



GREEN  
CLIMATE  
FUND

GCF REGIONAL DIALOGUE  
with AFRICA

# Project Preparation Facility

## 3.5.1 PPF Clinic

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**Windhoek, Republic of Namibia**  
6–10 November 2023

#InspireMoreClimateAction

# Agenda

1. Introduction to PPF
2. Eligible activities and requirements
3. Elements of a successful PPF application:
  - Terms of Reference
  - Budgets
  - Implementation arrangements
4. Q&A



# PPF mandate & ambition

## ENHANCE ACCESS TO CLIMATE FINANCE

Expedite project preparation, help newly accredited DAEs, AEs and countries without approved GCF projects, and PSAA entities.

## MAXIMIZE IMPACT AND INNOVATION

Support countries in designing projects that maximize climate impact while reducing risk, e.g. maladaptation or sustainability.

## SUPPORT INVESTMENT AT SCALE AND SPEED

Enable co-investment, green banks and programs that build synergies among investments. Support emerging areas in climate finance (e.g. blue economy, green banking).

## PARTNERSHIPS AND KNOWLEDGE ON CLIMATE

Cultivate and expand partnerships with PPFs, climate funds, DAEs and amplify impact via knowledge sharing.



# PPF modalities

Three distinct means of support to AEs

## 1. PPF Funding

Project preparation support through grants, repayable grants or equity for FP development

- \$300k 'Simplified PPF'
- \$1.5m but up to \$3m for:
  - i) Resource intensive sectors
  - ii) Multi-country programs

## 2. PPF Service

Project development consulting firm selected from GCF roster of firms works directly with AEs for FP development

## 3. PPF Technical Assistance

Project development consulting firm selected from GCF roster of firms works directly with AEs for short-term technical assistance needs

