

CRIDF 



Concept Note Guide: Useful Steps & Tools for Livelihood Portfolios & Projects

Enhancing basin-wide livelihoods

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Contents

1	Objective of the Guide	3
2	Translating ideas into bankable concepts	4
2.1	Process Flow	4
2.2	Key Considerations	8
3	Core Concept Note Components	9
4	Useful Tools and Resources	13

1 Objective of the Guide

Extensive engagement with river basin organisations, government entities and financiers has indicated a consistent and clear demand for support regarding the development of 'inclusive water infrastructure' at scale - that is, climate resilient livelihood projects that directly address the localised challenges faced by vulnerable populations within a basin. However, when viewed in isolation, these relatively small-scale interventions are not bankable or attractive investments. That means that individual livelihoods projects are often not viable because they are unable to leverage the linkages between infrastructure (hard and green), ecosystems, water-food-energy nexus value chain opportunities, and other cumulative impacts of infrastructure provision. Developing and financing such interventions has therefore proved very difficult.

Collectively, *portfolios* of these small-scale projects have greater bankability potential given they not only tackle issues of poverty, inclusion and resilience in a river basin, but importantly, act as an enabler for broader nexus infrastructure development - thus creating impact at both national and basin-wide scale.

Once identified, a critical step toward mobilising finance for these portfolios is the development of compelling concept notes designed to meet donors' interests and their funding envelopes.

This guide serves to introduce the overarching process of developing a concept note. It outlines key considerations, the role of regional and national entities, the type and depth of information typically required at concept stage, and useful CRIDF tools to support project identification and preparation processes.

2 Translating ideas into bankable concepts

2.1 Process Flow

The frustrations of turning project ideas into bankable concept notes has been at the forefront of project development. The African Development Bank estimates that the infrastructure funding gap is anywhere from \$130 billion to \$170 billion a year. The ability to turn a project idea into a bankable concept note, thereby leveraging finance to develop the project idea into a full blown proposal, is critical to closing the infrastructure funding gap.

Project preparation and bankable concept note development are not, however, tasks relegated solely to infrastructure development. The process to developing livelihoods concept notes is equally critical, if not more so, to successful project implementation. The process flow figure below (Figure 1) provides an overview into the ideal design process to developing a bankable concept note.

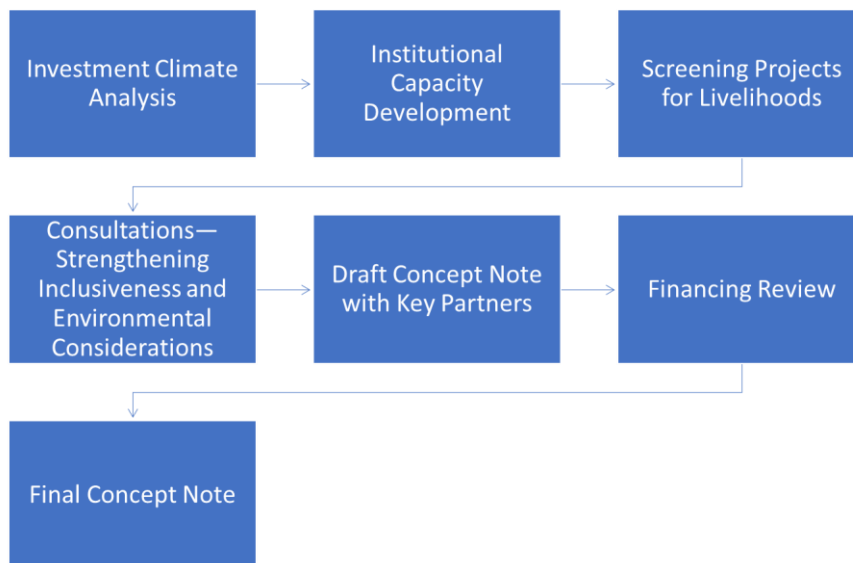


Figure 1: Process Flow for Concept Note Design

Step 1: Investment Climate Analysis

A catchment restoration project in Zambia, for example, may not have access to the same financing sources as a livelihood project targeting riparian fishery communities in Malawi. Understanding the flow of funding sources into the country, and even more so into the sector that one is trying to finance, enables project development teams to appreciate the enabling environment and financiers that their projects will eventually target.

