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Special study:

# PROJECT PREPARATION FACILITY (PPF)

Independent Evaluation of the  
Green Climate Fund's Environmental  
and Social Safeguards and the  
Environmental and Social  
Management System

June 2020



GREEN CLIMATE FUND  
INDEPENDENT EVALUATION UNIT

Independent evaluation of the GCF's  
Environmental and Social Safeguards and the  
Environmental and Social Management System

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SPECIAL STUDY: PROJECT PREPARATION FACILITY

June 2020

© 2020 Green Climate Fund Independent Evaluation Unit  
175, Art center-daero  
Yeonsu-gu, Incheon 22004  
Republic of Korea  
Tel. (+82) 032-458-6450  
Email: [ieu@gcfund.org](mailto:ieu@gcfund.org)  
<https://ieu.greenclimate.fund>

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#### **Credits**

*Head of the GCF Independent Evaluation Unit and technical lead:* Dr Jyotsna Puri (Jo)

*Task manager:* Andreas Reumann, Principal Evaluation Officer, Independent Evaluation Unit

*Editing:* Greg Clough, Toby Pearce

*Layout and design:* Giang Pham

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## ABBREVIATIONS

<b>AE</b>	accredited entity
<b>CN</b>	concept note
<b>DAE</b>	direct access entity
<b>DCP</b>	Division of Country Programming
<b>DMA</b>	Division of Mitigation and Adaptation
<b>ESS</b>	environmental and social safeguards
<b>ESMS</b>	environmental and social management system
<b>FP</b>	funding proposal
<b>FSP</b>	full-sized project
<b>GA</b>	grant agreement
<b>GCF</b>	Green Climate Fund
<b>GEF</b>	Global Environment Facility
<b>IAE</b>	international accredited entity
<b>MSP</b>	medium-sized project
<b>NAP</b>	national adaptation plan
<b>NDA</b>	national designated authority
<b>OM</b>	operations manual
<b>OPM</b>	Office of Portfolio Management
<b>ORMC</b>	Office of Risk Management and Compliance
<b>PIF</b>	project identification form
<b>PPF</b>	Project Preparation Facility
<b>PPG</b>	project preparation grant
<b>PSF</b>	Private Sector Facility
<b>RPSP</b>	Readiness and Preparatory Support Programme
<b>RWG</b>	Readiness Working Group
<b>UNOPS</b>	United Nations Office for Project Services

## KEY RECOMMENDATIONS

- The PPF needs a **new strategy and clearly stated purpose**. This is currently not so.
- The Independent Evaluation Unit's (IEU) analysis shows that there are **critical gaps in the quality of entry** of Green Climate Fund (GCF) investments that the PPF could have helped deal with but that have not been mitigated. This is an opportunity that a new strategy for the PPF should take up, in a clear and manifest manner.
- The GCF needs to **develop a strategy for the PPF that establishes clear impact and outcome variables**. The IEU recommends that innovation and scalability be the PPF's principal foci. The strategy must also do the following:
  - Determine the PPF's scope of support to promote the development of quality funding proposals (FPs);
  - Set out a focus on supporting potentially innovative and potentially scalable micro-to-small size projects;
  - Set out a focus on private sector engagement for micro-to-small size projects;
  - Develop operational steps that make it possible to demonstrate and realize synergies between the PPF, the Readiness and Preparatory Support Programme (RPSP) and country programming.
- The GCF could consider requiring that all GCF country programmes and entity workplans **articulate project concepts and request PPF support**.
- The GCF needs to adopt a system to **monitor and report on the progress and the outcomes** of the PPF.
- The PPF team should **be staffed commensurately**, and its location within the GCF's organizational structure should be reconsidered.
- The PPF scheme should be far **more focused on the private sector**. The GCF Secretariat should also ensure the Secretariat's PPF team has sufficient private sector expertise to engage with private sector actors knowledgeably, while still having the ability to communicate with national designated authorities (NDAs) and AEs.
- The GCF Secretariat should build a **better understanding and awareness of the existence** of the PPF across the stakeholders.

