Urban Climate Change Adaptation and Resilience

Module 6: Preparing Project Proposals to Access Climate Funds and Support Services
**Facilitator:** Make sure to change the date on the slide so that it is the correct date.

Estimated Time: 8 hours
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This module focuses on the general steps for preparing an effective proposal. Though the point will be made clear later in the module, it should be emphasized that preparing proposals is a separate task from developing climate change adaptation and resilience policies.

Materials needed:
--Flip chart and markers
--White board and markers
--Powerpoint projector
--Valenzuela information pack

The learning objectives for this module are to:

• Identify the key components of proposals for financing to support urban climate adaptation initiatives
• Show how to develop a problem tree, objectives tree, and logistical framework (logframe) for a project or program
• Explain what is meant by “due diligence” for donor appraisal of funding proposals
• Demonstrate some “best practices” and lessons learned for developing effective proposals.
Note to Facilitator: The purpose of this slide is to briefly review the material from the last module and build a bridge between this module and the last module. The facilitator should step through each of the bullets individually and engage the participants in summarizing each of the points from the previous module. This would be a good time to ask if there are any questions or additional points to discuss from the previous module, now that the participants have “slept on it.”
Note to Facilitator: Introduce the section by putting it in the context of moving from adaptation options to a concrete proposal for financing. Discuss the steps that we have just completed. The facilitator may choose whatever technique is deemed appropriate for reviewing material from the previous module, but it is important to create some sort of bridge between module #5 and the current module (#6).
**Note to Facilitator:** To give workshop participants a chance to apply the concepts introduced with each “step” of this project preparation and due diligence process, key elements from a flood management and CCA Project in Manila will be used as an example. Participants can be shown what the donor agencies and local officials did and how it decided to address key issues, and relate on how they would apply such an example in their own home context or setting.

The first part of this module will focus on general steps for project proposal development that are common to many funders/lenders. We draw heavily on World Bank policies and procedures, but these steps are useful in preparing proposals for USAID, ADB, and other bi- and multilateral institutions.

During the second part of the module we will discuss some of the procedures that lenders/funders use to appraise project proposals. The idea here is to give you some insight into the funder’s perspective and to understand some of the basic considerations that funders are using to judge proposals.

In the last section of the module we will discuss some useful rules of thumb for developing effective and “bankable” proposals.
Here we reiterate that in this module we are moving away from policy development processes and into project/proposal development. Make sure that the participants understand that project/program/proposal development is a distinct and separate activity than developing a CCAR policy or plan. The CCAR policy or plan serves as a baseline guiding framework upon which different proposals and programs will build. Hence with your proposal you are developing a step-by-step methodology for addressing part of your priority vulnerabilities and the associated direct and indirect impacts, exposure, sensitivity, and adaptive capacity. In other words, the proposal being developed in this module will support the overall objectives of the CCAR plan or policy.
Note to facilitator: It is important to stress that really good project/program proposals are best prepared in a participatory process involving all key stakeholders, especially at the very early conceptual and problem analysis stages. Through a formal workshop or a series of more informal field level dialogues, inputs from affected populations are vital to avoid later conflict and opposition. The project proposal will generally be prepared with the technical assistance of a team of specialist consultants, who will be contracted to assist in the preparation of documentation for the donor or lender’s due diligence and appraisal process.
At this stage of the training we are shifting gears to discuss developing proposals for funding. This is a separate process than conducting your vulnerability assessment and creating CCAR policy. This is an ad-hoc activity in which the exact steps will depend on the requirements of the specific grant or loan you are applying for. These are general steps that should help you navigate the proposal preparation process.

It is important to understand that the vulnerability assessment should inform project proposals. In other words, conducting the vulnerability assessment will prepare you for developing project proposals. Over the course of this module, some of the activities may seem redundant. However, they are an essential part of developing a good, “bankable” proposal.

**Note to facilitator:** Here are the steps in developing a typical project proposal. We will explain each of these further using Integrated Flood Risk Management Project for Valenzuela that we used in previous modules, which is summarized in exercises and handouts provided to the participants, as an applied “hands-on” example. No need to go into any detailed discussions or explanations here.

| Step 1 – Brainstorm “Problem Tree” with full participation |
| Step 2 – Develop “Objectives Tree” with full participation |
| Step 3 – Describe **Strategic Context & Relevance** to other priorities |
| Step 4 – Define **PDO and Results Framework** or Logframe |
| Step 5 – Describe Project **Components, Cost & Financing Needs** |
| Step 6 – Describe **Institutional implementation arrangements** |
| Step 7 – **Risk Management, Safeguards & FM control systems.** |
Note to Facilitator: If you choose to use the Valenzuela case study, make sure the participants have the Valenzuela handout. It should have been given to them in earlier modules. Otherwise, this material can be used as an example of a project proposal.

If you are using the material that has been generated by the participants themselves, use this slide as context for a description of the Valenzuela city project proposal. If you choose to use examples that have been generated by the participant groups, after describing the Valenzuela case, ask the participants to move back into their groups and proceed with the activities described in the speaker notes using their materials rather than the Valenzuela case study material.
Note to Facilitator: This map shows flooding in Valenzuela during a recent tropical cyclone (2012). Blue shaded areas show the extent of the flooding.
The point of the “problem tree” and subsequent “objectives tree” is to clearly define the problem that you intend to address with this project. Though it might seem trivial, a common complaint from donor and lending organizations is that there is no clear, concise statement of the problem that is being addressed. In many cases, proposals jump right to the project components and intended interventions, which, without a clear statement of purpose, can seem more like a mish mash of unrelated activities, rather than a coherent program or portfolio of strategies designed to systematically address a major threat.

A “Problem Tree” provides an overview of the causes and effects to an identified problem. The idea is to help ensure that the project design considers the full context of the problem. It involves identifying the core problem, and then working together as a group to discuss the immediate and secondary causes, along with the effects. The problem tree can help stakeholders understand and visualize the complexity of the problem by identifying multiple causes. It can also help to reveal lines of intervention and other factors that may need to be tackled with complementary projects. The finished problem tree provides a starting point for defining an outline of possible solutions through the use of an “Objective Tree,” including the activities that need to be undertaken, the desired goal or outcomes of the project.
**Key guidelines for problem trees** include the following:
--They should be completed with all of the stakeholders present
--The time required varies from a couple of hours to half a day or more depending on
the complexity of the problem and the diversity of the stakeholders.
Here we’re going to go through the steps in developing a problem tree, using the
Valenzuela project as an example. It can (and probably should) be repeated or
“verified/confirmed” in subsequent meetings to ensure the robustness of the analysis
and conclusions reached.

The **first** step of the problem tree is to settle on the core problem. As noted previously,
this involves all of the stakeholders. The core problem is a simple, objective statement
of the physical process that is causing difficulties. In the case of the Valenzuela
example, there are two major problems
--Frequent flooding
--Water/sanitation deficiencies.