The Investment Climate Analysis should also begin to ask some of the ‘why’ questions around project development. Why has finance to livelihood projects been historically difficult in the country? Why have projects not been able to unlock project funding? Why does an institution have a difficult time in accessing finance from a certain donor? When project development teams are able to respond to some of these ‘why’ questions, the projects that they design and the way in which they are designed will ultimately provide projects that are more responsive to the needs of the sector, as well as better tailored projects to a financier’s conditions.

Step 2: Institutional Capacity Development

A project is only as strong as the team that will implement it. Capacity development is never a once off training; moreover, the fatigue of attending a training for the tautological purpose of having a training is a real phenomenon in public sector institutions throughout the region. Capacity development trainings with a tangible project in mind, or those that work towards how to develop bankable projects can be useful. Project development teams have expressed interest in trainings that look at, amongst others: how to structure livelihoods projects (both from a design and financing process), how to build a concept note that is catered to specific funding organisations, how to identify projects (in this case, livelihood specific projects), and how to embed project preparation capacity into ministries, as opposed to contracting the work out.

Step 3: Screening Projects for Livelihoods

The identification of a project should ideally come once project development teams have a sound understanding of the sector and have received trainings on how to identify gaps in both the project landscape and in the funding environment. Project teams can identify projects from multiple sources: national/regional sector plans and strategies that may have livelihoods components to them; individual ministries presenting project lists; local level project planners providing project concepts, etc. The screening process may need to involve broad consultations in order to provide a long project list for further ground-truthing / local stakeholder engagement. Project ideas must be validated by relevant stakeholders and should ideally be developed in conjunction with a project champion. Project champions are critical to the sustainability and viability of the project, as they are often the ones who will continue to advocate for the project, and accompany the project through its development.

If there is a broad consultation process that seeks to identify one or several concepts, stakeholders may want to build a criteria for evaluation. Evaluation criteria may be designed to align with financing sources (like the Green Climate Fund, GEF, World Bank, GIZ, SIDA, etc) and should help ascertain the ultimate resilience of a project, rather than speak purely to the project developers’ interests. Evaluation criteria can help to mitigate any institutional discord that may arise should there be multiple institutions involved in the livelihoods’ development process.

Step 4: Consultations—Strengthening Inclusiveness and Environmental Considerations

Livelihoods projects, by definition, should be inclusive, have a strong environmental component, and target critical localised challenges that drive vulnerability. Where other infrastructure projects may need to emphasise a gender component or conduct an Environmental Impact Assessment, a livelihood project may not inherently need to do these tasks as they are already embedded in the project design. The consultation process, however, should serve as a way to validate that the project submitted is indeed owned and championed by local stakeholders, and has taken into account issues of social equity, vulnerability, and inclusiveness.

Step 5: Draft Concept Development with Key Partners

Once the project has been selected, the project development team can begin the compilation of the Concept Note. Concept Notes can take on many forms, particularly if they are being designed for a particular donor, but they, broadly, have four key parts to them:

- **Context:** A context provides the strategic framework and rationale for the project. In providing a context for the project, project developers may detail why the project is fulfilling a need and how the project pertains to any sectoral issues, how the project feeds into existing frameworks, plans, policies, and broad sectoral goals and objectives, amongst other details.
- **Project Description:** Even though the concept may be at an early stage, it is critical for the reader to have a sense of the of the project objectives, high-level strategy, technical requirements, components and activities, intended outcomes, gender and inclusivity considerations, any risks, amongst other details.
- **Implementation Arrangements:** This section provides the reader with a sense of how the project may function in the future. It provides the reader with a sense of who are the players involved in the project, as well as what their functions with respect to the project may be. These functions should be aligned with the institutional mandates of each organisation involved. This section may also speak to the legal and regulatory environment in which the project resides, as well as the monitoring structures that will accompany the project to ensure its success. Finally, the project's implementation arrangements will need be aligned to the funding source; does, for example, the funding source prohibit lending to a private sector institution or does the funding source require a trust fund to be set up? These legal and financial considerations dictated by the funder will help guide the implementation arrangements.
- **Supporting Evidence:** Lastly, this component can function as an annex to the Concept Note, and will be highly dependent based on both the typology of the project, as well as the stage of the project's development. This section may include relevant pre-feasibility studies, stakeholder mapping, financial, social and environmental assessments, vulnerability assessments, as well as other supporting documentation.