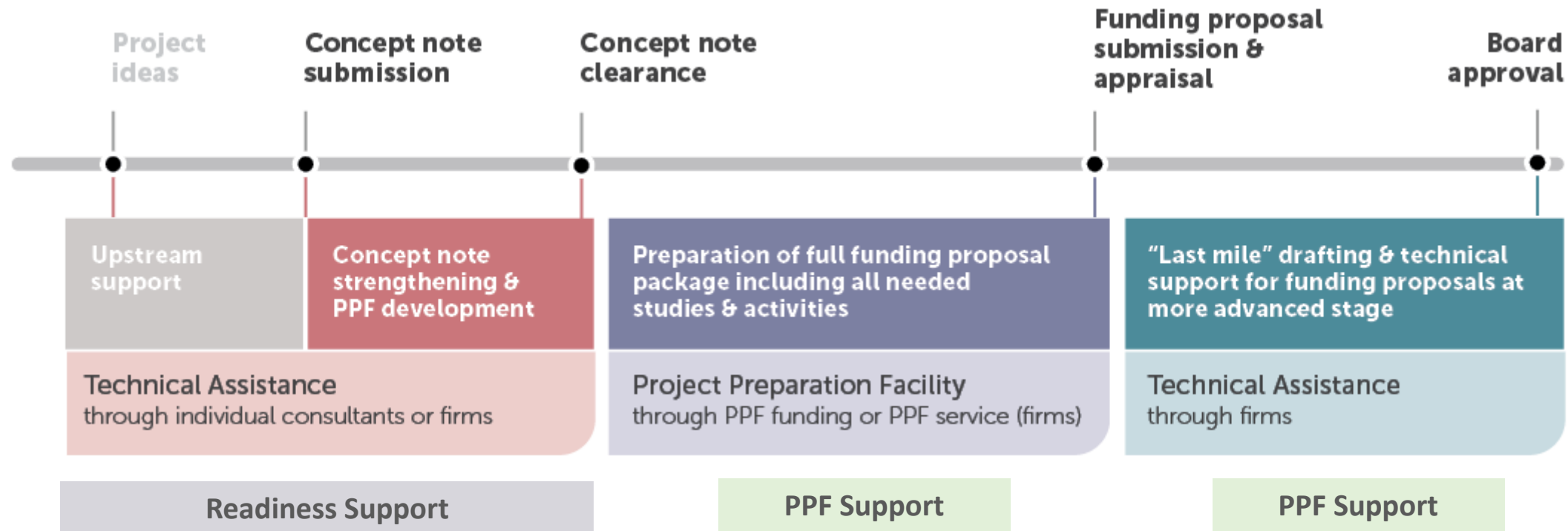
PPF Service &  
TA Firms





# PPF vs Readiness

Complementary instruments for AE pipeline and project development



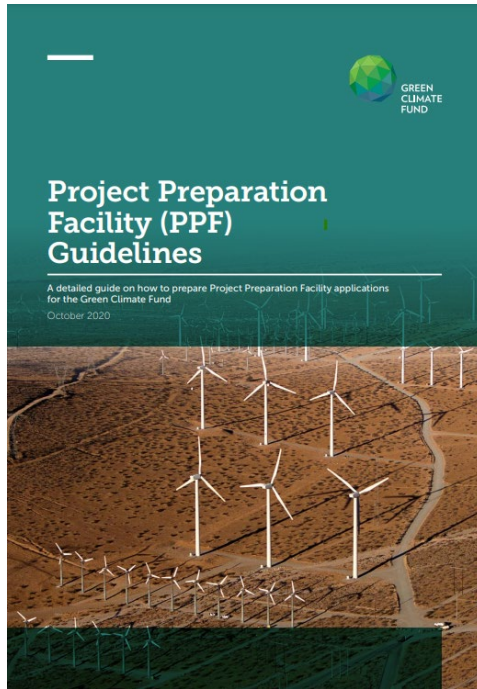
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# Funding and Eligible Activities

USD 1.5m (up to USD3.0m) for funding proposal development



1. Pre-feasibility and feasibility studies, and project design
2. Environmental and social studies, including Indigenous Peoples studies (ESIA, ESMP, GRM)
3. Gender studies (GA, GAAP)
4. Development of stakeholder engagement plans
5. Risk assessments (risk, EFA, etc.)
6. Assessment of climate impact potential for mitigation and adaptation activities
7. Identification of programme- and project-level indicators
8. Pre-contract services, including the revision of tender documents
9. Advisory services and/or other services to financially structure a proposed activity
10. Other project preparation activities

**Ineligible activities or costs:** Associated with normal responsibilities of an AE; Project start-up costs, demonstration and pilots; Capital goods unrelated to project activities; those activities under Readiness Programme; and purchase of vehicles.



# Requirements to access PPF

## Documentation and other expectations

1. Endorsed concept note
2. Signed Accreditation Master Agreement (AMA)
3. PPF application & Terms of References (ToRs)
4. PPF No-objection letter(s) from NDA

## Additional requirements

- Co-financing commitment letters (cash or in-kind)
- For **income-generating projects**, reimbursement (conversion to debt or equity) on terms agreed during financial structuring of FP
- Financial Management Capacity Assessment for sub-grantees or downstream recipients
- **PPF Funding**: Grant Agreement (with UNOPS or GCF) / **PPF Service**: participation in GCF-led RfP process and oversight of PPF consulting firm



