



GREEN
CLIMATE
FUND

Project Preparation Facility Guidelines

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I. Introduction

1. At its thirteenth meeting, the Green Climate Fund (GCF) Board decided on the operational modalities of the Project Preparation Facility (PPF)¹ to support project and programme preparation requests from all accredited entities, especially direct access entities and micro-to-small size category projects.² This document aims to elaborate information on the PPF including the process, funding and scope of activities that could be supported through the PPF.

2. An amount of USD 40 million has been made available for the implementation of the initial phase of the PPF. All accredited entities can request support from the PPF and each request will be subject to a cap of USD 1.5 million. Support for Project Preparation Facility requests will be provided through the form of grants and repayable grants while equity may be considered for private sector projects.

II. Process

3. Accredited entities (AEs) can submit an application providing due justification of their need for project preparation funding with information on the underlying project (see annex). The application template is available on the GCF [website](#). The application must include a clear paragraph explaining how the underlying project fits in with the country's national priorities and ensures full country ownership. It is therefore highly recommended that the accredited entities consult with the respective national designated authority (NDA) or focal point on the project or programme concept at an early stage. The steps in PPF process are as follows:

- **Step 1. PPF application development:** Project Preparation Facility requests will be developed by accredited entities in consultation with the respective national designated authority or focal point and with support from the Secretariat.
- **Step 2. Submission of the PPF application:** AEs submits a PPF application with information on the underlying project to the GCF at ppf@gcfund.org. If a concept note or draft funding proposal for the underlying project has already been submitted to the GCF, the last section of the PPF proposal template can be left blank. PPF requests will be submitted by accredited entities along with a no-objection letter from the respective NDA or focal point consistent with the initial no-objection procedure approved by decision B.08/10.
- **Step 3. Review and approval:** The Board has authorized the Executive Director to approve PPF requests based on an assessment against the investment criteria of the GCF as defined in decision B.07/06, a justification of needs, and consistency with relevant GCF policies.

III. Eligible activities

4. There are many phases in project preparation, from early stages of project identification, concept development and establishing the enabling environment, to mid- and late-stage processes including project due diligence and project structuring. With each phase having different needs, it would be important to review the main outstanding requirements of project development as well as to assess the type of support the project/programme will

¹ Board Decision B.13/21 and recalling decision B.11/11, paragraph (l), and decision B.12/25

² In accordance with decision B.10/17

require. The PPF will support the following activities:

- (i) Pre-feasibility and feasibility studies, as well as project design;
- (ii) Environmental, social and gender studies;
- (iii) Risk assessments;
- (iv) Identification of programme/project-level indicators;
- (v) Pre-contract services, including the revision of tender documents;
- (vi) Advisory services and/or other services to financially structure a proposed activity; and
- (vii) Other project preparation activities, where necessary, provided that sufficient justification is available.

IV. Monitoring and evaluation

- 6. The AE will be responsible for the implementation of the activities upon approval.
- 7. The PPF activities implemented by the AE will be subject to the monitoring and evaluation procedures of the GCF, and the frequency of reporting will be agreed in the PPF request approved by the GCF.
- 8. Each approved PPF request will be disclosed on the GCF website upon approval, and the Secretariat will report at each Board meeting on the pipeline of PPF requests received, approved and under implementation.
- 9. Proposals developed with PPF resources should be submitted to the Board within two years after the PPF request was approved unless sufficient justification for an extension is provided.



Annex: Project information form

If a Concept Note has not been submitted for the underlying project for which the Project Preparation Grant is being requested, kindly complete the following sections.

Project / Programme Information					
Project / programme title					
Country (ies) / region					
Mitigation / adaptation focus	Mitigation <input type="checkbox"/>	Adaptation <input type="checkbox"/>	Cross-cutting <input type="checkbox"/>		
Results areas	<i>Please list here the options from Annex - Table 1 that apply to this project/program</i>				
Project / programme description (including objectives)					
<i>Please describe briefly (up to 1 or 1.5 pages) the background, objectives, components and main activities of the proposed project/programme</i>					
Alignment with GCF Criteria ³					
<i>Please provide a short summary of alignment of this project/programme with GCF's investment criteria</i>					
Brief Rationale for GCF Involvement and Exit Strategy					
<i>Please provide a short summary explaining why the GCF contribution is critical for the project/programme and how the project/programme sustainability will be ensured in the long run (after the project/programme is implemented with support from the GCF and other sources)</i>					
Financing/Cost Information					
Details on financing sources:					
FUNDING SOURCE	AMOUNT (USD/EUR/JPY/GBP)	FINANCIAL INSTRUMENT (Equity, loan, guarantee, grant)	Tenor	Pricing	Seniority
GCF financing			() years	%	Options
Co-financing from AE			() years	%	Options
Other (please specify name of institution)			() years	%	Options
TOTAL PROJECT FINANCING = Total project cost					

Table 1. Results Areas

Which of the following targeted results areas does the proposed project/programme address?