A key point to make here is that though we are describing this as a climate change
adaptation and resilience project, which is indicated by the problem of frequent
flooding, the related water issue has been identified as well. In the case of Valenzuela
there is a clear adaptation deficit, and by integrating it into the flooding project, the
project planners take advantage of synergies between adaptation and broader
development needs. Those are examples of **co-benefits** and of the mainstreaming
process we discussed in the last module.

The **second** step is to identify the direct causes and direct effects. What is the obvious
cause of the problem, and what are the obvious effects of the problem? In the case of
Valenzuela, there are several obvious **causes** including:
--heavy rains
--rapid urban growth in flood-prone areas
--Overtaxed infrastructure: the city is built to accommodate 300,000 but now has 2.7
million residents
--Damaged dike walls and related issues
--broken pumps
--Many people have settled in flood prone areas. This is exacerbated by a recent long
lasting drought since people have moved into areas that are historically vulnerable to
flooding
--Obstruction of natural drains by solid wastes.

**Direct effects** include
--Increased stress and vulnerability for the urban poor
--Significant damage to infrastructure, public equipment, and private property
The **third step** is to identify the **indirect** or “driving” **causes**. These are the broader scale (spatially and temporally) processes that are driving the more immediate causes. In developing your problem tree, you may add several layers of secondary causes, depending on the complexity of the issue, and how ambitious your project planning is. In the case of the Senegal project, some of the driving causes would include:

--Rural to urban migration (3% per year growth in city population)
--Deficiencies in urban planning
--No lead agency responsible for storm water management and maintenance

**Note to Facilitator:** Sometimes the trickiest part of developing a problem tree is to identify the core problem. For example, in some instances “drought” may be identified as the core problem. However, drought is a condition that creates problems; it is difficult if not impossible to address “drought” as a problem. Thus participants should be careful in identifying actionable problems, such as “water shortage”, or “insufficient drinking water”. Clearly stated core problems are a key feature of useful problem tree analysis.
Note to Facilitator: This is an example of the messy process involved in brainstorming with a group of stakeholders in trying to define what the focal problem is and what might be the primary causes. Note that the items in red, were to illustrate how the probable causes could be turned into project activities/objectives. In this particular case, the government official believed that climate change may have been the main cause of the decline in fish production. Through the brainstorming exercise, it was realized that many other causes may be contributing to the decline and a good project design would need to include solutions to some of these causes, as well as addressing climate change adaptation.

Hint: If the participants have difficulty deciding what should go in the middle of the problem tree, ask them to think about the problem which lends itself to solution. For example, there is not much the participants can do about drought. However, there may be things they can do to create a more sustainable water supply. So in this example, “water shortage” might be the issue that goes in the middle of the problem tree.
Note to Facilitator: The very messy mind-map generated by the brainstorming exercise can then be turned into something more “organized” and included in a design report, as in this example, which is a neater version of the flip-chart problem tree shown on the previous slide.
This is an example of a problem tree that was developed during the Quezon City pilot of this training series. The participant group, from the municipality of Malolos, identified flooding as their primary threat, but when it came to identifying the core problem, they choose to highlight displacement of informal settlers. The problem tree demonstrates all of the direct and indirect impacts resulting from the participants’ discussion of the problem.

Some of the indirect impacts they described include

--increasing welfare costs
--disruption of public service provision
--disruption of school/church activities
--decreased budget on other government services
--increased incidence of illness
--garbage and human waste disposal problems
--pest infestation
--loss of lives
--poor education
--increased crime rate
--disruption of livelihoods
Factors contributing to the problem included
-- Makeshift houses
-- Increased number of informal settlers living along riverbanks
-- Poor enforcement of zoning and building regulations
-- Poverty
-- Unprotected and silted rivers
-- Reclamation of rivers
-- Improper waste disposal
-- Land conversion
Most of these general points for developing a problem tree are fairly self explanatory. --The problems that are identified should be based on evidence and experience. In other words, there should be clear agreement on the problems. The core/focus problem should be identified by consensus and should be stated as an effect, impact or condition that the shared learning dialogue or other stakeholder involvement mechanism agrees is the core situation to be remedied for the health, safety, or well being of the community. --The problem tree should clearly illustrate the cause-effect link between problems and contributing factors/issues that arise from the problems so that the root causes are clear --The immediate causes suggest all the major aspects of the core problem. --Problem trees should exclude overall constraints that are not solvable. Examples include institutional corruption, population pressure, unmanaged urbanization. However, be careful with this because sometimes difficult issues can be addressed.
What is the problem that needs to be solved in Valenzuela City?

- Aggravating the flooding situation are river/channel siltation, indiscriminate dumping of solid waste into rivers, creeks and canals as well as lack of adequate pumping capacity of pumping stations to cope with increased floodwaters.

- Climate change is expected to increase sea levels, increase rainfall, and increase the power of extreme weather events.

- How will climate change affect the flooding situation in Valenzuela City? List “assets” in the city that could possibly be adversely affected by climate-induced flooding?

- Prepare a Problem Tree for Valenzuela’s flooding problem

Note to Facilitator: Work with participants to put together a problem tree, using background documents from the Valenzuela PFS. Note that many of the problems are actually beyond the power of the City itself to solve, such as upstream flooding in the two major rivers bounding the City. Nevertheless, these problems should be identified, as the City may need to appeal to the national government or neighboring cities to deal with these issues.

At this point you may choose to use the Valenzuela case study materials, or you can continue using the example generated in previous modules.

Example from Maumere training: In Maumere the participant groups continued to work on the primary threats they had identified in the previous modules. The options they had generated, along with the concept maps of exposure, sensitivity, adaptive capacity, and vulnerability, were also used to conduct this exercise.

Example from Quezon City Training

In Quezon City the participants used their own materials to develop the problem and objectives tree, but they did not begin until the facilitator described the objectives tree. Then the participants were given approximately 1.5 hours to discuss and develop a problem and objectives tree.

If you are not using the Valenzuela example for the group work, another option is to model the development of a problem tree using the Valenzuela example and input from all of the participants.
The participants can then be dismissed to their groups to work on their own problem tree.
This slide demonstrates the transformation from Problem Tree to Objective Tree. In summary, the problem tree starts with what the project team believes to be the main problem and, using a brainstorming approach, tries to find the dominant causes of the problem through cause-effect linkage.

The objectives tree basically reverses the process and tries to find a potential solution to each of the causes. From this web of potential solutions, the elements of a project design begin to emerge, where specific activities lead to anticipated results which contribute to the project objectives (which in turn contributes to broader development objectives).

In the context of preparing a proposal, you can think of the positive outcomes as Development Objectives. The desired results can be thought of as the “key outcome indicators”, and the direct causes can be thought of as “Activities and Inputs“. This is a useful way of organizing the contents of the proposal.