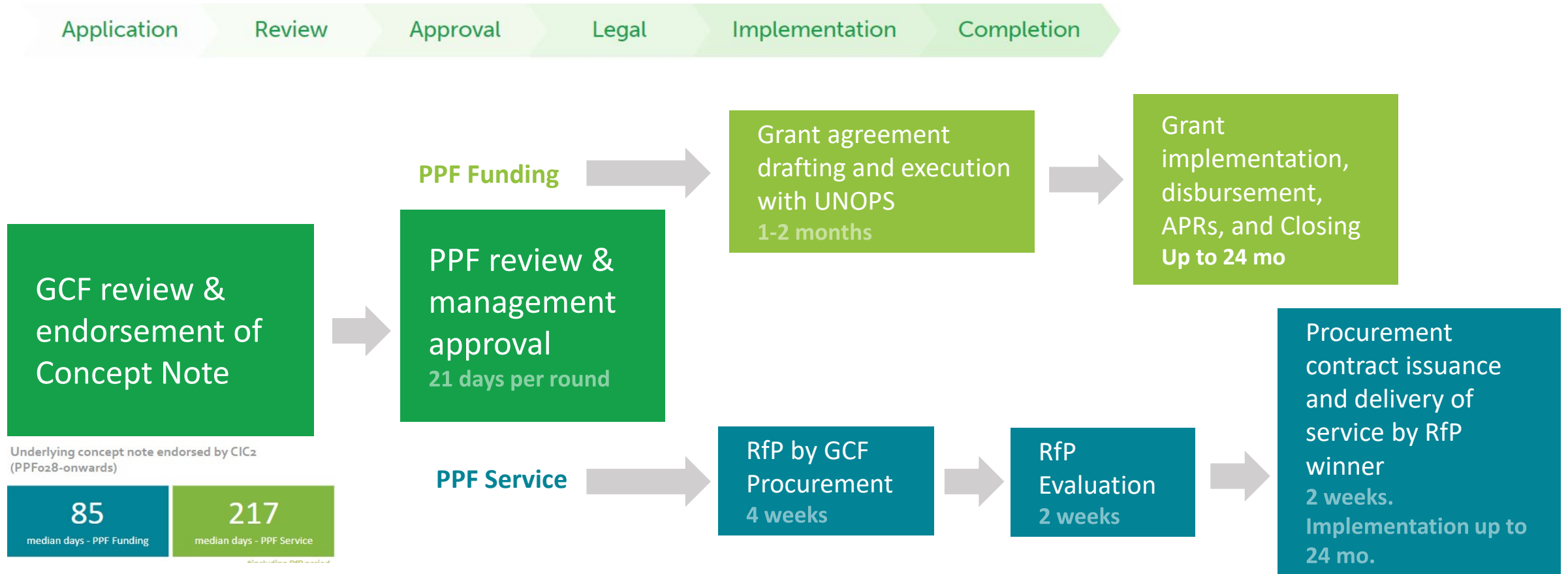
# PPF workflow & timelines

ASSESSMENT CRITERIA	PPF FUNDING		PPF SERVICE
	STANDARD PPF APPLICATION	SIMPLIFIED PPF APPLICATION	
Articulation of how the PPF activities will produce the documents that make up a funding proposal	✓	✓	✓
Justification of the AE's need for project preparation support	✓	✓	✓
Detailed implementation arrangements	✓	Limited	N/A
Detailed budget to ensure efficient use of GCF resources for project preparation	✓	Limited	N/A
Detailed disbursement and reporting schedule	✓	Limited	N/A
Counterpart financial support for project preparation is encouraged	✓	✓	N/A
Adequacy of terms of reference for desired studies/outputs	✓	✓	✓



# PPF Workflow and Timelines

## Submission, Approval and Implementation



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# Project Preparation Facility

Helping Accredited Entities develop their climate ambitions into climate solutions

Overview

Process

Resources

PPF Service

- **PPF Guidelines**
- **Templates** (application, reports, ToRs)
- **Approved applications**
- Information on **PPF Service providers**
- Introductory **video and infographic**

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Application templates:

- PPF Funding Application
- Simplified PPF Funding Application
- PPF Service Application

