals around the world. For instance, they must design and implement measures to mitigate climate change; adapt to climate change; deal with loss and damage due to climate change; set up credible measures to monitor climate-related parameters, and the impact of actions; adopt new technologies and methods; and raise awareness on climate change.

Developing countries lack the human, technical, institutional and financial capacity to deal with many of these new challenges. At the same time, they must redouble development efforts to build resilience to climate impacts, and ensure that recent gains are not lost due to climate change, which threatens food, water and energy security, and livelihoods and health. Government and non-government actors in these countries therefore need additional capacity, not only to deal with the additional challenges of climate change, but also to redouble their development efforts and safeguard development gains.

Given the ethical paradox at the heart of climate change – a global problem that most affects those who have least contributed to it – strong and effective global cooperation in building this essential capacity is critical, particularly for poor and vulnerable countries and communities, and those with least capacity.

## WHAT IS CAPACITY BUILDING?

Capacity as a concept has a weak intellectual pedigree in the larger world of development. It comes with no accepted or tested body of theory.<sup>1</sup> However, looking at the evolution of international development cooperation since the 1950s, capacity building can be said to have its precursor the concepts of ‘institution building’, ‘institutional strengthening’, ‘human resource development’, ‘institutional economics’, etc.<sup>2</sup>

Development cooperation by industrial countries in the form of technical assistance began in the 1950s. Since then, it came with many different names, forms and hues, but the question of its effectiveness had always been a central concern. As development engineering in varied environments across the world was often a process of ‘learning by doing’, themes and strategies for ensuring effectiveness constantly kept changing.

Based on the experience of the US-led Marshal Plan to rebuild war-ravaged Europe after the Second World War, the US and other European countries had the notion that development could be pursued in the newly decolonised developing countries through building and strengthening their national institutions. The argument was that differences in economic growth and development among developing countries can be explained by the differing quality of institutions responsible for economic management. The focus was therefore on institution building and institutional strengthening during the 1960s-1980s.

Until the mid-1990s, the concept attracted almost no research support within the international development community.<sup>3</sup> Although universities have traditionally been the generator and repository of ideas and knowledge, in case of capacity building this was not the case. The development agencies of the Western world led the process of its evolution, and remain the storehouse of reports.

Aid agencies zeroed in on capacity building/development in the 1990s as the organising theme for development cooperation, together with ‘good governance’ and ‘country ownership’ of development assistance. The early 1990s witnessed the advent of the new concept of ‘capacity building’ in the international development domain. The World Bank is regarded as the initiator of this concept, though later the development agencies started using the concept of ‘capacity development’. Some commentators find no basic difference between these two terms,<sup>4</sup> while others argue that there is: capacity building is regarded as having its start from a scratch, while capacity development is viewed as having a base from where to start the process.<sup>5</sup>

Whatever the case, there is as yet no consensus on what capacity building/development actually means or entails. Most of the aid agencies have defined it in their own ways.<sup>6</sup> But there appears to be a consensus that capacity building must include individuals, institutions and systems that collectively enable effective and sustainable development.

## WHAT DO PREVIOUS CAPACITY BUILDING EFFORTS TEACH US?

Bilateral and multilateral agencies led by UN Development Programme (UNDP) and the World Bank since the mid-1990s have initiated either stand-alone or mixed projects where capacity building figured somehow. The World Bank now has a dedicated Capacity Development Centre, and UNDP likewise has a Capacity Development Group. The Global Environment Facility (GEF), with its programme of Strategic Approach to Capacity Building, has initiated many capacity building projects, which are cross-cutting of its core areas of action including in climate change. There have been many flagship capacity building programmes, both of past and present, by regional and bilateral agencies.

Despite all these efforts, things on the ground have changed little.<sup>7</sup> While some analysts hold both the donors and recipients of aid responsible for such results,<sup>8</sup> others argue that donors are slow learners<sup>9</sup> and lag behind the recipient countries in principles of aid effectiveness, such as mutual accountability and transparency.<sup>10</sup> Very limited evidence is available on how the recipient countries are managing capacity development strategies.<sup>11</sup> Capacity building efforts targeted at public sector strengthening also did not meet the expectations.<sup>12</sup> Inefficiency and ineffectiveness in capacity building initiatives continue to linger, mainly because of short-lived project-based interventions, lack of investments and under-involvement of recipients.<sup>13</sup>

According to some commentators, many governments both from the donor and recipient sides and funding agencies prefer to keep capacity building as an umbrella concept with boundaries wide open, under which many different projects and programmes can be packaged and legitimised.<sup>14</sup>

In technical assistance programmes of capacity building, private consulting firms usually from donor countries are commissioned to do the job. One or two consultants are parachuted in to organise workshops and trainings, and the job is done with the submission of a project report. This was a mainly input-based, supply-driven, short-term and ad-hoc exercise. Here no capacity building 'systems' were left behind to carry the task forward.<sup>15</sup> Some argue that such donor-driven exercises by foreign experts even harm local capacity building, weakening local ownership and relieving local staff of taking responsibility for the project.<sup>16</sup>

While capacity building is a long term iterative process, aid agencies have built-in incentives for project completion reports and short-term output based results. Experience shows that countries where development cooperation played a stimulating and facilitative, but not decisive, role managed an endogenous process of increasing capacities,<sup>17</sup> because capacities cannot be implanted from beyond, but grow within, with a gestation time. The emphasis here again is on national ownership and local leadership of the process. The question of how to grow local ownership and leadership in aided projects on capacity building still remains.