## KEY FINDINGS

- Despite current progress in accelerating the timeline of approval and disbursement for a PPF request, processing times remain long. Overall, it **takes a (median) of 353 days from submission of a PPF request until first disbursement of PPF funds**.
- The overall funding envelope for the PPF is USD 40 million. Yet since the PPF started in 2015, **only 23 PPF requests have been approved** (with 37.5 per cent committed; and of those committed 55.3 per cent were disbursed). **Only one fifth of this has been disbursed. Only one FP supported through PPF funds has been submitted to and approved by the Board**. This is not commensurate with country demands for greater support to help develop quality proposals.
- Currently, the **GCF has no means for determining the effectiveness of its PPF**: there is no mechanism for measuring or tracking the (quality of) outcomes of the approved PPF requests. The submission of FPs to the GCF Board, as an ultimate success indicator, is not sufficient, given the findings of the IEU's recent study on the evaluability of GCF FPs, which identified gaps in quality at entry of FPs (see below).

- In the IEU study that examined quality of entry of **funded** proposals, half (49 per cent) of 93 FPs did not plan for baseline data collection, 62 per cent had weak theories of change and 87 per cent will likely overstate their impacts. Considering the low uptake of the PPF, there is thus very little evidence that the PPF is helping to enhance the quality at entry into the GCF's project pipeline. **The PPF guidelines do not mention quality of entry.** They also do not mention support for identifying, supporting and **reporting on environmental and social co-benefits** (over and above risk mitigation).
- The GCF Board rightly intended to use the PPF to support direct access entities (DAEs) in submitting bankable FPs. Currently, DAEs account for two thirds of approved PPF requests; international accredited entities (IAEs) account for the rest. However, unfortunately, in the overall GCF portfolio, 85.5 per cent of funds are currently committed through IAEs. **To balance the overall portfolio, a greater incidence of DAE requests is required.**
- **The PPF's current staff level is inadequate.** Given that there are 13 operational steps for the PPF (including feedback and consultations) and considering the PPF aspires to ensure support for preparing quality FPs, it is clear the current staff level is insufficient.
- The **PPF modality is not well known** among many DAEs and IAEs.

## A. INTRODUCTION

### 1. BACKGROUND

At its eleventh meeting, the Board established the PPF (see Box A - 1). As mandated by Board decision B.11/24, the PPF provides financial support to AEs to prepare FPs for submission to the GCF.

The PPF is designed to support DAEs for projects in the micro (<USD 10 million) to small (USD 10–50 million) size category, with a view to enhancing the balance and diversity of the GCF project portfolio. However, all AEs (direct access and international) are eligible to apply.<sup>1</sup> Subsequently, at its twelfth meeting, the Board noted the requested guidelines for the PPF, “Operational Guidelines for the Project Preparation Facility”, as per GCF/B.13/14.

The Board took note of document GCF/B.13/14 titled “Operational guidelines for the Project Preparation Facility” and adopted several decisions (Box A - 2 highlights the most relevant to this case study).

The PPF can provide support to one or more of the eligible activities outlined in Table A - 1, below, as per B.13/21. It is important to note that although the PPF supports a variety of ESS studies, as well as impact assessment and risk management and mitigation tools, there is no mention or inclusion of co-benefit identification and planning in its remit.