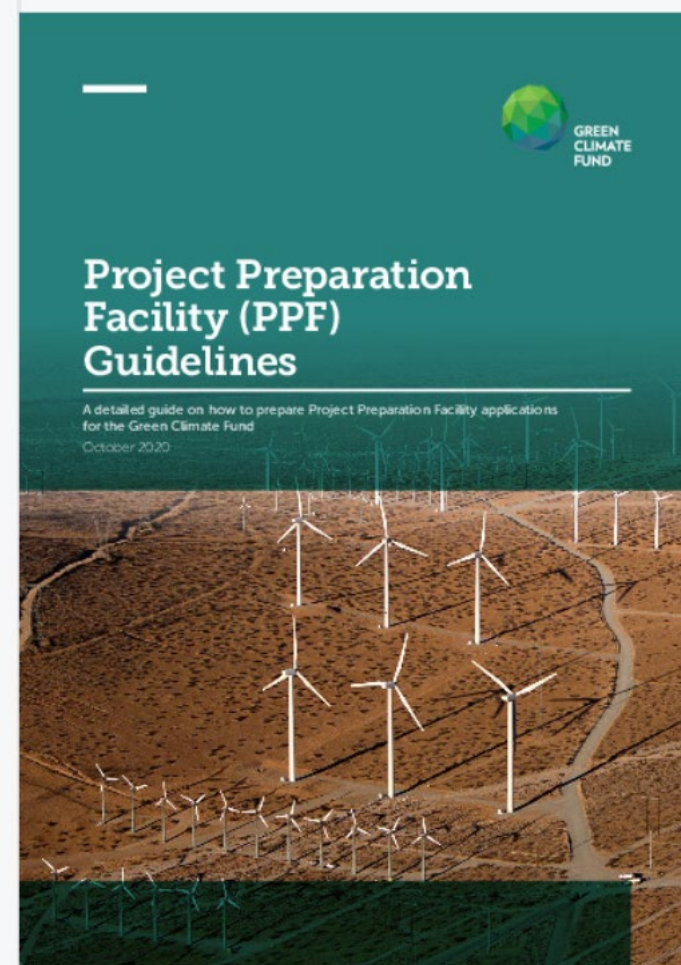
PPF No-objection letter

PPF Confirmation of Services Letter

Request for Change of Approved PPF Application

PPF Progress Report Template

PPF Completion Report Template





# Developing PPF ToRs

Fit-for-Purpose, deliverables based, time bound and well costed

1. ToRs need to reflect detailed scope of work, with clear deliverables and outputs
2. ToRs can easily address GCF policy requirements, e.g. ESS, Gender, IP and Investment Criteria.
3. GCF has specimen ToRs, EFA guidance, SAP Toolkits, supplementing external info.
4. PPF is underutilized for PPP bid docs, legal expertise, specialized services
5. Local firms, universities, research and indigenous knowledge should be included

## Audit of Project Financial Statements [Project Name]

### I. BACKGROUND

1. The project, [GCF Project/PPF Number, Project Name] was approved on [date] to [objectives of the project] for a total financing of [currency, amount] in the form of [grant/repayable grant/equity]. The [grant/framework] agreement, [title of agreement], signed between [name of DP/AE] and the Green Climate Fund (GCF) on [date] became effective on [date]. The [name] is the National Designated Authority (NDA) and the project will be administered and implemented by the [delivery partner/accredited entity (DP/AE)], [name].

2. The Component [name] is responsible for the [description of the component's role in the project].

3. [Pi] This is a sample unmodified auditor's opinion for general purpose financial statements in accordance with International Standards on Auditing (ISA) 700/ International Standards of Supreme Audit Institutions (ISSAI) 1700. For modifications to the opinion, please refer to ISA 705/ISSAI 1705.

### INDEPENDENT AUDITOR'S REPORT

#### INDEPENDENT AUDITOR'S REPORT

To the [Management of ABC Program or Other Appropriate Addressee]

#### Opinion

We have audited the financial statements of [ABC Program] (the Program), which comprise the statement of cash receipts and payments as at [December 31, 20X2], and the statement of comparison of budget and actual amounts for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, (or give a true and fair view of) the cash position of the [Program] as at [December 31, 20X2], and its financial performance for the year then ended in accordance with [International Public



# Developing PPF ToRs

Fit-for-Purpose, deliverables based, time bound and well costed

## PPF046 SANBI South Africa

Scaling up Ecosystem-based Approaches to Managing Climate Intensified Disaster Risks in Vulnerable Regions of South Africa

- Activity 1** Selection of Project Target Areas and Implementation Sites
- Activity 2** Baseline Study and Vulnerability Assessment
- Activity 3** Feasibility Study, Detailed Project Design and Implementation Budget
- Activity 4** Environmental and Social Studies and Management Plan
- Activity 5** Gender analysis and Gender Action Plan
- Activity 6** Stakeholder Engagement
- Activity 7** Risk Assessment and Mitigation Plan
- Activity 8** Development of Project Log frame, Monitoring and Evaluation Framework and Identification of Project-level Indicators
- Activity 9** Full Funding Proposal and response to GCF Secretariat and iTAP comments



# Preparing PPF Budgets

Key budgeting principles for PPF grants

## Transparency

- Transparent and easy to understand for all stakeholders



## Cost Effectiveness

- Prioritize cost effective solutions
- Maximize the impact of the grant



## Alignment with GCF Objective

- Ensure that budget aligns with the overarching GCF objectives



## Prioritization

- Allocate funds to activities that have the highest impact on addressing climate change challenges



## Compliance with GCF Guidelines

- Adhere to GCF's Financial guidelines and policies in budget preparation



## Value for Money

- Seek value for money by comparing the cost of activities with their expected benefits and outcome



Please refer to PPF Guidelines for Budget elements, sample forms, eligible costs and fees



# Preparing PPF Budgets

## Key principles in preparing budgets

### Cost Categories:

- Categorize costs clearly such as personnel, equipment, materials, subcontractors, travel, and contingency
- Review PPF Guidelines: Eligibility and benchmark for output costs

### Cost Estimation:

- Quantify co-financing (cash, in-kind)
- Estimate the costs associated with each project activity
- Use historical data, expert judgment and research to make accurate cost estimates
- Allocate a contingency budget to cover unforeseen or unpredictable expenses
- Budgets and disbursement schedules should be coordinated