While there is no research yet on how much money is spent on capacity building for many different areas of development and environment, loose estimates suggest that one-third to one-fourth of annual official development assistance (ODA) goes to capacity building, and the overwhelming share is spent

by bilateral agencies.<sup>18</sup> Since capacity building, as a crosscutting issue, often remains a component of most projects, it is difficult to quantify total funding specifically dedicated to capacity building. In any case, funding for capacity building remains poor.<sup>19</sup>

Wood *et. al.* (2011) argue: “*The complex, long-term challenges of capacity development are the most important constraints for most countries, and these do not allow for ‘quick fixes’ or bureaucratically engineered solutions. However, partner countries can do more to identify priorities for strengthening capacities in targeted areas. Donors and agencies in turn can do more to support those priorities in coordinated ways, to strengthen country systems by using them and to reduce donor practices that undermine the development of sustainable capacity*”.

Short-term technical assistance-based budgeting for capacity building is not a good avenue of funding for long-term sustainable capacity building ‘systems’.

Morgan (1998) cogently argues: “*capacity building is a risky, murky, messy business, with unpredictable and unquantifiable outcomes, uncertain methodologies, contested objectives, many unintended consequences, little credit to its champions and long time lags*”.

Meanwhile, the landscape of development cooperation is changing, with new donors from both the North and the South, along with new stakeholders – including increased civil society participation.

## WHAT HAS BEEN DONE UNDER UNFCCC?

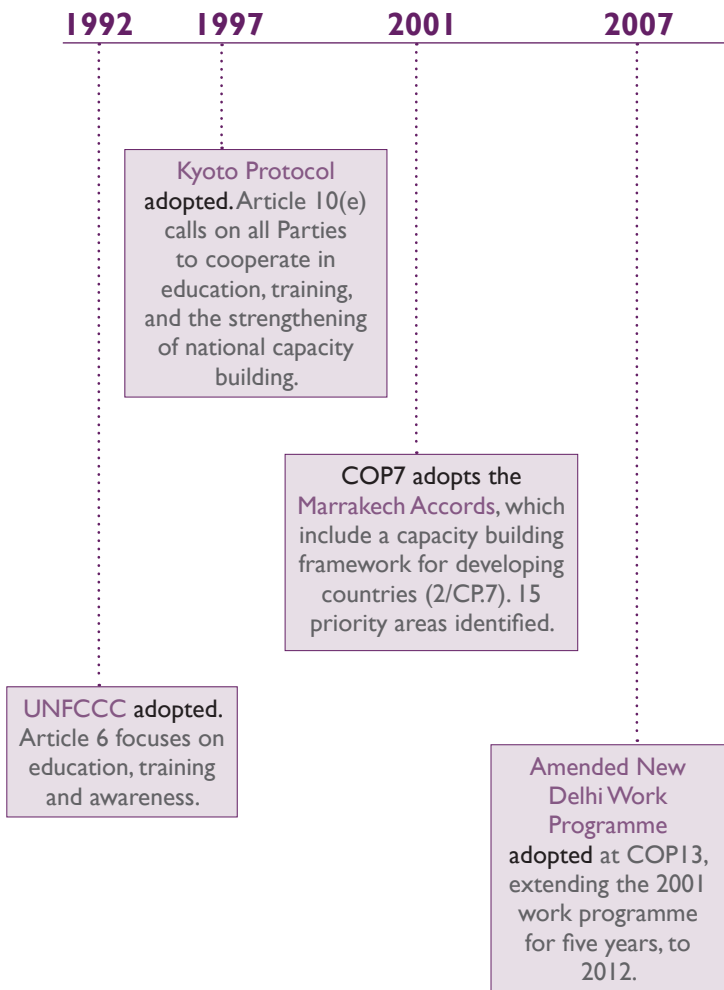
Capacity building has been a part of negotiations under the UN Framework Convention on Climate Change (UNFCCC) since its inception in 1992. Article 6 of the Convention is dedicated to promoting education, public awareness, public access to climate change information, public participation in addressing climate change, and training of scientific, technical and managerial personnel. The Article was the main basis for subsequent decisions and activities on capacity building. Similarly, Article 10 of the *Kyoto Protocol* provides for strengthening of research capacity, education and training of personnel and institutional strengthening in developing countries.