Remember that climate change projections may be uncertain, so consider building into your project design what are called “real options” (e.g. setting aside land now for a climate change investment later) rather than incurring a cost now which might turn out
to be “maladaptive” later (this is an example of the concept of maladaptation called “path dependency” or “locking in” unwise investments).

Also remember that the choice of discount rate can make a significant difference in the economic viability of a proposed project, especially where benefits are expected to occur at some time in the future.

The graphic in the slide is based on a model from a USAID website (http://usaidprojectstarter.org/content/problem-trees-and-objective-trees) that provides some useful information on how to develop project and objective trees in the context of development projects.
Note to Facilitator: This objectives tree corresponds to the previous problem tree example. The facilitator may want to flip back and forth between the slide so that the participants can see how the different elements have been altered to go from problem tree to objectives tree.
This slide shows a photograph of the objectives tree that was developed by the Malolos group in the Quezon City, Philippines training. In this case the core problem, displacement of informal settlers, was altered to “zero displacement”. Outcomes of this include

--balanced/managed budget funds
--improved education
-- Functional institutions and agencies
-- more job opportunities
-- more development projects
-- safe and resilient community
-- healthy community
-- improved basic social services.

Contributing factors to these outcomes included

--Strictly enforced existing laws and policies on housing and buildings
--reduced river siltation
--improved garbage and human waste disposal
--compliance of developers on storm drainage
--Waterways system in subdivisions monitored
--no informal settlers along riverbanks
--managed development
Step 2: Develop an Objectives Tree

1. Now, reverse negative statements from the problem tree into positive ones:
   - Imagine that the problem has already been solved!
   - “Reduced fisheries capture” → “sustained fisheries capture”

2. Modify the “causes” so they lead to the desired effects
   - “Habitat changed → habitat restored”
   - Thus, root causes become root solutions.
   - Now make an “objective tree” for Valenzuela

**Note to Facilitator:** The Objectives Tree is the second step after creating a Problem Tree and simply builds on the structure of the Problem Tree.

The first step is to reexamine the negative statement of the problem and change that to a positive statement. This is a participatory process, because this involves envisioning a goal that is agreeable to all stakeholders. Then each of the causes are changed so that they lead to the desired effect. By changing the causes the stakeholder participators are able to think about ways to bring the positive causes into being, and what practical steps should be taken. This will also help to prioritize actions.
This hints for developing an effective objectives tree are fairly self explanatory.

--Are the links between each statement logical and reasonable? In other words, will the achievement of one help support the attainment of another that is above it in the hierarchy?

--Is there a need to add any other positive actions and/or statements? Is more detail required?

Are the positive actions at one level sufficient to lead to the result in the level above it? Or do these need other conditions (external to the project?)
The “initial concept note” is a short description or executive summary of a potential project that is used to begin negotiations with a donor or lender. The Proposal Rationale/Justification is where you take your problem tree and objective and turn them into a narrative of the problem and proposed interventions.

Questions: This slide shows some of the questions a project description or rationale should answer from the outset. What other questions should it answer?

How long should a rationale statement be?

How do we make it short AND persuasive?

How do we ensure that it provides enough information for a potential financing source to express interest?
An additional consideration is how the proposed project fits in with
existing mandates
--other development objectives
--current or planned development programs and projects.

Remember, the best projects are those that address adaptation as part of a broader
development program and have co-benefits that help to achieve other development objectives.
In other words, you proposal should be harmonized with other development goals and should
describe how it fits in with a broader framework. Some lender/donors require an explicit
statement of how the project reinforces other goals.

Talk through these bullets one by one. They are self explanatory. Specific information from the
example of Valenzuela Flood Risk management and CCA Project is given below to contextualize
the concept. Some projects will reference national development plans, regional development
plans, climate adaptation plans and other national, regional and donor plans

1st Bullet: Valenzuela referenced climate change and climate change adaptation
2nd Bullet: Explicitly referenced its National Disaster Risk Reduction and Management Council
3rd Bullet: Mentioned Regional Disaster Risk Reduction and Management Project)
The project development objective is a short, succinct statement describing the overall goal of the project.

For a large project with multiple sub-components, the overall project objective need NOT:

-- specify HOW the project activities will lead to the intended outcome
-- specify a time period for project achievement;
-- indicate what metric will be used to assess project success.

The World Bank provides some tips for effectively stating strategic objectives, including:

-- Maintain a single focus. Multiple objectives with multiple components are challenging to manage and measure
-- Test the wording to make sure it is clear. Test the wording with various stakeholders to make sure the objective is understood and not interpreted differently by different constituents.
Activity: Have the groups develop a Project Development Objective for the sample project proposal they are developing.
Note to Facilitator: what is the primary value of a Results Framework? A results framework is an explicit statement of the results expected from a project, program, or development strategy. It can come in the form of a graphic display, matrix, or summary. The results come in the form of long-term objectives and the intermediate outcomes and outputs that preceded and lead to those desired longer-term objectives.

Can be supplemented by identifying the key behavioral assumptions for each activity. The primary value in communicating to all those involved in the project about how parts of the project are linked to outputs and outcomes. Showing activities and assumptions provides clarification to all stakeholders and makes it easier for those engaged in monitoring and evaluation to determine what parts of the project were implemented successfully.

The image is of a World Bank publication on developing results framework that might be of interest to the participants. It can be downloaded at http://siteresources.worldbank.org/EXTEVACAPDEV/Resources/designing_results_framework.pdf

A PDF of the guide book is also included in the resources pack for the participants.
A project logic framework links the goal of a project to specific outcomes. So the goal in this project might “strengthen community capacity to create local resilience activities” or “increase community resiliency by designating and implementing hazard zones for flood prone areas”

**What do we mean by resource inputs?** [funding, skills, knowledge, information].

**What do we mean by activities?** [specific steps that lead to changed knowledge, capacity, behavior, understanding, systems “resiliency”, etc. Might include training, construction of some facility that increases redundancy or modularity in the system]

**What assumptions do we make about activities?** [Implemented as designed; Reach all those for whom activity was intended; those who are responsible for implementation understand and support the intent of the activity, etc.]

**What are intended outputs?** [# and quality of disaster reduction training sessions compared to intentions; % of intended communities/groups reached; % of plans for intended infrastructure completed, etc.]