# Implementation Arrangements

## Key principles

### Implementation Partners:

- Explain the role, experience and capacity of implementing entities responsible for project development and design.
- FMCA for any recipient of PPF grants, or sub-grantees
- Grant Agreements and sub-grant agreements should be considered up-front

### Co-financing Resources:

- Explain co-financing resources and how they will be integrated into PPF implementation arrangements
- Widen net of co-financing and quantify in-kind financing for FP development

### Financial Reporting:

- Define Financial and External Audit reporting arrangement of AE and Implementing entities.
- Cash contributions need to be auditable at end of PPF



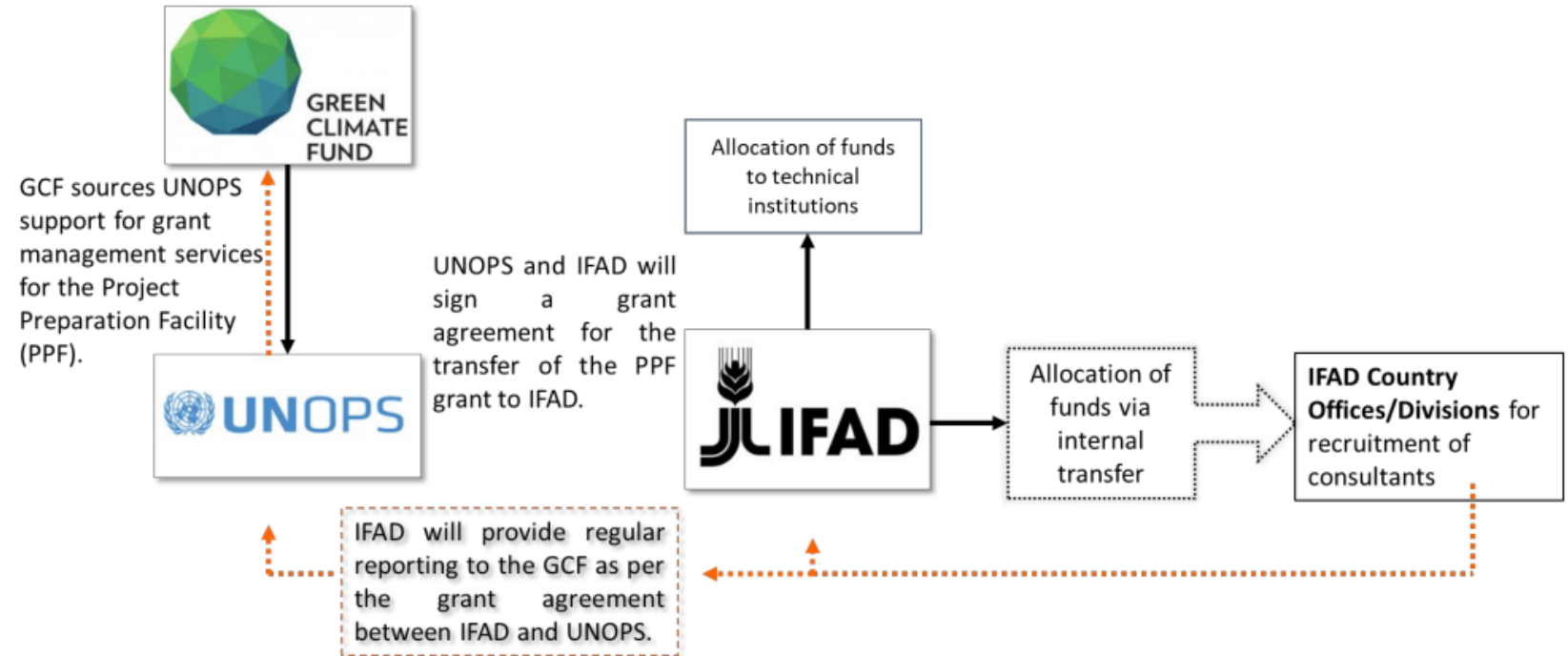
# Implementation Arrangements

Considering activities, partners, flow of funds and information

## PPF056 IFAD multi-country

Pathways to Dairy Net Zero:  
Promoting Low Carbon and  
Climate Resilient Livestock in  
East Africa