Step 6: Financing Review

The Concept Note may have been designed with a specific funder in mind. Should that funder not commit to financing, or should the project development team wish to cast their net a bit more widely, a project financing review can help showcase what funding sources are available to the project based on the sector and implementation arrangements. A financing review may examine multiple funding sources based on their: applicability to the sector (natural resources focus, climate resilience, fisheries, etc); the type of finance offered (grant, loan, equity, etc); how much funding the source can provide (upper and lower limit); beneficiary type (PPP, public, private); and at what stage of the project the funding is suitable (project preparation funding, implementation, etc). Once the financing review assessment is complete, the alignment between a project concept and a suitable donor is an incredibly iterative one. As seen in the figure below, the process to get to an agreed upon funding source may require multiple attempts. At each stage, the project development team must look at the four key components of the Concept Note, specified in Step 5, and see how the concept aligns with potential funding sources. The project development team may be required to adjust the concept note to the conditionalities of the donor should they wish to seek funding from that entity, or they may wish to continue the search in funding other offers of finance. This process requires effective communication between the project development team and financiers, which is why the Capacity Development mentioned in Step 2 is so critical to the success of the project.

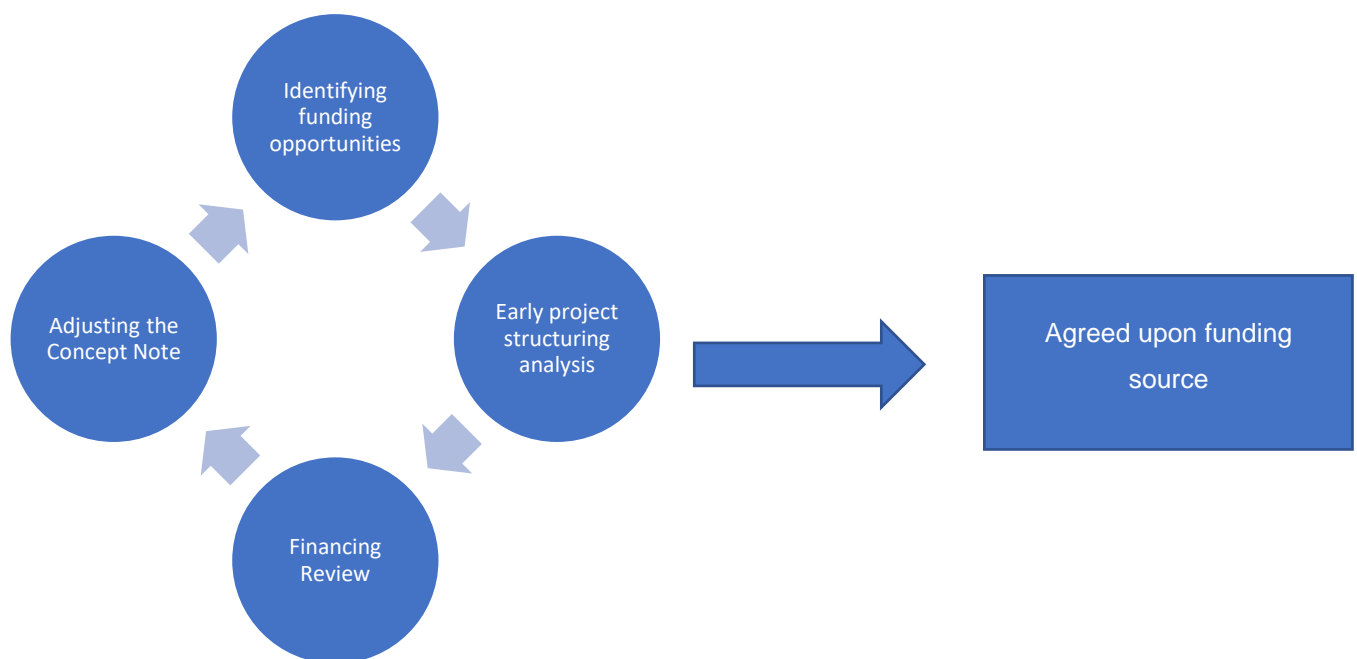


Figure 2: Aligning the Concept Note and Funding Source

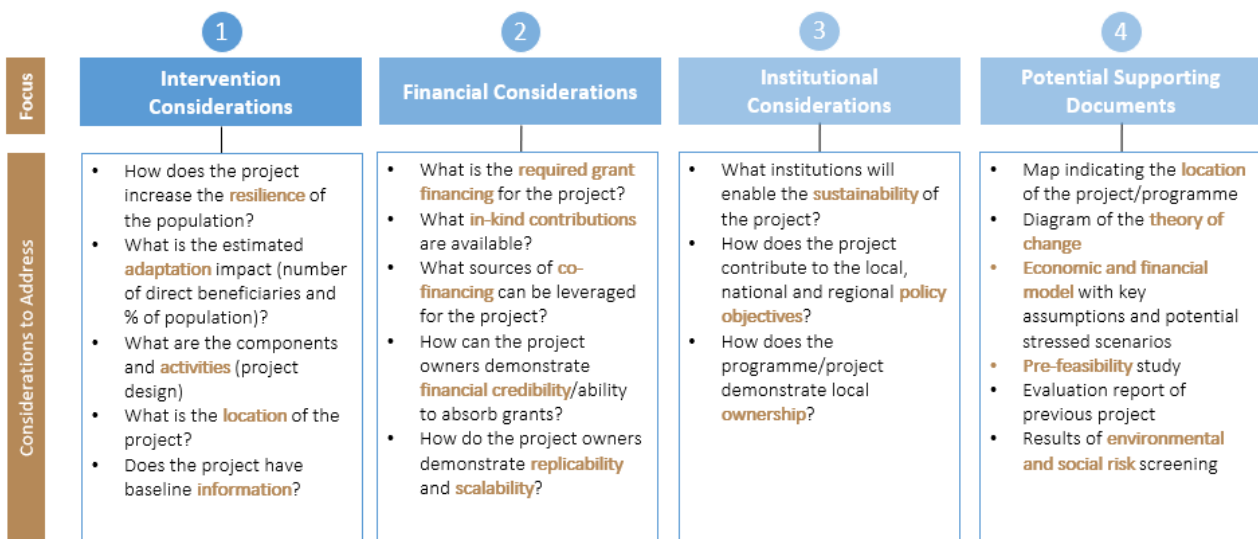
Step 7: Final Concept Note

The final step of the project is to take the revised concept through to project preparation facilities or designated funders. The Concept Note is a project's opportunity to signal to donors that the project is viable and worthy