#### **Box A - 1. Decision GCF/B.11/24 regarding PPF**

*“Also decides to establish a project preparation facility to provide funding of up to 10 per cent of requested GCF funding with a maximum of USD 1.5 million for any single proposal. The process would involve concept notes providing due justification of need from accredited entities. After an appropriate review and an initial assessment against the investment criteria and justification of need, the Secretariat will send its funding request for project preparation to the Board for approval. The Project Preparation Facility would be targeted to small-scale activities and direct access entities. The Secretariat will review the Project Preparation Facility for consideration by the Board at its fourteenth meeting;”*

#### **Box A - 2. Most relevant aspects of decision GCF/B.13/21**

- *“Decides that the Project Preparation Facility will support project and programme preparation requests from all accredited entities, especially direct access entities, especially for projects in the micro-to-small size category in accordance with decision B.10/17, with a view to enhancing the balance and diversity of the project pipeline”*
- An amount of USD 40 million will be made available for the implementation of the initial phase of the Project Preparation Facility;
- FPs developed with Project Preparation Facility resources **should be submitted to the Board within two years of the approval of a Project Preparation Facility request** unless sufficient justification for an extension is provided; and
- **Sufficient staffing and resources will be provided to the Secretariat to ensure the PPF operates effectively.**

<sup>1</sup> AEs can submit a PPF request before the signing of the accreditation master agreement (AMA), but the PPF requests can only be approved upon signature of AMA.

**Table A - 1. Eligible PPF activities (as per decision B.13/21)**

ELIGIBLE ACTIVITIES	DESCRIPTION AND/OR EXAMPLES
Pre-feasibility and feasibility studies, as well as project design	Studies should compare scenarios with and without the project under a projection of climate change and against a baseline. They should then compare those scenarios with each other to determine the impact of the project. This approach would include data collection, research, site-specific technical appraisals and cost-benefit analysis, as well as market research and estimated greenhouse gas reduction calculations. Other examples could include studies on specific technological solutions proposed, such as a pre-feasibility study or feasibility study for scaling-up a specific climate solution (e.g. solar photovoltaics or specific climate-resilient crops).
Environmental, social and gender studies	<p>As articulated in the ESS policy, the GCF requires that due diligence is exercised in projects and programmes such that all measures are undertaken to identify, assess and manage the environmental and social risks and impacts. The following are some examples of studies that may be considered and required:</p> <ul style="list-style-type: none"> <li>• Environmental and social impact assessments</li> <li>• Environmental and social audits and risk assessments</li> <li>• Environmental and social management frameworks, or project- or programme-level environmental and social management systems, for intermediated projects or programmes or when the locations of activities have not been defined</li> <li>• Environmental and social management plans, which may include resettlement action plans, livelihood restoration plans, biodiversity management plans, indigenous peoples plans or community development plans</li> <li>• Stakeholder engagement consultations for assessing and managing environmental and social risks and impacts, including obtaining free, prior and informed consent where projects require such under the GCF Indigenous Peoples Policy and the GCF ESS Policy for Indigenous Peoples</li> <li>• Stakeholder Engagement Plan and project-level grievance redress mechanism; other additional due diligence as required by the GCF</li> <li>• Gender studies, which may include gender assessments, including an assessment of the baseline situation; gender action plans; and incorporating gender-responsive indicators and targets with baseline, in the logic framework of the FP</li> </ul>
Risk assessments	<p>Examples:</p> <ul style="list-style-type: none"> <li>• Analysis of risk mitigation instruments</li> <li>• Site-specific hazard assessments, including identifying hazards and determining hazard mitigations</li> <li>• Risk analysis as part of the pre-feasibility and detailed feasibility studies</li> <li>• Development of sensitivities and case scenarios as part of the financial analysis (for example, macroeconomic uncertainties, such as currency value fluctuations, inflation, and interest rate fluctuations, or risk mitigant and project-related uncertainties, such as cost overruns or potential decreases in project revenues)</li> <li>• Identification and assessment of potential executing entities in the FP to the GCF</li> </ul>
Identification of programme- and project-	Examples (if not already included in the feasibility study):

