



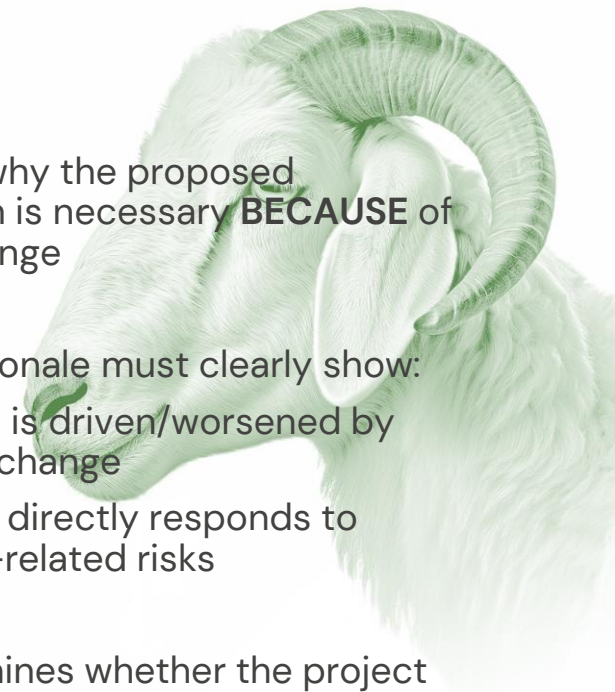
Step 5: Development of Strong Climate Rationale

Explaining why the proposed intervention is necessary **BECAUSE** of climate change

Climate rationale must clearly show:

- Problem is driven/worsened by climate change
- Solution directly responds to climate-related risks

This determines whether the project qualifies as climate finance





Step 4: Socio-economic Analysis

Before moving to Step 5, check:

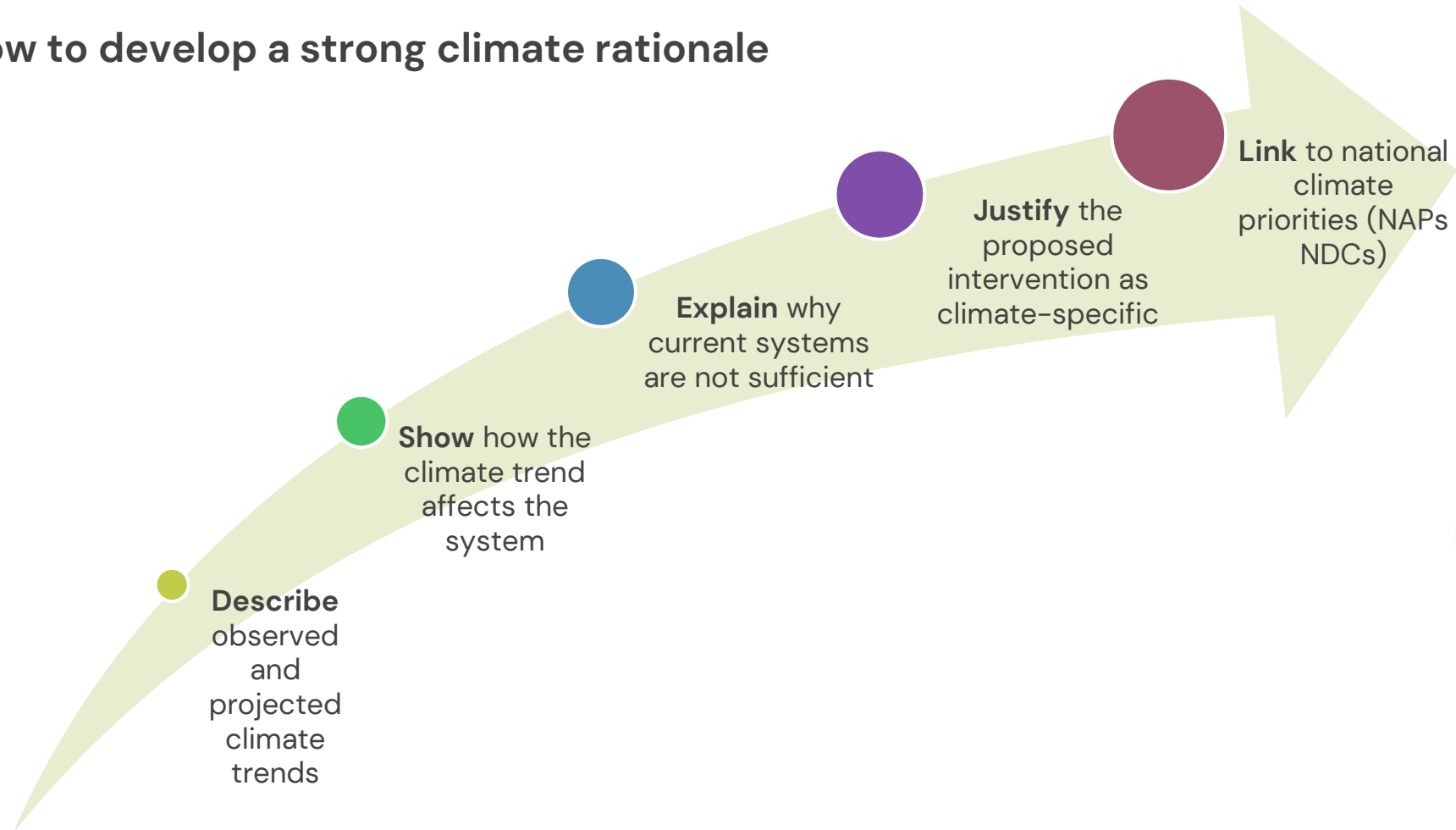
- ✓ Are the social and livelihood impacts of the climate problem clearly explained?
- ✓ Is the economic cost of the climate problem (The "Without Project" scenario) clearly stated?
- ✓ Are beneficiaries accurately segmented (Livelihood-oriented vs. Business-oriented) and quantified (Direct vs. Indirect)?
- ✓ Is a clear, common-sense investment logic established (e.g., avoided losses, eliminated recurring costs)?
- ✓ Does the proposal distinguish between Financial Viability (private profitability) and Economic Viability (social/environmental value)?
- ✓ Has the economic model been stress-tested for uncertainty (Sensitivity Analysis)?





Step 5: Development of Strong Climate Rationale

How to develop a strong climate rationale





Step 5: Development of Strong Climate Rationale

Why this matters for Bankability

- Determines whether the project qualifies for climate finance
- Differentiates the proposal from standard development projects
- Shows clear climate impact potential
- Strengthens alignment with fund criteria





Step 5: Development of Strong Climate Rationale

Before moving to Step 6, check:

- ✓ Is the climate trend clearly explained?
- ✓ Is the climate trend (both historical and projected) clearly and quantitatively explained?
- ✓ Is the direct link between the climate hazard and the livestock problem obvious?
- ✓ Is the proposed intervention clearly framed as a climate-specific response?
- ✓ Have future climate risks and scenarios been considered?
- ✓ Is there alignment with national climate priorities?