### ► FRAMEWORK FOR CAPACITY BUILDING FOR DEVELOPING COUNTRIES

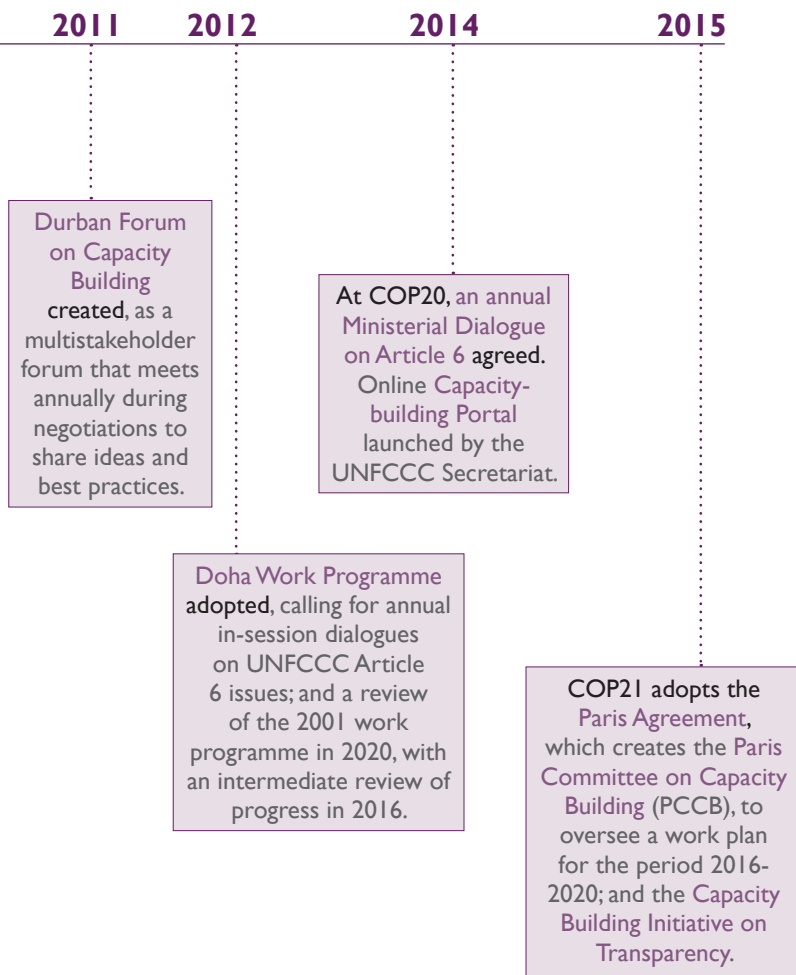
In 2001, the seventh Conference of Parties (COP7) to the UNFCCC adopted the *Marrakech Accords*, which include two frameworks providing a set of guiding principles and approaches to capacity building – one in developing countries, and the other in countries with economies in transition (EITs). This guide focuses on the framework for developing countries.

The guiding principles of the framework for developing countries called for capacity building that is country-driven; involves learning by doing; and builds on existing activities. It called for an approach that is continuous, progressive, iterative, effective, efficient, integrated, and programmatic. It stressed that capacity building efforts should address the priorities of developing countries; take into account the special

# TIMELINE







circumstances of Least Developed Countries (LDCs) and small island developing States (SIDS); and rely on, and mobilise, existing national, sub-regional and regional institutions and the private sector, to build on existing processes and endogenous capacities.

According to the framework, capacity building should include activities such as developing and strengthening skills and knowledge, as well as providing opportunities for stakeholders and organisations to share their experiences, and increase their awareness to enable them to participate more fully in the climate change process.

The framework also provided guidance to the GEF and bilateral and multilateral agencies, and other intergovernmental organisations and institutions.

In 2005, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) decided that both capacity building frameworks were also applicable to the implementation of the Kyoto Protocol.

The framework for capacity building in developing countries has been reviewed under the Subsidiary Body for Implementation (SBI) three times (in 2004, 2007 and 2013). The fourth review will be carried out in 2019.

The *first review* of the framework for developing countries in 2004 found significant gaps, including insufficient financial and human resources, the lack of active stakeholder participation, the need for increasing support from key decision makers, and the inability to integrate climate change into national policies. It identified the following key factors, among others, to be considered in further implementation:

- Prioritising institutional capacity building.
- Raising awareness at various levels on climate change issues and increasing the involvement of national governmental

institutions in capacity building activities.

- Developing and, where appropriate, promoting exchange of best practices, experiences, and information on capacity building activities, including financial resources, case studies and tools for capacity building.
- Ensuring the long-term sustainability of capacity building activities is achieved through integration in planning processes.
- Making financial and technical resources available, through an operating entity of the financial mechanism and, as appropriate, through multilateral and bilateral agencies and the private sector.
- Further applying learning-by-doing approaches for capacity-building by supporting various types of capacity-building activities, projects and programmes at the national and local levels.
- Improving donor coordination.

The **second review**, which was initiated in 2007 and completed in 2011, recognised some progress in implementation, but still found gaps, particularly related to the implementation of the Kyoto Protocol. At COP17 in Durban in 2011, Parties called for further improvements in the implementation of the framework for capacity-building at the systemic, institutional and individual levels. They called for capacity building to be integrated into national development strategies, plans and budgets, and networking and information sharing to be strengthened.

A **third review** of the framework was initiated in 2015, and completed in Marrakech in 2016. It reported progress mainly in the areas of institutional and systemic capacity building, based on information provided by the GEF and its

implementing agencies. For the rest, however, it found that the cross-cutting nature of capacity building made it difficult to aggregate information, and perform a quantitative and qualitative review. It noted the lack of global or standard approaches and indicators to measure, monitor and review the impact of capacity building support and action and their effectiveness.