ELIGIBLE ACTIVITIES	DESCRIPTION AND/OR EXAMPLES
level indicators and methods to monitor them	<ul style="list-style-type: none"> <li>• Logical frameworks, including GCF-relevant indicators, and project indicators, their baselines and targets</li> <li>• Assessment of the project/programme against the GCF investment criteria</li> <li>• Market assessment and recommendations</li> <li>• Economic analysis and recommendations, including cost-benefit analysis</li> <li>• Financial analysis and recommendations</li> </ul>
Pre-contract services, including the revision of tender documents	<p>Examples:</p> <ul style="list-style-type: none"> <li>• Terms of reference</li> <li>• Bidding documents</li> <li>• Procurement packages</li> <li>• Requests for proposals</li> <li>• Expressions of interest</li> <li>• Prequalification criteria</li> </ul>
Advisory services and/or other services to financially structure a proposed project/programme	<p>Examples:</p> <ul style="list-style-type: none"> <li>• Advisory services for costing and budgeting according to GCF standards, including costing for adaptation if the project/programme targets adaptation or cross-cutting results</li> <li>• Advice on legal, financial, tax, regulatory and governance matters, to help structure the investments (can also be a part of feasibility studies)</li> </ul>
Other project preparation activities, where necessary, and with sufficient justification	<p>Examples:</p> <ul style="list-style-type: none"> <li>• Workshops and consultations</li> <li>• Document translation</li> </ul>

## 2. EVALUATION QUESTIONS

Two key questions are discussed and analysed in this special case study:

- Is the PPF process efficient?
- Is the PPF fit for purpose?

## 3. METHODS

The special case study employed the following methods, among others:

- A desk review of relevant documents
- A portfolio analysis
- A perception survey
- Key informant interviews with the Secretariat staff, notably the Division for Mitigation and Adaptation (DMA), the Private Sector Facility (PSF), the Division for Country Programming (DCP) and the Office for Risk Management and Compliance (ORMC)
- Key informant interviews and focus group discussions with AEs and DAEs

Appendix 1 presents detailed methods.

## B. ANALYSES

The following section illustrates how the two key questions have been assessed.

### 1. IS THE PPF PROCESS EFFICIENT?

Efficiency was assessed by the time it is taking to support the development of projects and programmes. We analysed the processing times for approving PPF requests, the monitoring and reporting processes and whether FPs prepared with PPF resources are submitted in the required time frames. Entities accredited to the GCF are eligible to apply for PPF support. A PPF request<sup>2</sup> consists of the following:

- A concept note (if not already submitted and cleared)
- A PPF request form
- A no-objection letter for the PPF from the NDA or focal point

AEs can choose to submit a CN either prior to the PPF request or together with a PPF request form and no-objection letter for the PPF. A CN is assessed by the GCF Secretariat against the GCF investment criteria. Once this is cleared, PPF requests are considered. Considering the importance of the CN for the PPF, the Secretariat recommends that CNs be submitted before the PPF request.

#### a. Process for the PPF

The approval process consists of three main steps (see Box A - 3), as laid out in GCF/B.13/14. The GCF Secretariat's operations manual (OM) presents 13 operational steps for the overall PPF process.

According to the GCF's OM, the 13 steps are as follows (see Figure A - 1):<sup>3</sup>

- 1) **Submission:** An AE develops and submits a PPF request that includes a PPF request form, a CN and a no-objection letter from the NDA.
- 2) **Receipt:** The DCP PPF team receives the PPF request as set out in Step 1.
- 3) **Review and feedback provided by the Director of the DMA or the PSF:** The Directors, in consultation with the Deputy Executive Director, confirm the merits of the CN vis-à-vis the GCF investment criteria and strategic fit within the GCF portfolio. This includes a technical

#### **Box A - 3. PPF approval process**

The following steps are laid out in GCF Board documentation as the PPF "approval process":

Step 1. Development and submission of PPF requests by the AE in consultation with the Secretariat and in conjunction with a no-objection letter consistent with the initial no-objection procedure approved by decision B.08/10.

Step 2. The Secretariat will assess the PPF request against the investment criteria of the GCF as defined in decision B.07/06, a justification of needs, and consistency with relevant GCF policies for consideration by the Executive Director or designee.