of investment. The rigor that goes into a note of this nature helps build donor confidence in the project champions and demonstrate that there is a future for the project.

2.2 Key Considerations

Step 5, Drafting the Concept Note, can often be daunting for project development teams. Teams may have less experience drafting or a project may be difficult to iterate, and planners may not know where to begin. The considerations below may help begin teams structure their conversations and provide useful questions for interrogation. This process does not need to be done alone; whether through CRIDF or other support organisations, there are ample resources dedicated to helping project development teams produce robust and bankable projects.



3 Core Concept Note Components

Every concept note may look different depending on the type of intervention, the implementation arrangements, and the funding source. Though the form may differ, the quality should not. Concept notes that are well thought through and properly designed help showcase to donors that they should have confidence in the idea and in those who conceived it. In Section 2.1, a high-level overview of what goes into a Concept Note has been provided. Below, the GCF Concept Note guide has been used as a framework for elements of a concept note. The GCF Concept Note framework is incredibly comprehensive and all sections of it may not be relevant to a livelihoods project. Still, beginning from a basis of intense rigour helps to ensure that all project components have been accounted for. Sections may include:

1. Project Summary

This section is a snapshot into what the project entails. Here, the project development team may detail:

- Organisations involved with the project;
- Results areas associated with the project (if the project has been tailored to a specific financier);
- Expected outcomes and impact of the project;
- Total project cost (including what part is being requested and what part has received co-financing); and
- Estimated timeframes for the project.