**What are intended outcomes?** [# and % of project communities effectively performing climate impact management functions by 2017; climate adaptation initiatives integrated into community plans in all project communities]

**What are intended impacts?** [Losses from coastal flooding in project communities reduced]
by ___% by 2020 from 2013 baseline}
For example, if your project aims at increasing the level of education in the city, you might develop a project proposal to fund new school construction. A simple logframe might be:

1. **Resources/Inputs**: Money, technical expertise, administrative
2. **Activities**: Planning designing, site selection, construction
4. **Outcomes**: Proportional increase in number of children educated
5. **Impact**: Broader effects. Economic growth, skilled labor force enhanced, educated citizens

You may choose to provide several examples. The key questions that are addressed in the Logframe are:

1. **What is the project going to achieve?**
2. **What activities will be carried out to achieve the outputs and goals?**
3. **What resources (inputs) are required?**
4. **What are the potential problems which could affect the success of the project?**
5. **How will the progress and ultimate success of the project be measured and verified?**

Simple example of a project logframe that focuses on effort to educate/mobilize community to waste dumping in canals and to participate in periodic canal cleaning efforts.

Sample indicators for monitoring effectiveness:

**Convene community meetings**: How many meetings were organized and in what areas of Valenzuela? What proportion of community participated?

**Mobilize communities**: What means were used to educate public? How effective were they perceived to be? How many signed pledge to avoid dumping wastes?

**Reduce waste disposal in canals/Clean canals**: How many people have participated in canal cleaning activities? How much as waste in canals been reduced? What measures have been taken to sustain efforts to clean canals? How effective are they perceived to be? What other measures [e.g. more waste disposal facilities in community] have been undertaken?

**Increase stream flow**: What impacts, if any, have canal cleaning efforts had on canal flow?

**ACTIVITY**: The participants should be in their groups. Together they will develop a simple log-frame for the sample project they are developing for either the Valenzuela case, or the case study
they have generated in previous modules.
This slide illustrates a general method for transferring the results of the objective tree analysis into a logframe for a project proposal.

The information on this slide was developed by and appears courtesy of the School of Urban and Regional Planning, University of The Philippines, Diliman.
This slide reiterates the structure of the logframe and describes some common language that is used in logframes.

The information on this slide was developed by and appears courtesy of the School of Urban and Regional Planning, University of The Philippines, Diliman.
Different organizations use different language for the various parts of the logframe, but the overall structure is similar across organizations. This table illustrates this point.

The information on this slide was developed by and appears courtesy of the School of Urban and Regional Planning, University of The Philippines, Diliman.
The next step in developing a project is to design the project components.

This slide shows the project components for the Valenzuela project. The cost of the structural components of the Valenzuela flood control project is estimated to be US$54.5 million.

**Note to Facilitator:** You can prompt a critical-thinking review of this project’s designed with questions, such as:

-- Was this project well-designed?

--In addition to structural components, the project also focused on community level activities such as organized stream cleaning. How will these efforts be sustained?

--Shouldn’t affected communities be involved in preparing flood risk maps with local gov’t and external GIS specialists?

-- And vice-versa: shouldn’t planners be working with communities once they have the base info and maps on the risk reduction or prevention CCA strategies to enhance their resilience to any disaster?

These are just some of the more obvious questions you could ask the workshop participants to prompt a discussion about how to structure projects of their own in the future.
Another major component of project proposals is the institutional arrangements for project implementation.

*Note to Facilitator:* This is not an iron-clad list for all projects, just an illustrative one of a typical project funded by an MDB, such as the World Bank or Asian Development.

1st Bullet: Borrower – This is typically a central government entity, often the Ministry of Finances or Economic Development. They are the entity ultimately responsible for conducting the project in accordance with the conditions and requirements contained in the legal and financial agreements signed between the lender and borrower. In some cases, there is more than one borrower, but it is rare.

2nd Bullet: Implementing Agency(ies) – While a central financial ministry is typically the “borrower,” the agency(ies) actually implementing the project is/are a “line ministry,” such as housing, natural resources, education, etc. They are also typically national level agencies, although that is not true in all cases, as we can see in this Valenzuela example, being implemented the Department of Public Works and Housing, the Flood Control Division, etc.
3\textsuperscript{rd} Bullet: Key Partners or Collaborators — self-explanatory. These are the other involved agencies and non-government entities that are considered “key stakeholders” or whose help and collaboration will be useful in conducting the project’s activities and eventually achieving its objectives.

4\textsuperscript{th} Bullet: Project TA provided — In many cases, specialized expertise is brought in to help with the project staff with the implementation of a project, or to comply with the lender’s requirements. It is usually long-term TA in nature, as many lenders schedule regular supervision missions to verify the progress being made and compliance with applicable project implementation requirements.

5\textsuperscript{th} Bullet: Lender — the lender’s roles and responsibilities should also be laid out clearly in its function of supervising and overseeing project implementation. Depending on the progress being made or any issues of concern that might arise during implementation, the level of supervision and oversight can change during project implementation.
This diagram approximates, but is not exactly the same as the organization of the Project Design Team shown on p. 12 of the Integrated Flood Risk Management of the City of Valenzuela, Philippines.

One of the issues identified in the development of the project is that planning for stormwater and drainage involves a number of agencies including the Flood Control Division, the Department of Public Works and Highways, Department of City and Planning and other agencies, but at the time of drafting the pre-feasibility study, the arrangements for coordinating construction and operation and maintenance activities had not been specified.
Most funders require a statement about potential problems related to implementation. Though it is impossible to anticipate everything that might come up, it is important to put some careful deliberation into potential problems.

Implementation problems may occur because of unclear agency responsibilities, lack of legal authority, inadequate resources, inadequate or incomplete project design and related governance issues. In this slide possible social impacts associated with the existing project design have been identified. This list is representative of the types of design issues that can occur.
After describing the potential issues that could arise, address contingency plans, or efforts to mitigate or decrease the likelihood or severity of these implementation problems. This slide describes how this was done in the context of the Valenzuela project.

**Activity:** An **optional** activity here is to ask the participant groups to identify implementation issues that may come up in the project they are designing. The second step is to brainstorm ways to addressing the issues.
In addition to ad-hoc analyses of potential, project-specific implementation issues, most funders have institutionalized project risk assessments that must be conducted for every proposal. There are many different types of risk, but the World Bank and other agencies require that these risks be analyzed in a structured and comprehensive manner so that appropriate mitigation measures can be devised.

After discussing some of the risks of the Valenzuela project, ask the participants what sorts of risks might be associated with a project of this nature, and what kinds of risks might be present in their home contexts?

Then ask the participants what sorts of mitigation measures might be designed to address these risks. Risks might include construction quality control, lack of agency coordination, project complexity, lack of community support, currency devaluation resulting in inability to complete some portions of the project. What else?

The term “force majeure” in this context refers to a clause in the contract that frees the parties from liability or obligation when an extraordinary event or circumstance beyond the control of the parties prevents one or both from fulfilling the obligations under the contract. These events might include war, volcanic eruptions, and other similarly unforeseeable disruptions.
Donor agencies have established social and environmental safeguards to help ensure strong protections for the world’s poorest and most vulnerable people and for the environment. The World Bank’s current policies – often called “safeguards” – were developed over the last 20 years to help identify, avoid, and minimize harms to people and the environment. These safeguards require borrowing governments to address certain environmental and social risks in order to receive Bank financing for development projects.