Reduced emissions from:

- Energy access and power generation**
(E.g. on-grid, micro-grid or off-grid solar, wind, geothermal, etc.)
- Low emission transport**
(E.g. high-speed rail, rapid bus system, etc.)
- Buildings, cities, industries and appliances**
(E.g. new and retrofitted energy-efficient buildings, energy-efficient equipment for companies and supply chain management, etc.)
- Forestry and land use**
(E.g. forest conservation and management, agroforestry, agricultural irrigation, water treatment and management, etc.)

Increased resilience of:

- Most vulnerable people and communities**
(E.g. mitigation of operational risk associated with climate change – diversification of supply sources and supply chain management, relocation of manufacturing facilities and warehouses, etc.)
- Health and well-being, and food and water security**
(E.g. climate-resilient crops, efficient irrigation systems, etc.)
- Infrastructure and built environment**
(E.g. sea walls, resilient road networks, etc.)
- Ecosystems and ecosystem services**
(E.g. ecosystem conservation and management, ecotourism, etc.)

Table 2. Investment Criteria Guidance Notes

The following guidance note may help to present the potential of the Project/Programme to achieve the Fund’s six investment criteria.

<p>D.1. Climate impact potential <i>[Potential to achieve the GCF's objectives and results]</i></p>	<p>Specify the climate mitigation and/or adaptation impact. Provide specific values for the below indicators and any other relevant indicators and values, including those from the Fund’s Performance Measurement Frameworks.</p> <ul style="list-style-type: none"> • Total tonnes of CO₂ eq to be avoided or reduced per annum • Expected total number of direct and indirect beneficiaries and number of beneficiaries relative to total population (e.g. total lives to be saved from disruption due to climate-related disasters)
<p>D.2. Paradigm shift potential <i>[Potential to catalyze impact beyond a one-off project or programme investment]</i></p>	<p>Provide the estimates and details of the below and specify other relevant factors.</p> <ul style="list-style-type: none"> • Potential for scaling-up and replication (e.g. multiples of initial impact size) • Potential for knowledge and learning • Contribution to the creation of an enabling environment • Contribution to the regulatory framework and policies



<p>D.3. Sustainable development potential <i>[Potential to provide wider development co-benefits]</i></p>	<p>Provide the estimates of economic, social and environmental co-benefits. Examples include the following:</p> <ul style="list-style-type: none"> • Economic co-benefits <ul style="list-style-type: none"> - Total number of jobs created - Amount of foreign currency savings - Amount of government's budget deficits reduced • Social co-benefits <ul style="list-style-type: none"> - Improved access to education - Improved regulation or cultural preservation - Improved health and safety • Environmental co-benefits <ul style="list-style-type: none"> - Improved air quality - Improved soil quality - Improved biodiversity • Gender-sensitive development impact <ul style="list-style-type: none"> - Proportion of men and women in jobs created
<p>D.4. Needs of recipient <i>[Vulnerability to climate change and financing needs of the recipients]</i></p>	<p>Describe the scale and intensity of vulnerability of the country and beneficiary groups and elaborate how the project/programme addresses the issues. Examples of the issues include the following:</p> <ul style="list-style-type: none"> • Level of exposure to climate risks for beneficiary country and groups • Does the country have a fiscal or balance of payment gap that prevents from addressing the needs? • Does the local capital market lack depth or history? • Needs for strengthening institutions and implementation capacity
<p>D.5. Country ownership <i>[Beneficiary country ownership of project or programme and capacity to implement the proposed activities]</i></p>	<p>Provide details of the below and specify other relevant factors.</p> <ul style="list-style-type: none"> • Coherence and alignment with the country's national climate strategy and priorities in mitigation or adaptation • Brief description of executing entities (e.g. local developers, partners and service providers) along with the roles they will play • Stakeholder engagement process and feedback received from civil society organizations and other relevant stakeholders
<p>D.6. Effectiveness and efficiency <i>[Economic and financial soundness and effectiveness of the proposed activities]</i></p>	<p>Provide details of the below and specify other relevant factors (i.e. debt service coverage ratio), if available.</p> <ul style="list-style-type: none"> • Estimated cost per t CO₂ eq (total investment cost/expected lifetime emission reductions) • Co-financing ratio (total amount of the Fund's investment as percentage of project) • Economic and financial rate of return <ul style="list-style-type: none"> - With the Fund's support - Without the Fund's support