2. Project Information

This section provides the reader with as much information on the project as is possible. It may include:

- Context and baseline;
- Project description (including objectives);
- Expected project results aligned to the identified donor's requirements (the GCF requires planners to speak to impact potential, paradigm shift potential, and sustainable development potential. These are all useful concepts for exploration even if the donor is not the GCF);
- Needs of the recipient (i.e. how does the project respond to the vulnerability of the beneficiary group);
- Ownership (i.e. how do the project champions demonstrate that the project has local or national ownership, how is the project aligned with existing policies, plans and objectives, etc); and
- Efficiency and effectiveness (a livelihoods project may struggle to demonstrate financial viability, but it will need to demonstrate some kind of value for money or ways in which it showcases application of best practices and innovation).

3. Indicative Financing/Cost Information

In this section, it will be useful to provide a costing for each of the project's components and activities that have been outlined in Section 2. Here, the project development team will need to demonstrate why they should receive financing and justify their ask. Many donors also request that projects demonstrate their sustainability and replicability in this section.

4. **Supporting Documents**

Lastly, as outlined in Section 2, the Concept Note will need to provide supporting documentation. This may look different depending on the donor's requirements and what type of project it is. Some provisional suggestions include:

- Mapping of the project's location;
- Theory of change;
- Pre-feasibility studies;
- Environmental and social risk screening;
- Associated financial models; and
- Reports from previous iterations of the project or other supporting evidence.

The table below looks at give different concept notes and projects examples as to what their required structure is.



Table 1: Examples of Concept Note Components

AusAID	GEF	ADB	Lake Chad Basin Commission e.g.	NEPAD
Analysis <ul style="list-style-type: none"> Background & Context Stakeholder Involvement Potential Policy Issues 	Project ‘Drivenness’ Links to regional/national priorities, plans and strategies	The Project <ul style="list-style-type: none"> Rationale Impact, Outcomes, Outputs Investment & Financing Plans Indicative Implementation Arrangements 	Project Information High level summary	Defining the Problem Statement State the primary project objective within the context (history, cause of problem, scope for change)
Activity Description <ul style="list-style-type: none"> Objectives & outcomes Mode of delivery Partners, stakeholders and government entities 	Context, Rationale & Objectives <ul style="list-style-type: none"> Contextualize the issue(s) the project seeks to address Baseline scenario (what threats exist is no intervention occurs) Objective of project & alignment with donor mandate 	Technical Assistance <ul style="list-style-type: none"> Outline funding and expertise required for project preparation TA (PPTA) PPTA includes: technical, economic, governance, climate & environment, poverty, gender, social and safeguard assessments 	Project Justification <ul style="list-style-type: none"> Context (geographic, environmental, climatic, economic, social) Key stakeholders Alignment with wider basin initiatives 	Alignment with NEPAD Agency mandate and strategic scope State how the project fits within NEPAD’s broader suite of work and related targets in the region
Design, implementation and resourcing <ul style="list-style-type: none"> Design process Funding Coordination Timeframe Risk Management M&E 	Expected Activities & Outcomes Describe how activities contribute to achieving key outcomes in line with overarching objective	Processing Plan <ul style="list-style-type: none"> Risk Categorization Resource Requirements PPTA Schedule of actions 	Institutional Arrangements & Project Management <ul style="list-style-type: none"> Roles & resp. Governance Financial & Tech arrangements 	Alignment with NEPAD Agency mandate and strategic scope Explore how the project contributes to regional/transboundary goals