The third review identified areas that were not covered by the capacity building framework, such as loss and damage associated with climate change impacts, and readiness for, and access to, climate finance.

The review found that there is no clear process for drawing on good practices and lessons learned to enhance the effectiveness of capacity-building, either at the national level or otherwise. This information is not often shared by Parties in their reports. It recommends that an institutionalised process to ensure appropriate follow-up of lessons learned and good practices.

The review also noted that capacity building is less effective when it is undertaken on an ad hoc basis, when it is tied to projects within a limited period of time and to the organisation of workshops. It noted the need for a structured and country-driven approach to create and maintain stable institutions, secure and foster in-house knowledge across stakeholders, and to retain trained personnel and experts with a view to ensuring continuity.

Among other existing challenges, it noted, *inter alia*, the lack of financial resources; challenges in setting up permanent institutional arrangements, including for national reports and greenhouse gas inventories; the need for integrated, rather than sectoral, training of national experts; lack of climate-related policy frameworks (including for climate

finance) to promote enabling environments in developing countries; lack of capacity for project management; lack of awareness among policy-makers, posing a barrier to enable integrated approaches; barriers to development and transfer for technology; and the need for capacity building efforts to improve the decision-making and policymaking processes.

### ► DURBAN FORUM ON CAPACITY BUILDING

At COP17 in Durban, Parties requested SBI to organise an annual in-session *Durban Forum for Capacity Building*, to further enhance the monitoring and review of the effectiveness on capacity building efforts. The Forum is open to Parties, UN organisations, intergovernmental and non-governmental organisations, research, academia and the private sector.

Six meetings of this Forum have taken place between May 2012 and May 2017. In addition to monitoring and review, discussions have taken place on several issues related to capacity building. At the *first meeting* for instance, interesting observations were made relating to the need for a “bottom-up” approach to capacity building; including non-government and private sector stakeholders in capacity building efforts; the problem of capacity-retention; the need for both quantitative and qualitative indicators; and the need for long-term capacity building efforts, as opposed to short-term activities.

The *fifth meeting* discussed the capacities needed specifically to implement the Paris Agreement both at the policy and project levels, related for instance to the Nationally Determined Contributions (NDCs), national and sub-national planning, programme development, and long-term support for transparency. Sustainable capacity building and long-term, continuous and demand-driven support were highlighted.

The *sixth meeting*, in May 2017, focused on enhancing

capacities for adaptation in the context of national adaptation plans (NAPs) and NDCs. Discussions also took place, among other things, on: developing country ownership of capacity-building processes; greater involvement of local communities and governments; and investing in networks of non-Party stakeholders, including research and academic institutions.

### ► **CAPACITY BUILDING UNDER PARIS AGREEMENT**

The 2015 **Paris Agreement** deals with capacity building under Article 11. The five paragraphs of this Article lay down the goals, guiding principles, and procedural obligations of all Parties to the Agreement with regard to capacity building. It calls on developed country Parties to support capacity building in developing countries (Article 11.3), and developing countries to regularly communicate progress made on implementing capacity building plans, policies, actions or measures (Article 11.4). The first CMA (CMA1) is asked to consider and adopt a decision on the initial institutional arrangements for capacity building.

### **PARIS COMMITTEE ON CAPACITY BUILDING**

The decision adopting the Paris Agreement (1/CP.17), in paragraph 71, establishes the Paris Committee on Capacity Building (PCCB) to address capacity gaps and needs, both current and emerging, and enhance capacity building efforts.

Paragraph 73 of the adopting decision launches a work plan on capacity building for the period 2016-2020, to consider nine elements: increasing synergies and avoiding duplication; identifying capacity gaps; tools and methodologies for implementation; global, regional, national and sub-national cooperation; good practices and lessons learned; country ownership; opportunities to strengthen capacity

at the national, regional and subnational level; dialogue, coordination, collaboration and coherence among relevant processes and initiatives; and guidance to the Secretariat on the web-based capacity building portal. A review of progress by the PCCB will take place at COP25.

The SBI agreed on the draft *terms of reference* (TORs) for the PCCB, and on the 12 members of the committee, in May 2016. These TORs were agreed by Parties at COP22, in Marrakech, in 2016. The first meeting of the PCCB took place in May 2017, and focused on capacity-building activities for the implementation of NDCs. As part of its rolling work plan, the PCCB will conduct an assessment of capacity-building needs as identified in relevant sources such as NDCs, biennial update reports, national communications and reports on the Durban Forum; and an assessment of the work conducted by other constituted bodies of relevance, to identify gaps, solutions and synergies.

The PCCB is expected to ensure coordination and coherence in the capacity building work of disparate entities. Its effectiveness will be determined, to some extent, by the quality of its membership and the experience and understanding of the members in capacity building on the ground. This is not always a given through a Party-nomination process.