Examples of such requirements include conducting an environmental and social impact assessment, consulting with affected communities about potential project impacts, and restoring the livelihoods of displaced people


**Other examples:**

- The international Finance Corporation (IFC) has 7 Performance Standards. They are:
PS 1: Assessment and Management of Environmental and Social Risks and Impacts  
PS 2: Labor and Working Conditions  
PS 3: Resource Efficiency and Pollution Prevention  
PS 4: Community Health, Safety, and Security  
PS 5: Land Acquisition and Involuntary Resettlement  
PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources  
PS 7: Indigenous Peoples  
PS 8: Cultural Heritage  

➢ World Bank is developing new “Social and Environmental Standards” now. They are:
1. Assessment and Management of Environmental and Social Risks and Impacts  
2. Labor and Working Conditions  
3. Resource Efficiency and Pollution Prevention  
4. Community Health and Safety  
5. Land Acquisition, Restrictions on Land Use and Involuntary Resettlement  
6. Biodiversity Conservation and Sustainable Management of Living natural Resources  
7. Indigenous Peoples  
8. Cultural Heritage  
9. Financial Intermediaries  
10. Information Disclosure and Stakeholder Engagement  

➢ ADB has three (3) Safeguards Policies and Safeguard “elements” in several sectors.
   The three Safeguard Policies for the ADB are:
1. Environment  
2. Indigenous Peoples  
3. Involuntary Resettlement  
Funders also require certain procedures to prevent financial malfeasance. The World Bank’s policies require the borrower and/or the implementing entity to use financial management arrangements that are in compliance with the bank’s standards as part of the overall arrangements for implementing the project. This includes providing a reasonable guarantee that the bank’s funds are used for the purpose for which they are granted, and that the payments are made.

Financial management includes planning, budgeting, accounting, internal control, funds flow, financial reporting, and auditing arrangements.

Relevant World Bank policies include
--OP/BP 8.60, which contains rules for Development Policy Lending (DPL)
--OP/BP 9.00 which contains rules for Program-for-Results Financing (PforR)
--OP/BP 10.00, which contains rules for Investment Project Financing.

Graphic from the World Bank:
Note to Facilitator: The reason for separating out this section of the project preparation process is that funding agencies will take the initial project preparation documents usually prepared by consultants under project preparation technical assistance and put the proposal through a series of “screens” – technical feasibility, economic and financial due diligence, rationale for additional climate finance, environmental and social safeguards, adequate fiduciary controls of procurement and invoicing of goods and services, disbursements and accounting of project funds, etc. All of these steps (plus others not covered here) are required as part of most funding agencies’ due diligence procedures, although they vary from organization to organization.

It is not our intention to show you how to do all of these analytical review processes as that would be beyond the scope of our purpose of describing what types of review will occur to any proposal. However, it is important for project proponents to know what these screens are and how they work in order to prepare and submit better (that is, more “bankable”) CCAR project proposals with a higher probability of being approved to receive financial assistance.

In other words, this section aims to give you the funder’s perspective on your proposal.
Note to Facilitator: Other important components of project proposals address technical feasibility, financial analysis, environmental and social safeguards, fiduciary principles of financial management and procurement. These are discussed in the slides that follow.

Go through each bullet point-by-point, but without delving too deeply into any one of them since all of these project review screens are described in greater detail in subsequent slides.

1st Bullet (Step 1): Economic & Financial Analyses -- The objective of financial analysis (of commercial profitability) is to assess the net financial results of a project from the investor point of view, while the economic analysis (of “public” profitability) aims to identify and measure the net economic benefits of the project from the society point of view. The former uses market prices; the latter uses “shadow prices” to estimate what true economic prices would be if they existed for that “shared common” public good or service.

2nd Bullet (Step 2): Technical (and managerial) Feasibility -- This is self-explanatory, but basically the technical (but sometimes also having to do with the institutional coordination or administrative/logistic issues of) complexity or difficulty of getting some
stated purpose or task done in a timely and cost-effective way.

3rd Bullet (Step 3): Financial Management (FM) and Procurement Systems – These are highly technical and specialized fields of expertise and applied industry practices that will be explained later. Basically, they refer to the financial controls over how funds are collected and disbursed, how the accounting of project funds is kept track of (how the “books” are done), and how goods and services are acquired and paid for. It is all about keeping track of the money (that is, of project funds.)

4th Bullet (Step 4): Environmental & Social Safeguards – These “Safeguards” are comprised of a set of common, but not identical “concerns” about unnecessary or excessive damages done to the environment or to people and their cultural practices, history, or sacred or special places that might be caused by a given project. They vary by organization, but revolve around a similar set of concerns or policies to “cause no (unnecessary) harm.”

5th Bullet (Step 5): Project Approval, Final Negotiations & Start of Project Implementation – This is just the final set of steps that are required to make a project “effective” in terms of receiving financial and technical assistance from an MDB or donor. Once a project “passes” all the due diligence screens of the funding entity, it is then presented to that institution’s governing board for its consideration, adjustment or amendment, and approval or rejection. If it is approved with “conditions,” then these must be met and the final legal and financial agreements are negotiated between the project proponent and lender/grantee until a final agreement is reach. This normally takes 3 – 6 months, but can last for years in some unusual cases. Then, a date is set by when the project becomes “effective” and funds are transferred, staff are hired and project activities commence, data on baseline conditions should start to be collected and entered into project management information systems (MIS) as part of monitoring and evaluation (M&E), and the project “clock starts ticking” in terms of the length of the project and when certain milestones are expected to be met.
Step 1: Technical and Managerial Feasibility

- Have a range of “reasonable” alternatives been considered and rejected on the basis of sound analysis, including the option of a “no project” alternative?
- What adjustments are necessary to the usual engineering standards in order to take into account future climate risks?
- Have technical mitigation measures been identified that are sufficient to manage identified climate-related risks?
- Is there adequate local capacity to implement the project?
- Other relevant considerations or issues you can think of?

Note to Facilitator: Conduct an open discussion on the various aspects of technical feasibility that need to be considered as part of the appraisal process (as well as any additional considerations they develop). You may ask the participants to provide some examples based on the Valenzuela City case study of the information they have been developing on their own locality.

1st Bullet on Consideration of full range of “reasonable” alternatives: This is a very common practice conducted by most, if not all, donors and MDBs. The terms “reasonable” and “based on sound analysis” are of course subjective terms, but they have been defined as generally conforming to prevailing international standards or norms. The comparison of all “reasonable” alternatives must include the “no project” or “without project” option.