Step 3. The decision to fund a PPF request will be approved by the Executive Director or designee, and the Secretariat will report at each Board meeting on the pipeline of requests received, as well as requests approved and under implementation.

Source: GCF/B.13/14, 2.4 "Operational guidelines for the Project Preparation Facility"

<sup>2</sup> The GCF Secretariat uses the terms PPF request (form) and PPF application interchangeably.

<sup>3</sup> Green Climate Fund, "Operations Manual (OM) for the Project and Programme Lifecycle", internal document, draft, v.1.1.1 June 2018.

review by the task manager (from DMA/PSF) and PPF senior specialist<sup>4</sup> (see annex II for more information).

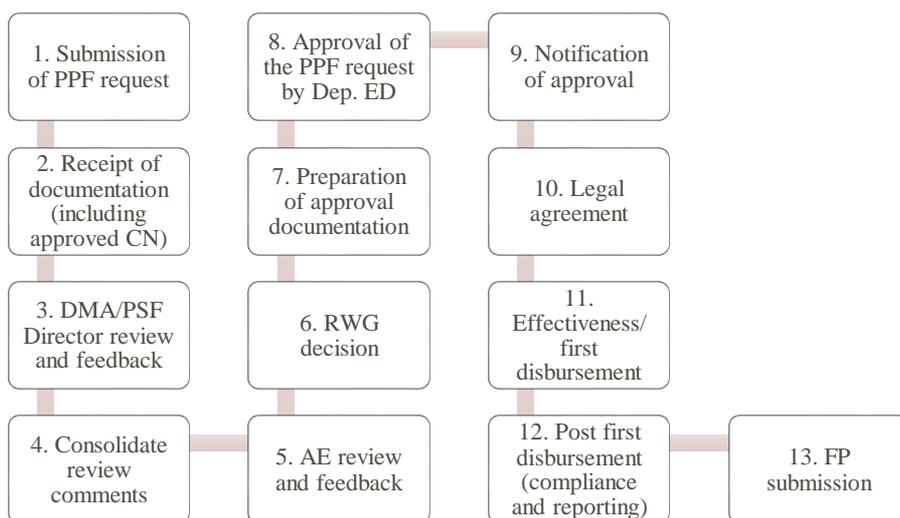
- 4) **Consolidate feedback:** The DCP PPF team compiles the feedback on both CN and PPF request into one document.
- 5) **AE review and feedback:** Feedback is shared with the AE and NDA. The AE reviews and provides feedback to the DCP PPF team and DMA/PSF task manager.
- 6) **Readiness Working Group (RWG) decision:** The DCP PPF team, supported by the DMA/PSF, presents the revised PPF request to the RWG for review and endorsement.
- 7) **Preparation of approval document:** The DCP PPF team prepares the documentation, including CN, and inputs from DMA/PSF task managers.
- 8) **Approval:** The Deputy Executive Director approves the PPF request.
- 9) **Notification:** The NDA is notified of approval by the DCP PPF team.
- 10) **Legal agreement:** The DCP PPF team prepares the grant agreement (GA) (or other legal arrangement supported by the United Nations Office for Project Services (UNOPS)), together with the Office of the General Counsel.
- 11) **Effectiveness/first disbursement:** With the signing of the GA, the Secretariat disburses the PPF funds, as per the standard disbursement process (identical with the FP disbursement process).
- 12) **Post first disbursement:** The DCP PPF team manages the PPF process until first disbursement. Then, the Office of Portfolio Management (OPM) takes over monitoring after the first disbursement has been made (UNOPS is now supporting these processes.)
- 13) **FP submission:** An FP for the underlying projects needs to be submitted within two years of PPF approval (step 8).