## **CAPACITY BUILDING INITIATIVE FOR TRANSPARENCY**

Article 13 of the Agreement creates the Capacity Building Initiative for Transparency (CBIT). Paragraph 83 of decision 1/CP.21 stipulates that the CBIT will build the institutional and technical capacity of developing country Parties, in meeting the transparency requirements of Article 13, and also in the pre-2020 period. Article 13.15 stipulates that “*support shall*

*also be provided for the building of transparency-related capacity of developing country parties on a continuous basis”.*

The GEF Council approved the establishment and programmatic directions of the CBIT Trust Fund in June 2016, which was initially capitalised with US\$ 50 million.<sup>20</sup> GEF will prioritise projects submitted from countries that are most in need of capacity building for transparency-related actions, in particular the LDCs and SIDS. As of October 2017, the GEF had approved 15 CBIT projects totalling US\$18 million in 13 countries, including two LDCs and one SIDS.<sup>21</sup>

## ► OTHER INITIATIVES

In addition to the formal processes under the UNFCCC, there are about 13 thematic and financial entities involved in capacity building.<sup>22</sup> The thematic entities include the Adaptation Committee; Climate Technology Centre and Network (CTCN); Consultative Group of Experts on National Communications from non-Annex I Parties; Warsaw International Mechanism for Loss and Damage; Executive Board of the Clean Development Mechanism; LDC Expert Group; Standing Committee on Finance; and the Technology Executive Committee.

The financial entities include the operating entities of the Convention’s financial mechanism (GEF, LDC Fund, Special Climate Change Fund, Adaptation Fund and the Green Climate Fund or GCF). In 2016, the UNFCCC reported 681 capacity building activities undertaken in 2015, by 16 international institutions – an increase of over 80% from 2012.<sup>23</sup> Over the 2009-2015 period, support for mitigation-related capacity building was reported as increasing from US\$15.75 million to US\$321.16 million.



## WHAT ARE THE KEY GAPS IN CURRENT EFFORTS?

Despite all these activities at the international level, developing countries report persisting gaps in their capacity needs in *their National Communications and submissions* to the UNFCCC.<sup>24</sup>

These mainly relate to:

- Lack of public awareness and support for climate action.
- Lack of training in vulnerability and adaptation assessments and methodologies.
- Inadequate international support for building and retaining individual and institutional capacity.
- Fragmentation of delivery channels, data, experts and research institutions.
- Lack of strong and permanent institutional arrangements and enabling environments.

These lingering capacity constraints have been attributed variously to inadequate financial and human resources; lack of ownership and leadership; lack of coordination, and fragmentation of capacity building efforts; and ad hoc, short-term, project-based approaches to capacity building.

The focus remains on capacity building for elements that developed countries deem important, such as transparency of action. This is evident, for instance, in the Paris Agreement, where the provision of finance for capacity building under Article 11.3 of the Paris Agreement is a recommendation (*should*), while the provision of support for the CBIT on a continuous basis under Article 13.14 and 13.15 is obligatory (*shall*). Moreover, the provision of support focuses more on transparency of action, than on support provided and received.<sup>25</sup>

## WHAT KIND OF CAPACITIES ARE NEEDED TO ADDRESS CLIMATE CHANGE?

The complex and wide-ranging nature of the climate problem – and the solutions to help address this challenge – make the issue of capacity equally challenging. Submissions from Parties include an almost overwhelming array of needs.<sup>26</sup> These can be broadly classified into three major categories:

- The capacity to **understand the nature of the climate problem as it pertains to a country**, such as the implications of climate change for various economic activities and livelihoods, and for human and societal well-being.
- The capacity to **formulate and implement national actions** to limit the scale of the problem through mitigation of greenhouse emissions; and to limit the human, ecological, economic, and other societal impacts through measures to mitigate risks and adapt to them.
- The capacity to **analyse, build consensus on, and articulate the national interest** in UNFCCC and other climate negotiations and obligations.<sup>27</sup>

While it goes without saying that local capacity is central, in some cases not all the relevant capacity may reside locally. For example, some LDCs may not be able to lead or manage climate modeling efforts aimed at understanding the manifestations of climate change within their countries. In this case, it will be essential to ensure that international climate modelling capacity responds adequately and generates the downscaled scientific information needed by these countries.

Understanding what specific issues to examine, however, will require an understanding of local issues and priorities. Since climate risks result from the interactions of climate change with local physical, biological/ecological and human/societal systems, the need for local knowledge will be critical. Here local capacity will play a major role. Similarly, monitoring and observation of climate impacts may require both international and local capacity, but local capacity will play an increasingly central role in prioritising and implementing mitigation and adaptation options in the context of national development objectives, where an understanding of the local conditions takes on primacy.

In other words, relatively 'objective' processes relating to understanding of climate phenomena (such as climate modelling) can rely on international capacity, although informed by local context and needs. But as we move towards issues where subjective judgments become important – such as which development objectives to prioritise while choosing among mitigation options, for example, or the most suitable way to implement an option – appropriate and adequate local capacity is critical, with external actors preferably playing only a supporting role (such as providing information about good practices of policies and business models elsewhere).

Notably, while capacity resides in humans and organisations, networks and institutions that enable and guide the flow of knowledge play an important role in harnessing knowledge and gathering multiple perspectives. This is particularly true in the climate context, given the breadth and complexity of almost any aspect of challenge.