USD 1.13m grant  
Kenya, Rwanda, Tanzania, Uganda





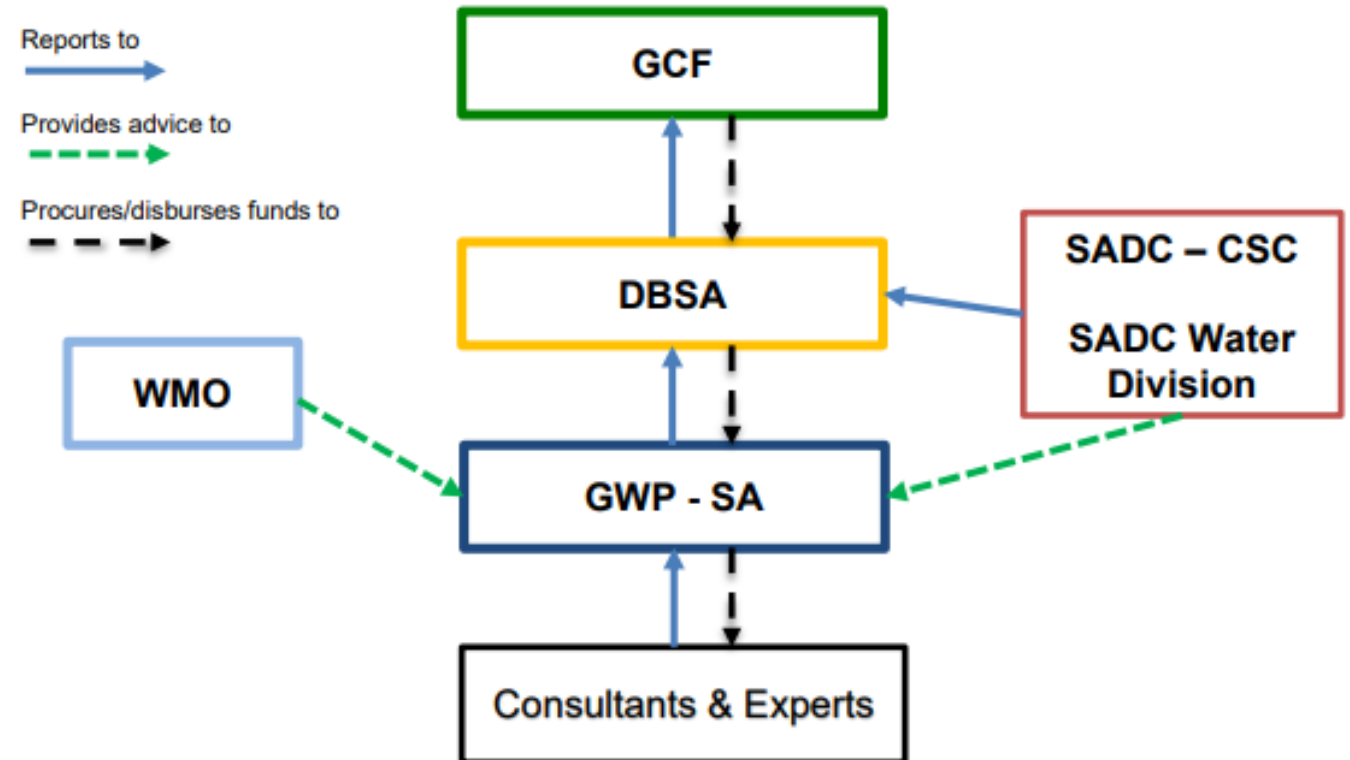
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## PPF067 DBSA multi-country

Climate Resilient Systems for SADC  
Water Sector: SADC Hydrological  
Cycle Observation System (SADC-  
HYCOS IV Project)

USD 1.47m grant  
South Africa, Angola, Eswatini, Namibia,  
Seychelles, Mozambique, Zimbabwe,  
Botswana, Lesotho, Zambia, Malawi,  
Tanzania