2nd Bullet on “adjustments” required to account for “new normal” CC threats and impacts: This bullet simply asks whether the project proponent has adequately taken into account some of the different weather patterns and impacts that might be expected (as well as the various kinds and severity of impacts based on the full range of CC scenarios for the area in which the project is proposed).
3rd Bullet on the adequacy of risk-mitigating counter-measures to expected threats and impacts: although this is usually handled as a separate analysis in most MDB project proposals now, it can be considered as an integral part of the technical and managerial feasibility analysis that a donor or lender typically uses.

4th Bullet on the adequacy of local capacity: Again, this is now typically handled as a separate analysis in most MDB or donor due diligence reviews due to its importance in the ultimate success or failure of many projects, it can be considered as part of the technical or managerial feasibility of a given project.

5th Bullet on “other considerations: Are there any other issues or concerns that you would consider appropriate or relevant to consider when assessing the technical feasibility of a project or the managerial capacity of the recipient and implementing agencies to successfully implement it? Discuss with the group.
Note to Facilitator: Once again, no need to focus on specific institution’s ESSs or on a specific ESS. They are fairly similar and are continually coalescing around more and more similarity due to donor coordination. The key is to let participants know that they exist and vary by institution, and that project proponents will need to show that they have adequate and credible safeguard systems in place to ensure their compliance with these standards.

1st Bullet: Purpose: self-explanatory

2nd Bullet: just so Facilitator can refer to three of the largest lenders’ ESSs.

- IFC has 7 Performance Standards. They are:
  - PS 1: Assessment and Management of Environmental and Social Risks and Impacts
  - PS 2: Labor and Working Conditions
  - PS 3: Resource Efficiency and Pollution Prevention
  - PS 4: Community Health, Safety, and Security
  - PS 5: Land Acquisition and Involuntary Resettlement
  - PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
World Bank is developing new “Social and Environmental Standards” now. They are:

1. Assessment and Management of Environmental and Social Risks and Impacts
2. Labor and Working Conditions
3. Resource Efficiency and Pollution Prevention
4. Community Health and Safety
5. Land Acquisition, Restrictions on Land Use and Involuntary Resettlement
6. Biodiversity Conservation and Sustainable Management of Living natural Resources
7. Indigenous Peoples
8. Cultural Heritage
9. Financial Intermediaries
10. Information Disclosure and Stakeholder Engagement

ADB has three (3) Safeguards Policies and Safeguard “elements” in several sectors. The three Safeguard Policies for the ADB are:

1. Environment
2. Indigenous Peoples
3. Involuntary Resettlement
Economic and Financial Analysis: Process of properly specifying and justifying the assumptions [concerning costs, benefits, etc.] underlying financial and economic analysis, particularly benefits with and without the projects.

Cost-benefit analysis is used to assess the desirability of a climate impact intervention by weighing the expected costs against the expected benefits. Costs might include the direct and indirect costs of constructing and maintaining a dike or the direct costs of relocating a community. Benefits, such as reduction of hazard-related losses are also computed. CBA usually involves converting benefits and costs into monetary units and then converting future streams of expected costs and benefits into a present value using a discount rate.

Cost effective analysis is used to compare two or more climate adaptation actions in terms of their relative effectiveness per unit of cost or some other measure. Relative effectiveness might involve comparing interventions in terms of the number of people or households made relatively safer from climate hazards per $1000 in direct expenditures.

Risks and Uncertainties of analysis: Optimism Bias: projected costs of proposed project are usually overly conservative and the expected long term benefits are oftentimes
overly optimistic. Analysis doesn’t always reflect possibility of cost over-runs, implementation delays, etc. **Optimism bias** can be reduced by using **sensitivity analysis** to examine how net present values, costs or other outcomes vary as individual assumptions or variables are changed. Sensitivity analysis can test the robustness of the analysis as well as allowing for optimism bias and uncertainty about future net present values.
Note to Facilitator:

1st Bullet: It is useful to distinguish between: **Structural** solutions [e.g. repaired dikes, re-built drainage canals, etc.]; and **Non-structural solutions** [e.g. community-based canal cleaning, improved waste disposal strategies, etc.].

2nd Bullet: What criteria could you or should you use to evaluate which solutions to choose? Should the criteria for structural and non-structural strategies be different? Why or why not?
Note to Facilitator: This matrix illustrates a simple way of assessing structural and non-structural solutions in terms of simple ratings for just two possible selection criteria: **Cost** and **Effectiveness**.

These might also be rated on five or ten point scales, or color-coded (e.g., green – orange – red) to reflect comparative importance or advantage.

Who would do these ratings, and how would final rankings or scores be determined/agreed upon? They could be done by experts, or they might be done by affected communities, or by both?

Solutions could also be evaluated in terms of other, more appropriate or fitting “natural units,” such as monetary amounts for costs, estimates of “% of flooding reduced”, or by “number of lives saved,” etc. They don’t all have to be in the same units, but they do need to be comparable to one another (relative).

Many of these technical issues involving ranking or scoring systems were addressed in Module 4.

### Your table might look like this

<table>
<thead>
<tr>
<th>Proposed Measure</th>
<th>Magnitude of Cost</th>
<th>Effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clean out drains before cyclone season</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Move affected communities out of low lying areas</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Raise the height of river dikes</td>
<td>High</td>
<td>Medium</td>
</tr>
<tr>
<td>Install more pumping capacity</td>
<td>Medium</td>
<td>Low</td>
</tr>
<tr>
<td>Early warning system</td>
<td>Low</td>
<td>Medium</td>
</tr>
<tr>
<td>Evacuation centers</td>
<td>Low</td>
<td>Medium</td>
</tr>
<tr>
<td>Etc.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The net financial impact of the “with project” scenario on the City will be derived by comparing it with the corresponding without project costs over the 25-30 year expected lifetime of the project assets. From this standard financial performance indicators, such as the financial internal rate of return [FIRR] and financial net present value [FNPV] will be calculated with appropriate sensitivity analysis. [Pre-Feasibility Study p. 105]

Which of the costs and benefits identified above will be most difficult to estimate?

To examine some of the costs, community surveys are proposed that would be used to estimate household impacts of 1] adverse health impacts; 2] loss of access to food and water; 3] temporary or permanent loss of dwelling space; 4] economic damage to houses, 5] repair costs; lost income due to inability to work because of floods; loss of asset value.

What does “sensitivity analysis mean? How might such analysis be conducted?

Social benefits not calculated included averted costs associated with: Health effects (premature death, injury, illnesses, water-related diseases and vector-spread diseases. Ecological disruptions and damages caused by further water and air pollution, further
land degradation caused by continued unplanned urban sprawl; **increased emissions of GHGs** due to continued reliance on private automobiles and increased traffic jams; **damage to public Infrastructure**, such as transportation, energy, and water systems as well as to private assets such as land and property damage, lost business and employment opportunities due to flooding disruptions; and **Social impacts and greater socio-economic disparities** due to lost wages and employment, days of schooling provided, disrupted access to health services, and disproportionate impacts on the poor and more vulnerable segments of the local population. These were not included because of the difficulty and uncertainty of “monetizing” such public goods, and due to “time constraints and [limited] readily available data.” (PAD, p. 69.)