A variety of actors, domestic and international, can contribute to this capacity development process through appropriate knowledge, skills, expertise and financial resources.

## **HOW CAN CAPACITY BUILDING EFFORTS BE IMPROVED?**

The key to successful implementation of capacity building will eventually rely on a keen understanding of national needs and challenges. This is recognised in the Paris Agreement, which calls for “country-driven” capacity building, based on and responsive to national needs, while fostering country ownership (Article 11.2).

To develop such an understanding, investments in national institutions dedicated to the task are necessary. Long-term, sustainable systems will have to replace the current consultancy and project-driven approach where any gains dissipate due to a lack of retention systems.

The ultimate indicator of judging value for money for climate change capacity building should be whether in-country capacity systems and capacity suppliers have been developed at the national level, along with the appropriate arrangements for international flows of knowledge and other resources.

## WHAT REFORMS ARE NEEDED?

- A more consistent and coherent institutional architecture is necessary, to guide and facilitate implementation, and avoid duplication and fragmentation of efforts.
- The paradigm of funding capacity building efforts will need to be transformed, to allow for a more long-term, sustainable, country-driven, programmatic and accountable approach. The *Enhanced Direct Access* (EDA) modality currently being piloted by the GCF could be a mechanism to achieve this transformation, as it shares similar goals.
- Reliable assessment procedures and metrics to evaluate progress on capacity building are necessary.
- Further research and analysis on capacity building is necessary, at the international level (for instance, to define common principles and priorities, and derive lessons from experiences); and at the national level (for instance, to define national priorities and principles, and tackle the difficult challenge of building sub-national and local capacity in a sustainable manner).

These elements suggest that a systematic institutionalised approach to capacity building is necessary at the global level, consistent with Article 11.5 of the Paris Agreement, which calls for “*appropriate institutional arrangements*” to enhance and support capacity building efforts.

One approach could be to create a UNFCCC Capacity Building Mechanism (CBM), like the UNFCCC Technology Mechanism. A CBM could, among other things:

- ensure the coherence and consistency of efforts under the UNFCCC, and by multilateral and bilateral institutions;
- marshal resources for capacity building, and ensure they are spent in an effective and efficient manner to ensure longer-term sustainability;
- track capacity building flows, and the channels and recipients of these flows; and
- gather, process and share experiences and lessons on capacity building efforts across countries and regions.

Building on the lessons from the experience with the Technology Mechanism, the CBM could have two arms overseen by a Board: an analytical/strategy arm and an implementation arm.

The implementation arm could facilitate implementation of capacity building efforts, while the analytical/strategy arm could provide guidance and inform implementation. Learning from the Technology Mechanism, these arms must be guided by domain experts rather than negotiators (or country representatives).<sup>28</sup>

The CBM Board could have national representation, but with a majority from developing nations, since eventually the CBM has to be accountable to these ‘users’. The Board could also have representation from the operating entities of the financial mechanism and the Technology Mechanism (and vice versa), to enhance coordination between these processes. The Technology Mechanism’s *Climate Technology Centre and Network* (CTCN) is an example of the sort of institution that is necessary to generate information on capacity building, to support and enhance implementation. The CTCN provides

technology solutions, capacity building and advice on policy, legal and regulatory frameworks tailored to the needs of individual countries, to help accelerate low carbon and climate resilient development. (However, the CTCN is reliant on donors for funding, and its budget of less than US\$20 million to support all developing countries is paltry. A more sustainable solution will be needed for capacity building).

## WHAT SHOULD THE CBM SUPPORT?

There are at least four kinds of activities that the CBM should support at the national level: human resource development; institutional capacity building; developing networks; and developing metrics for capacity building.

**Human resource capacity:** Imparting specific skills to individuals is a fundamental purpose for capacity building efforts. In the climate context, these skills could range from energy auditing, or installing solar photovoltaic installations, to project design and implementation, or strategic decision-making. Many of these skills can be developed through training programmes, although the more complex the skill, the more the importance of learning-by-doing, by working alongside experts over longer periods.

A dedicated focus on capacity building at local levels, for communities and local government officials, is necessary particularly for adaptation. Training of trainers will be important in this context.

Universities, which exist even in the poorest countries, could play an important role as generators, retainers and disseminators of human resource capacity if funding obstacles can be overcome.

**Institutional capacity:** Institutions are necessary to organise human and other resources and achieve specific tasks, ranging from simple energy audits, to complex technology development and deployment activities across several sectors,



or innovation. For instance, the World Bank has established **Climate Innovation Centers (CICs)** in seven countries (**Kenya, South Africa, Ethiopia, Morocco, Ghana, Vietnam, and the Caribbean**). These CICs aim to provide holistic and tailored services (such as knowledge, capital and access to markets) to small and medium enterprises and climate innovators, to launch and scale their businesses.

**Networks:** Greater interaction between actors, especially within the South, at all scales (local, national and regional) will promote knowledge and experience sharing, and synergies between entities and across application domains.<sup>29</sup>

**Metrics:** Well-developed and well applied metrics to measure capacity will serve as an essential tool to gauge progress, and serve as an analytical base to understand patterns and determinants of successful capacity building. Such metrics will be essential to measure progress under the global stocktake, mandated by Article 14 of the Paris Agreement.