AusAID	GEF	ADB	Lake Chad Basin Commission e.g.	NEPAD
	Sustainability & Replicability Potential Cover financial, social & environmental considerations	Annexures <ul style="list-style-type: none"> • Basic Project Information • M&E Framework • Poverty & Social Analysis • Detailed PPTA Scope 	Risks & Mitigating Measures	Defining the Project/Programme Idea Describe expected impacts, outcomes and outputs
	Project Proponent & other key stakeholders <ul style="list-style-type: none"> • Proponent mandate & ability to implement & manage funds • Broader stakeholder mapping 		Implementation Plan <ul style="list-style-type: none"> • Phases & activities • Timeline 	Leveraging strategic partnerships Develop criteria to identify project partners (technical and financial)
	Financing Plan for Full Project Consider funding per stage, co-financing options etc.		Budget	Additional Project design considerations <ul style="list-style-type: none"> • Stakeholder analysis & engagement plan • Project cost & financing plan
			M&E Framework	Strategic alignment across national, regional and continental efforts and interests What are the anticipated Project roles for public sector authorities



4 Useful Tools and Resources


This section provides an overview of useful tools and resources that CRIDF has developed, adopted and applied during project preparation processes – spanning upstream strategic/basin-wide planning through to detailed design.

Programme/Project Stage	Description of Tool / Approach
<p>Upstream strategic / basin-wide planning</p>	 <p>Basin-wide Livelihood Vulnerability Hotspot Mapping Methodology</p> <p>The Livelihood Vulnerability Hotspot Mapping Methodology adopts a two-pronged approach to identifying vulnerable areas within a river basin, drawing on spatial data and literature as well as basin-wide stakeholder knowledge. These vulnerable areas, termed ‘hotspots’, are defined as geographical areas exposed to, or at risk of exposure to, hazards (both natural and man-made) where compounding socio-economic, environmental, political and / or climatic challenges affect the ability of communities to adapt or respond to such hazards. Collectively, the desk-based and stakeholder-driven analyses inform the identification of targeted responses that address critical livelihood challenges in specific hotspots.</p>
	 <p>DfID’s Sustainable Livelihood Framework</p> <p>The hotspot mapping process described above relies on the identification, collection and collation of spatial data layers for all river basin riparian states, relying on freely available online spatial data sources and through obtaining data from data holders and custodians in and related to the basin. Data that is applied in quantitative hotspot identification studies can be subdivided into Social Capital, Human Capital, Natural Capital, Financial Capital and Physical Capital (DFID, 2000). Together, these assets can be considered determinants of ‘Livelihoods Capital’ – based on DfID’s Sustainable Livelihoods Framework, which recognises that people require access to a range of these</p>

Programme/Project Stage	Description of Tool / Approach
	<p>assets to build adaptive capacity and achieve positive livelihoods outcomes. The Framework aids in identifying pressing constraints within a dynamic system, and encourages practitioners, decision-makers and local communities to identify the benefits, risks and trade-offs of various development options to overcome these constraints. The Framework also provides a particularly useful lens from a river basin perspective; it recognises the need to align macro (policy and governance issues at a transboundary and national level) and micro (local level) decision-making to achieve sustainable development (GLOPP, 2008).</p> <div data-bbox="638 614 817 694"> </div> <p>Climate Resilient Development Pathways (CRDP) approach supports basin-wide planning processes by understanding the potential impacts of climate change (under various future climate scenarios) on types and groups of projects under early consideration in the Basin. This enables decision-makers to better mainstream resilience into future infrastructure planning, by developing policies and plans in the context of high-quality data and analysis.</p>
<p>Eligibility</p>	<div data-bbox="638 877 716 965"> </div> <p>Screen 1 (Eligibility) is an excel based tool that acts as a ‘first-check’ regarding the degree to which a project aligns with CRIDF’s core mandate areas. It provides a means of systematically documenting and assessing the suitability for progression of a project through the stages of preparation.</p> <div data-bbox="638 1045 728 1117"> </div> <p>Vulnerability Mapping Tool GIS-based tool that provides a high-level snapshot of the region’s vulnerability to climate change through a set of key indicators. This tool is used at a preliminary, project eligibility screening stage by CRIDF’s infrastructure projects team.</p> <div data-bbox="638 1204 728 1284"> </div> <p>The Multidimensional Poverty Index developed by the University of Oxford is an easily accessible resource providing national data on the three dimensions of poverty (health, education, living standard) to determine – at a high-level - the suitability of a project in terms of CRIDF’s <i>pro-poor</i> mandate area.</p>