5th **Bullet (Sensitivity Analysis): Importance** is due to the fact that under even more “pessimistic” assumptions of reduced benefits and/or increased costs, the project’s CBA was still above one (1).

**Ask the participants** what were the factors or inputs into the calculations that changed (answer: # of days of severe, disruptive flooding from 20 to 10 days, and 10% reduction in flood-prone areas covered by the project).

**Ask the participants** if there are any other factors they might have wanted to change to test their assumptions on the wisdom of investing money in this project (vs. other alternatives).

See [http://en.wikipedia.org/wiki/Net_present_value](http://en.wikipedia.org/wiki/Net_present_value) for fuller explanation to discount rates and the, internal rates of return (IRR), and net present value calculations (NPV), although it is written for application by firms in the private sector (vs. for public goods and services provided by public financing sources).
Fiduciary Principles and Financial Management Systems

A fiduciary is a legal or ethical relationship of trust between two or more parties. In this case, we are talking about legal relationships with specified roles, rights and obligations or commitments secured by counter signed contracts.

1st Bullet: Towns and cities are going to have to develop or have credible, transparent and accountable Financial Management (FM) systems in place to have a reasonable expectation of receiving funds from international donors or lenders. The exact definition of what ”credible, transparent and accountable” FM systems look like is fairly complex and should not be delved into too deeply here..

2nd Bullet: There are various aspects or elements of a FM system involving the handling of: (i) expenditures of project funds; (ii) the procurement of goods, works and services; and (iii) disbursement of project funds.

3rd Bullet: Most, if not all, donors or lenders will require assurances that the “books” are being kept properly according to their own policies and procedures. This can be best
achieved through the use of internal auditors or accountants, as well as through the use of external, independent auditors typically provided for and paid by the donor or lender.

4th Bullet: Many times, a donor or lender will provide some level of technical support if they assess weaknesses in the recipient’s FM controls or systems. That is not always the case, but it is in many instances and varies from case-to-case.

5th Bullet: Both recipient countries and donors/lenders are trying to do a better job of identifying and tracking CCA expenditures through special budget codes for such activities. For recipient governments, it helps them get credit for taking actions to protect their populations, land and assets to the impacts of CC while for donors and lenders, better coding and tracking of CCA activities allows them to show their level of commitment and contribution to helping developing countries adapt to the impacts of CC.
Note to Facilitator: knowing the ‘ins and outs’ of the WB’s Fiduciary Policies is not really the point here. The important point for cities and towns to know and remember is that each lender or donor is going to have their own operational policies and best practices (even if not as “formalized” as the WB’s) that they will need to comply with and stay in compliance with throughout the implementation of the project.

1st Bullet: These three WB OPs are intended to provide “reasonable assurance that the proceeds of the Bank Loan [Credit or Grant],... are used for the purposes for which they are granted...” (OP 10.00, revised 1 July 2014 and replacing OP/BP 10.02 on FM Policies, which was “archived” by the Bank and is no longer used).

2nd Bullet: fairly self-explanatory

The WB’s fiduciary principles require 1] recipient organizations to maintain sound financial management systems and arrangements to ensure funds are used for intended purposes; 2] require procurement actions to be taken on the basis of economy and efficiency; 3] organization’s programs or projects include appropriate participation and consultation...; 4] organization’s officials are subject to administrative instructions that prohibit unethical conduct, fraud and corruption. World Bank. *Fiduciary Principles Accord*. Discussion Draft. 2008.
**Note to Facilitator:** These are generic steps in the process of approving (with or without “conditions”) a proposed project and moving it into the Implementation Phase of the Project Cycle. Refer to slide #6 (Project Cycle) of this Module. One of the most difficult parts of the process is compiling all of the foregoing information into a project document, using the format specified by the funding source or donor. Multiple drafts may be needed with extensive internal and external review before submittal. However, in many instances, the donor or lending institution will provide technical assistance in the preparation of concept notes or full-blown project proposals, such as the World Bank’s ‘Preparation Advances” under its “Project Preparation Facility (PPF).”

1st Bullet: Approval and Final Negotiations with Client – fairly self-explanatory. Once the PAD in the case of the World Bank and this Senegal project, then final negotiations over any part of the project or financial assistance package occurs. This normally takes 3 – 6 months, but can drag out for months or even years in some extenuating circumstances, and culminates in the signature by the recipient and counter-signature by the lender (WB in this case).

2nd Bullet: Project Effectiveness – this is the date upon which the project can officially begin, although in actual practice, many activities may have already started or been
planned, including getting baseline data, hiring staff, and setting up project management information tracking systems like the FM or M&E systems. It usually occurs within a few weeks or months of the signature of all relevant legal and financial agreements.

3rd **Bullet: Implementation by Client, Supervision by Lender** – the client implements the project; the lender is supposed to supervise it to ensure compliance with applicable legal requirements and obligations by the client and to assist the client in any way to implement the project. There is always meant to be a clear distinction and definition of the client’s and the lender’s roles and responsibilities.

4th **Bullet: Project Restructuring and Extensions** – during implementation, funds can be shuffled around within or between various project components or activities, indicator targets can be changed, and even PDOs can be altered (although this requires Board approval for WB projects). This is called “restructuring.” Projects can also be extended in time to achieve their objectives. All these changes must be done formally with the required request made by an authorized agent of the recipient Gov’t and approval by an authorized agent for the lending institution.

5th **Bullet: Project Closure** – when a project “closes” officially, any undisbursed loan balances are cancelled meaning that the lender cannot accept any more withdrawal requests from the client, but expenditures that have been previously authorized can still be made during a 4-month grace period. Finally, within six (6) months of closing, the World Bank (not true for all lenders) conducts a self-evaluation of the performance of the project in accordance with its established format for Implementation Completion Reports (ICRs), which is then “validated” by the Independent Evaluation Group of the World Bank. This process varies by institution, but the World Bank is commonly seen as having the “gold standard” in terms of fully implementing the Project Cycle as designed.
Next steps in the analysis?

- What are the next steps that the project preparation team should undertake, now that the project concept is clearer?

- What is the right time sequence and how long would each step take? Can some be done in parallel or sequentially?

- What expertise would be needed to conduct the analysis – technical, economic, social, institutional, environmental?

- Are these experts likely to be available locally in your community, in your country, or only internationally?

**Note to Facilitator:** Responding to this slide may be at facilitator’s option depending on available time. *Internal Note: By the time this training program is implemented, additional information will be available from the PFS team, so we may be able to add further slides.]  
### Some Key Questions

- How does a CCAR project differ from a “normal” business-as-usual (BAU) development project?

- Does it make sense for a city to attempt to control flooding when the sources of flooding may be outside its boundaries?