## HOW CAN FUNDS BE USED MORE EFFECTIVELY?

The need for adequate and appropriately provided support for capacity building cannot be stressed enough. However, the Paris Agreement states only that developed countries “*should*” (not “*shall*”) provide resources for capacity building. While attention should be paid to ensure that developed country Parties follow through on this obligation, there is also space for improved efficiency in existing efforts. These include, for instance:

- a move away from bilateral support for capacity building to multilateral support, to allow for better pooling of resources;
- the use of funding mechanisms such as EDA, to promote country-driven approaches and integration with existing national systems and resources for capacity building;
- proper guidance to bilateral and multilateral funders, to complement rather than substitute or duplicate UNFCCC efforts in relation to key gaps and needs; and
- involving local communities and governments.

Engaging philanthropic organisations more systematically in capacity building efforts could help to harness additional resources and follow a more sustainable approach. Such organisations may have more agility, flexibility and freedom with which to operate, and to take a long-term perspective since they do not have to deliver immediate returns synchronised with government policy or political cycles, or shareholder expectations.<sup>30</sup>

## WHAT NEXT?

As the PCCB begins to tackle its work plan, it is essential that it addresses the bigger picture of institutional coherence and reform before getting stuck in the minutiae of capacity building. Some recommendations based on the nine elements of its work plan, and on the information and analysis included in this Guide, are listed in the Table below.

## PROPOSALS FOR THE PCCB ON THE WAY FORWARD

WORK PLAN ELEMENT	PROPOSALS
Increase synergies and avoid duplication among existing bodies.	Coherence and coordination of the various entities working on capacity building under and outside the UNFCCC will be the PCCB's most challenging task. The current approach is scattered, inefficient and ineffective. Long-term institutional options to improve coordination and coherence will be necessary, such as a permanent Capacity Building Mechanism (CBM).
Identify capacity gaps and needs and recommend ways to address them.	A good understanding of national needs is a prerequisite to identify and address capacity gaps. The analytical/strategy arm of the CBM could play a invaluable role by keeping abreast of constantly evolving national needs, while identifying gaps and solutions.
Promote tools and methodologies for the implementation of capacity building.	Several national stakeholders will have to be involved in the identification, development and dissemination of these tools and methodologies. Moreover, several sectors will have to be covered. A national-level institution to coordinate this function must be a medium- to long-term goal, with the CBM playing a facilitative role.
Foster global, regional, national and sub-national cooperation.	Country ownership, mutual accountability, and transparency will be critical. Outside actors (such as aid agencies, federal governments in the sub-national context, and non-government organisations) should play a facilitative role.
Identify and collect good practices, challenges, experiences and lessons learned.	This must be part of an ongoing and sustained process of learning, to continue to strengthen capacity building efforts under the UNFCCC. The proposed CBM's analytical/strategy arm can play a key role in this regard.

WORK PLAN ELEMENT	PROPOSALS
Explore how developing countries can take ownership of building and maintaining capacity over time and space.	A sustainable process to identify country needs; longer-term and more sustainable budget support; national and local leadership; incentives for leaders/managers; a facilitative role for external partners; and mutual accountability and transparency are essential. Funding modalities that allow for programmatic support, such as the GCF's EDA, can play a key role at the global level. Investments in capacity building institutions are important at the national level.
Identify opportunities to strengthen capacity at the national, regional and sub-national level.	As climate change challenges are mostly local, national or region-specific, the identification of opportunities should be led by national and regional experts. National capacity institutions can play a role in pushing for effective and efficient capacity utilisation.
Dialogue, coordination, collaboration and coherence among relevant processes and initiatives under the Convention.	Such dialogue coordination, collaboration and coherence will have to take place between institutions and process under the Convention, but also outside (with development agencies, for instance); and at the national level. The CBM and national coordinating institutions could play a key role.
Guidance on the maintenance and further development of the web-based capacity building portal.	The proposed CBM's analytical/strategy arm can play a key role in guiding the development of the portal. A critical role for the portal should be to share peer-reviewed knowledge with national and sub-national actors in developing countries without cost; and record traditional practices for dealing with climate variability and change.

## **ANNEX I**

### **UNFCCC, KYOTO PROTOCOL AND PARIS AGREEMENT TEXT ON CAPACITY BUILDING**

#### **UNFCCC**

#### **ARTICLE 6**

#### **EDUCATION, TRAINING AND PUBLIC AWARENESS**

In carrying out their commitments under Article 4, paragraph 1(i), the Parties shall:

(a) Promote and facilitate at the national and, as appropriate, subregional and regional levels, and in accordance with national laws and regulations, and within their respective capacities:

(i) The development and implementation of educational and public awareness programmes on climate change and its effects;

(ii) Public access to information on climate change and its effects;

(iii) Public participation in addressing climate change and its effects and developing adequate responses; and

(iv) Training of scientific, technical and managerial personnel.