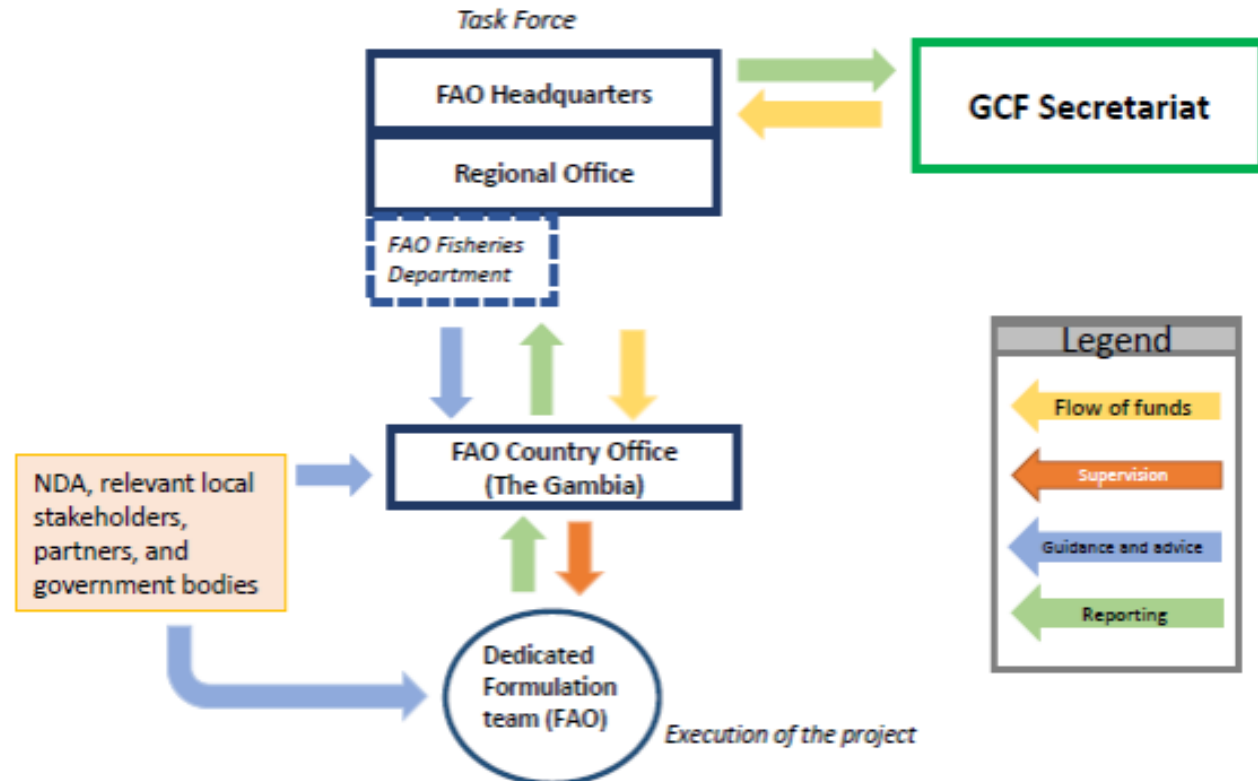
# Implementation Arrangements

Considering activities, partners, flow of funds and information

## PPF024 FAO Gambia (the)

Climate Resilient Fishery Initiative for  
Livelihood Improvement

USD 290,000 grant  
The Gambia





# Implementation Arrangements

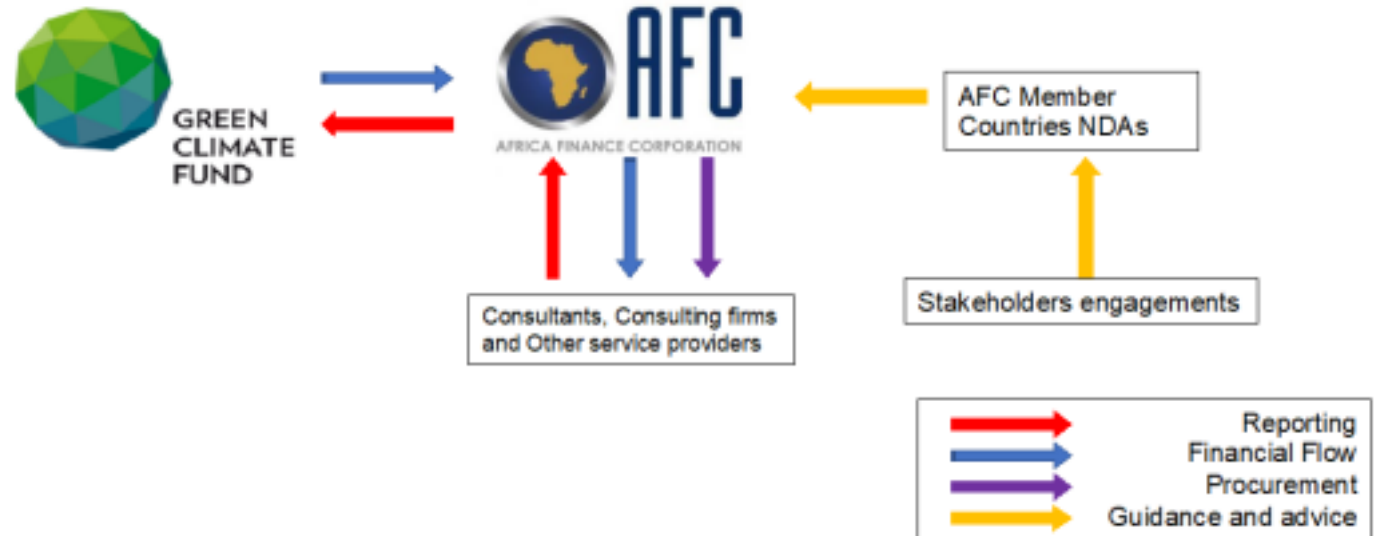
Considering activities, partners, flow of funds and information