Programme/Project Stage	Description of Tool / Approach
Pre-feasibility and Feasibility	 <p>Screen 2 (Pre-feasibility/Feasibility) is a more detailed excel tool (compared with Screen 1), covering all technical design, economic, financial social, environmental, climate, and project management aspects of a project. It provides a means of systematically documenting and assessing the suitability for progression of a project through the stages of preparation. The outputs/findings from other tools developed during prefeasibility and feasibility provide input into Screen 2.</p>
	 <p>The Gender Equality and Social Inclusion Toolkit for Project Preparation provides sociologists working on water infrastructure projects in SADC with guidelines, approaches and tools to identify, incorporate and address gender equality considerations. It comprises key tools and information to enable practitioners to conduct a robust gender and social inclusion analysis leading up to, during and after field work, to inform pre-feasibility and feasibility design processes.</p>
	 <p>The Risk and Vulnerability Assessment Tool (RVAT) is an excel-based tool that allows for detailed, stakeholder-led scoping of vulnerability and risks at the project site level, and for potential identification of options or interventions to reduce vulnerability. This tool may also be used at the start of the scoping/pre-feasibility stage, since the tool generates a potential range of alternate options that would be investigated by climate change specialists during the pre-feasibility stage assessments</p>
	 <p>The Climate Change Risk Assessment (CCRA) Tool supports a climate specialist in undertaking a Climate Change Risk Assessments of the project at feasibility stage. The tool comprises a CCRA protocol (guidance document), a comprehensive risk matrix and a resilience benefits matrix.</p>

Programme/Project Stage	Description of Tool / Approach
	 <p>The Financial and Economic Appraisal (FEA) Guidelines ensure that the parallel analyses of the social, gender and broader economic aspects, as well as climate resilience assessments within project preparation, influence the ultimate design of the water infrastructure intervention. Ultimately, the FEA should:</p> <ul style="list-style-type: none"> • Inform technical options and design in line with project objectives • Influence how stakeholders understand and assign (non-market) values to water resources and water infrastructure • Allow an understanding of the financial viability and sustainability of the project • Align/structure stakeholder incentives/priorities and • Attract corresponding funding and finance to projects. <p>The FEA guidelines detail the methodology that should be followed at each stage of the project preparation process. At pre-feasibility stage the FEA guidelines detail how the Outline Business Case should be prepared for the high-level and preliminary financial and economic considerations to be integrated into the project. At Feasibility stage, the document provides guidance on Cost-Benefit-Analysis data requirements, analytical methods and modelling.</p>
<p>Overarching guidance</p> <p>thematic</p>	 <p>The Social Assessment Guide provides an overview of key steps, tools and approaches to be carried out as part of social assessments throughout the project preparation process.</p> <p>This includes guidance on:</p> <ul style="list-style-type: none"> • Survey and collection of the socio-economic baseline data on the project area • Determination of realistic population size and demographics (disaggregated into sex and age), • Application of the Progress out of Poverty Index (PPI) (the PPI consists of ten closed ended questions, some of which can be answered through observation, and some will need engagement with respondents) • Application of the GESI Toolkit (described above) • Conducting a disability analysis

Programme/Project Stage	Description of Tool / Approach
	 <p>The Environmental Assessment Guide provides a step-by-step process for carrying out environmental assessments at all stages of project implementation as well as a checklist of important issues to be considered. The aim of the guide is to ensure that the projects meet the environmental laws and regulations of the respective countries in which CRIDF operates. Thus, this guide takes consideration of the differences in the environmental laws and assessment procedures relating to these southern African countries. Reference is also made to best practice approaches as well as standards set by the International Associations for Impact Assessment (http://www.iaia.org) to ensure that the environmental assessments are compliant with internationally accepted practices.</p>