(b) Cooperate in and promote, at the international level, and, where appropriate, using existing bodies:

(i) The development and exchange of educational and public awareness material on climate change and its effects; and

(ii) The development and implementation of education and training programmes, including the strengthening of national institutions and the exchange or secondment of personnel to train experts in this field, in particular for developing countries.

## KYOTO PROTOCOL

### ARTICLE 10

All Parties, taking into account their common but differentiated responsibilities and their specific national and regional development priorities, objectives and circumstances, without introducing any new commitments for Parties not included in Annex I, but reaffirming existing commitments under Article 4, paragraph 1, of the Convention, and continuing to advance the implementation of these commitments in order to achieve sustainable development, taking into account Article 4, paragraphs 3, 5 and 7, of the Convention, shall:

(a) Formulate, where relevant and to the extent possible, cost-effective national and, where appropriate, regional programmes to improve the quality of local emission factors, activity data and/or models which reflect the socio-economic conditions of each Party for the preparation and periodic updating of national inventories of anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol, using comparable methodologies to be agreed upon by the Conference of the Parties, and consistent with the guidelines for the preparation of national communications adopted by the Conference of the Parties;

(b) Formulate, implement, publish and regularly update national and, where appropriate, regional programmes containing measures to mitigate climate change and measures to facilitate adequate adaptation to climate change:

(i) Such programmes would, *inter alia*, concern the energy, transport and industry sectors as well as agriculture, forestry and waste management. Furthermore, adaptation technologies and methods for improving spatial planning would improve adaptation to climate change; and

- (ii) Parties included in Annex I shall submit information on action under this Protocol, including national programmes, in accordance with Article 7; and other Parties shall seek to include in their national communications, as appropriate, information on programmes which contain measures that the Party believes contribute to addressing climate change and its adverse impacts, including the abatement of increases in greenhouse gas emissions, and enhancement of and removals by sinks, capacity building and adaptation measures;
- (c) Cooperate in the promotion of effective modalities for the development, application and diffusion of, and take all practicable steps to promote, facilitate and finance, as appropriate, the transfer of, or access to, environmentally sound technologies, know-how, practices and processes pertinent to climate change, in particular to developing countries, including the formulation of policies and programmes for the effective transfer of environmentally sound technologies that are publicly owned or in the public domain and the creation of an enabling environment for the private sector, to promote and enhance the transfer of, and access to, environmentally sound technologies;
- (d) Cooperate in scientific and technical research and promote the maintenance and the development of systematic observation systems and development of data archives to reduce uncertainties related to the climate system, the adverse impacts of climate change and the economic and social consequences of various response strategies, and promote the development and strengthening of endogenous capacities and capabilities to participate in international and intergovernmental efforts, programmes and networks on research and systematic observation, taking into account Article 5 of the Convention;
- (e) Cooperate in and promote at the international level, and,



where appropriate, using existing bodies, the development and implementation of education and training programmes, including the strengthening of national capacity building, in particular human and institutional capacities and the exchange or secondment of personnel to train experts in this field, in particular for developing countries, and facilitate at the national level public awareness of, and public access to information on, climate change. Suitable modalities should be developed to implement these activities through the relevant bodies of the Convention, taking into account Article 6 of the Convention;

(f) Include in their national communications information on programmes and activities undertaken pursuant to this Article in accordance with relevant decisions of the Conference of the Parties; and

(g) Give full consideration, in implementing the commitments under this Article, to Article 4, paragraph 8, of the Convention.

## **PARIS AGREEMENT**

### **ARTICLE 11**

1. Capacity-building under this Agreement should enhance the capacity and ability of developing country Parties, in particular countries with the least capacity, such as the least developed countries, and those that are particularly vulnerable to the adverse effects of climate change, such as small island developing States, to take effective climate change action, including, inter alia, to implement adaptation and mitigation actions, and should facilitate technology development, dissemination and deployment, access to climate finance, relevant aspects of education, training and public awareness, and the transparent, timely and accurate communication of information.

2. Capacity-building should be country-driven, based on and responsive to national needs, and foster country ownership of Parties, in particular, for developing country Parties, including at the national, subnational and local levels. Capacity-building should be guided by lessons learned, including those from capacity-building activities under the Convention, and should be an effective, iterative process that is participatory, cross-cutting and gender-responsive.
3. All Parties should cooperate to enhance the capacity of developing country Parties to implement this Agreement. Developed country Parties should enhance support for capacity-building actions in developing country Parties.
4. All Parties enhancing the capacity of developing country Parties to implement this Agreement, including through regional, bilateral and multilateral approaches, shall regularly communicate on these actions or measures on capacity-building. Developing country Parties should regularly communicate progress made on implementing capacity-building plans, policies, actions or measures to implement this Agreement.
5. Capacity-building activities shall be enhanced through appropriate institutional arrangements to support the implementation of this Agreement, including the appropriate institutional arrangements established under the Convention that serve this Agreement. The Conference of the Parties serving as the meeting of the Parties to this Agreement shall, at its first session, consider and adopt a decision on the initial institutional arrangements for capacity-building.

## **ARTICLE 12**

Parties shall cooperate in taking measures, as appropriate, to enhance climate change education, training, public awareness,

public participation and public access to information, recognizing the importance of these steps with respect to enhancing actions under this Agreement.

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