## PPF050 AFC multi-country

Infrastructure Climate Resilient Fund (ICRF)

USD 835,000 grant

Chad, Togo, Nigeria, Democratic Republic of the Congo (the), Namibia, Cameroon, Gambia, Gabon, Guinea, Mali, Cote d'Ivoire, Sierra Leone





# Monitoring & reporting

Moving from implementation to closure

## PPF Funding

	12 <sup>th</sup> month of implementation		Closing of grant	
	Interim progress report	Interim audit report	Completion report	Audit report
12 months or less			✓	✓
13 to 17 months	✓		✓	✓
18 to 24 months	✓	✓	✓	✓

- Submission of completed PPF outputs to UNOPS and GCF (within 24 months of approval)
- Material deviations to implementation plan – extensions, disbursements, activities, executing partners

## PPF Service

- Firms submit completed PPF outputs to GCF; AE's confirmation required
- Material deviations to implementation plan – extensions, activities

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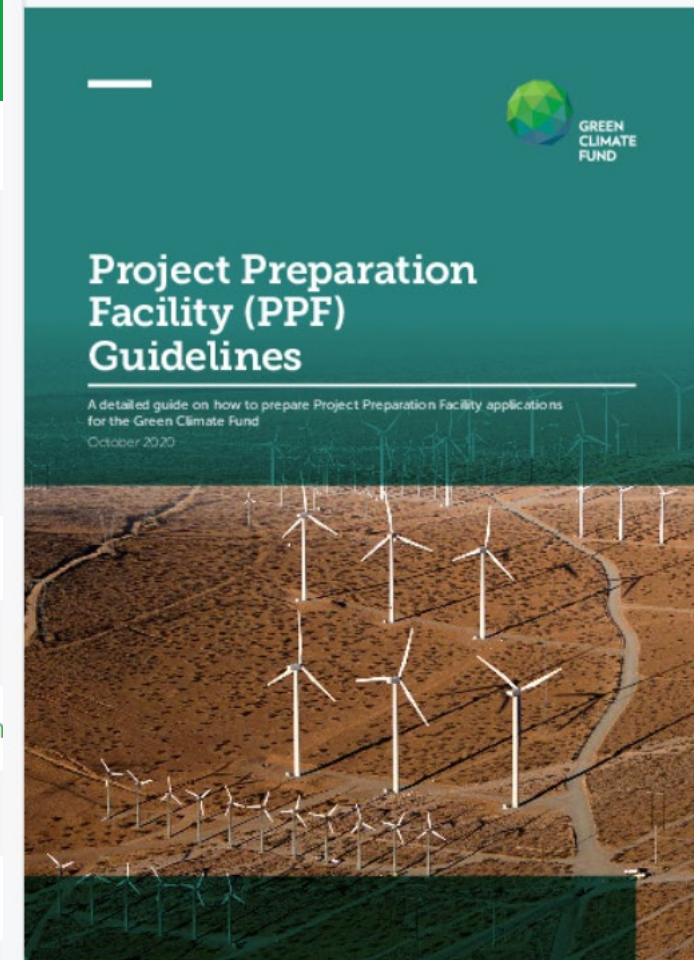
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# Thank you

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# Implementation Arrangements

Considering activities, partners, flow of funds and information

**PPF070 AWB  
Morocco**

SIV – Climate  
Resilient and Green  
Housing Platform for  
Africa

USD1.28m  
Morocco

