

Annex XI: Revised operating modalities and activities of the Project Preparation Facility

1.1 Objectives

1. The Project Preparation Facility (PPF) will support project and programme preparation with a view to enhancing access to GCF resources and the balance and diversity of the GCF project pipeline, and increasing the quality of transformational projects and programmes that fit the vision and mandate of the GCF.

1.2 Activities

2. The PPF will support the following activities:

- (a) Pre-feasibility and feasibility studies, and project design;
- (b) Environmental and social studies, including Indigenous Peoples studies;
- (c) Gender studies;
- (d) Development of stakeholder engagement plans;
- (e) Risk assessments;
- (f) Assessment of climate impact potential for mitigation and adaptation activities;
- (g) Identification of programme- and project-level indicators;
- (h) Pre-contract services, including the revision of tender documents;
- (i) Advisory services and/or other services to financially structure a proposed activity; and
- (j) Other project preparation activities, where necessary, and with sufficient justification.

1.3 Eligibility

3. Support from the PPF can be requested by all accredited entities (AEs) to the GCF, especially direct access entities (DAEs), and by entities that are eligible for the project-specific assessment approach (PSAA) and have successfully completed an application.

4. All entities requesting PPF support shall consult the relevant national designated authorities (NDAs) and receive from them a no-objection letter consistent with the no-objection procedure approved by the Board.¹

1.4 Approval

5. The Board authorizes the Executive Director to approve PPF requests based on an assessment of the request against a project idea or concept note which is aligned with the investment criteria, a justification of needs and consistency with all relevant GCF policies.

6. The Secretariat will disclose each approved PPF request on the GCF website.

¹ Currently in decision B.08/10

1.5 Financing of Project Preparation Facility requests

7. A single PPF request is limited to USD 1.5 million. Exceptionally and on a case-by-case basis, the Secretariat may provide a higher amount up to USD 3.0 million, provided that:
- (a) The PPF request is for innovative regional or multi-country projects or programmes; and/or
 - (b) The PPF request is for innovative projects or programmes in sectors where feasibility and/or other technical studies are complex and resource intensive, such as in energy or resilient infrastructure sectors.
8. Support from the PPF to the AEs can be in the form of grants or repayable grants. The determination will be made by the Secretariat in accordance with the relevant Board-approved policies and operational guidelines for the PPF.
9. Funding proposals developed with PPF resources should be submitted to the Board within two years of approval of the PPF request, unless sufficient justification for an extension is provided and accepted by the Secretariat.

1.6 Partnership building and knowledge sharing for climate project development

10. The Secretariat will focus on partnership building and knowledge sharing to support AEs, particularly DAEs, in preparing funding proposals and sharing lessons among countries, national and regional DAEs and providers of project development support. PPF activities shall be intended to:
- (a) Exchange experiences and lessons on project development, with a particular focus on learning among DAEs, as well as international access entities (IAEs), and through knowledge sharing via technical briefs, working papers and sectoral project reviews, to ensure that knowledge gained from PPF is accessible for future proposal development and inform AEs on quality-at-entry. This will include principles on PPF support for the development of private sector funding proposals;
 - (b) Complement and leverage partnerships, especially with climate funds, as well as project preparation mechanisms from multilateral and bilateral institutions, and private actors to learn and ensure a coordinated approach in supporting the preparation of funding proposals; and
 - (c) Identify and better link available preparation funding with the resources of AEs, with the objective of enhancing efficiency in the use of project preparation resources.

1.7 Review and monitoring of the Project Preparation Facility

11. The Secretariat will regularly review the progress of implementation of the PPF and will report to the Board on that progress periodically through the report to the Board on the Secretariat's activities and status of the GCF pipeline, including the status of the PPF. In particular it will report on:
- (a) The PPF requests received during the reporting period;
 - (b) The PPF requests approved and under implementation; and

- (c) The impact of the PPF on accelerating access to GCF resources.
- 12. An independent review of the PPF will be carried out at the end of the GCF second replenishment period and integrated in the GCF policy review cycle with the goal of assessing its impact, relevance, efficiency and effectiveness.
- 13. On the basis of the review, the Secretariat may present to the Board a further revision of the modalities of the PPF, and the resources needed for its implementation following the GCF second replenishment period.
- 14. The Secretariat will also explore operational improvements to increase the efficiency of the PPF, including but not limited to:
 - (a) Review of the performance and expansion of the roster of consultant firms for PPF service and PPF technical assistance;
 - (b) Digitalization of the submission and review processes for PPF applications;
 - (c) Streamlining and simplification of grant agreements and administrative processes related to PPF funding; and
 - (d) Development of template terms of reference for applications.

1.8 Effectiveness date

- 15. The arrangements set out in this document will come into effect from the date of adoption of the document by the GCF Board.
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