- While flooding does not discriminate between vulnerable assets does it make sense to give priority to protection of certain people, places, or things (assets) in the City?

- How would you go about identifying potential funding for this type of project?

**Note to Facilitator:** Make this an open-ended discussion that could include other questions raised by the participants themselves.
The purpose of this section is to provide some insight into “best practices” for preparing proposals.
Based on experience from a wide range of projects prepared for CCAR, the following key lessons have been learned:

1st Bullet: VA refers to the Vulnerability Assessment that was the topic of Modules 3 & 4.

2nd Bullet: There are many “key stakeholders” who need to be involved in the project preparation process, including: local elected officials and government institutions, leaders from communities, faith-based organizations and schools, influential sectors of the private section and business community, public opinion-shapers in various forms of the communications media, and interested NGOs, CSOs, and academic/research institutions. This requires a lot of skill in coordinating inputs from all these stakeholders, managing the inherent tensions and rigid ideologically or politically motivated oppositional stances or agendas among different groups or individuals, and facilitating consensus-building Shared Learning Dialogues as an “honest broker” in discussions about climate change threats and solutions.

3rd Bullet: Balancing the inputs of “outside experts” with local traditional knowledge or commonly-held views or beliefs has been one of the tougher challenges faced by many
projects. However, by allowing the time and “space” to hear different perspectives and evidence bearing on different aspects of the challenges posed by climate change can go a long way toward building greater credibility for both the process and the final decisions emanating from it, as well as build greater acceptance and “buy-in” by local government and business leaders, community groups and NGOs, the media, and other key stakeholders and public opinion shapers.

4th Bullet: Team leaders of any CCAR initiative will need to be focused on their objective, persistent in overcoming many expected and unexpected sources of opposition or inertia, and yet flexible in dealing with stubbornly held beliefs and views among some, if not most, of the key stakeholders. The need to possess these qualities so that the resulting project proposal is focused and coherent on the main problem(s) with pragmatic CCAR interventions proposed to address them, responsive to the community’s, nation’s, and CF funding entity’s own priorities and needs, and well-designed to achieve its intended outcome or objective.

Part of this material was drawn from a USAID publication - *Compendium of Lessons Learned from ARCC Climate Change Vulnerability Assessments* (Wood, 2015). A PDF of this document can be downloaded from http://community.eldis.org/.5b9bfce3/Integrated%20ARCC%20Compendium_CLEARED.pdf. A softcopy is also included in the resources packet provided to participants at the end of training.
1st Bullet: The importance of “effective and meaningful” communication (vs. merely one-way communication of making announcements or informing the public about decisions already made) cannot be overstated. Many CCAR efforts fall short of expectations and goals due to a failure to communicate effectively with all groups involved in a meaningful way, not just paying “lip service” to communication when what in fact is occurring is simply one-way “informative” public hearings or announcements instead of two-way exchanges of ideas, concerns and preferences in a Shared Learning Dialogue type of genuine communication.

2nd Bullet: Communicating about the uncertainties surrounding projections of future impacts is problematic, and one of the reasons for the emphasis placed on building “resilience” to any impact (expected or not) vs. the “predict and protect” approach commonly taken. That said, there is still a need to try to focus on the threats perceived to be the most serious and to develop CCAR strategies and responses to them. Thus, sources and degrees of uncertainty must always be communicated since none of these expected impacts are known with certitude. There may also be legitimate reasons for resistance to investing in interventions in response to uncertain events, when more pressing (and certain) needs are present. This is the whole argument behind “low regrets” CCAR interventions, that is, those interventions that are still warranted even if
the anticipated CC impacts do not materialize as expected.

3rd Bullet: self-explanatory. Institutional strengthening components or activities should almost always be included in project designs.

4th Bullet: One of the things that makes climate change different from BAU development is that future conditions and impacts cannot be accurately depicted and prepared for based on past experience and climatic conditions. This tendency to plan for the future based on the past is known as “stationarity,” and is commonly known in a colloquial sense as making the mistake of “preparing to fight the last war, instead of the next one.” That is why it is so important to down-scale future climatic projections and their expected consequences for the area in which the proposed project is being prepared. This will oftentimes require outside expertise and assistance.

Part of this was drawn from a USAID publication - *Compendium of Lessons Learned from ARCC Climate Change Vulnerability Assessments* (Wood, 2014).
1st Bullet: As mentioned earlier in this initial section of this module (Milestones in the Proposal Preparation and Appraisal Process (Project Cycle), preparing and submitting an Initial Concept Paper at the beginning of the project proposal process is one of the first major “Milestones.” Many, if not most, of the principal CF funding sources (like the World Bank or the GEF) work closely with “clients” to develop the scope and orientation of projects from the very beginning. Thus, it is a practical and prudent practice to communicate early on in the process with them to help orient the development and direction of the concept note.

2nd Bullet: We touched upon the issues of “additionality” earlier in Step 3 of Part 1 of this Module. It refers to the extra costs and benefits associated with additional requirements imposed on a project design due to changing climatic conditions. Refer to that slide again for additional information, if needed.

3rd Bullet: This refers to building codes, engineering standards, and other benchmarks.
that go into infrastructure and other physical development projects. If these design standards don’t take into consideration the impacts of climate change, the design standards should be reviewed and updated.

4th Bullet: From project experience, it has been found that there is a “balancing act” required in project design between the flexibility required to respond to unexpected or changing conditions or circumstances “on the ground” with the need for a clear definition and description of the problem and the proposed solutions. This is partly due to the uncertainties surrounding downscaling global or even regional climate forecasting models to the local level. Simply put, we just don’t know what the exact timing, location, severity and even type of impacts that will be experienced in the future in most cases. It is all “estimation.” This is why “no or low regret” CCAR strategies or interventions, “real option” approaches of building in future contingencies in near-term decisions or actions, and adaptive resilience approaches to preparing for, enduring, and recovering from climate-induced disasters and “slow-onset” impacts is so important to keep in mind when designing CCAR projects.

Part of this material was drawn from a USAID publication - *Compendium of Lessons Learned from ARCC Climate Change Vulnerability Assessments* (Wood, 2014). Additional lessons are drawn from the USAID Adapt Asia-Pacific project.
Looking Forward to Module 7: Accessing CF Funds

• In this Module, we have covered the key aspects of project preparation and appraisal process, but the best way to learn how to do CCAR is by doing it in your own town or city.

• Some of the tools, tips, and lessons learned here will help you when you begin preparing CCAR projects for your city.

• As indicated at the outset, the scope of a CCAR project is strongly influenced by the source and amount of CF funds available. Thus, we will now turn our attention to flows, sources, and different instruments of CF in Module 7.

Note to Facilitator: self-explanatory. No facilitator notes required.
This says “Goodbye” in Tagalog.

Image from http://www.wattpad.com/11553083-paalam