The first engagement with the NDA or AE occurs before or at the time that a CN is submitted (the timing of this engagement and discussion of the CN varies between the DMA and PSF). The CN review process typically occurs **prior to the official submission of the PPF request** and is ad hoc. The CN review process has its own review steps. Generally, these consist of two major subprocesses: the submission of the CN and its review. The submission stage ends with the mandatory clearance by the GCF's senior management team. The review process concludes with two decisions:

- First, the technical review of the CN, which is done by the DMA/PSF task managers, assesses if the CN is valid, well structured, in line with safeguards and contributing to climate change mitigation and adaptation. This assessment also includes feedback from other divisions, such as ESS, Gender, Finance, OPM and ORMC. Based on the assessment of the CN, it is decided if the CN is adequate or should be developed further.
- Second, once the CN is considered adequate, the task manager recommends whether the CN can move forward to the FP process, or if it should be used to apply to the PPF to support additional development, or if it cannot be recommended for further development. This is done by compiling the feedback and transmitting the assessment note, which provides clear and concise comments for the NDA or the AE to respond to (see Appendix II).<sup>5</sup>

<sup>4</sup> According to the GCF OM, CN review comments can also be provided by the Secretariat's PPF team, country team, entity relations team, ESS and gender team. The PPF request itself can also be reviewed by other divisions, such as the Office of the General Counsel, Finance, the Office of Portfolio Management (OPM) and the ORMC.

<sup>5</sup> Green Climate Fund, "Current public-sector Proposal Approval Process", internal document, final post-B.17 version – DMA, v.0.3, 5 May 2018.

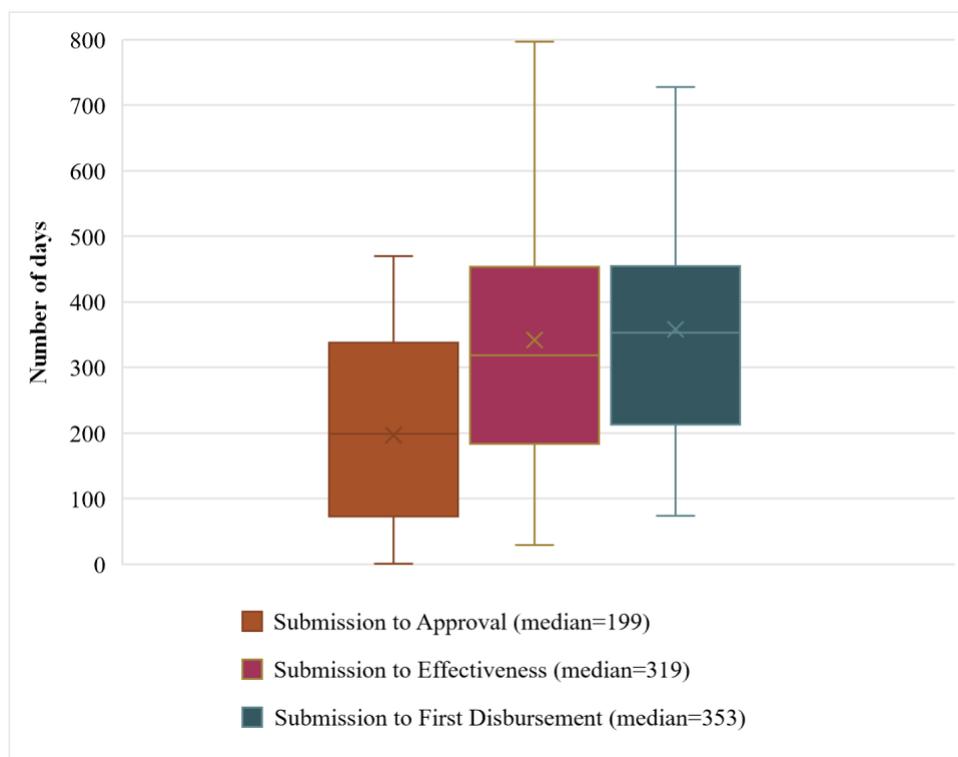


*Figure A - 1. The overall PPF process*

It should be noted that the development of a CN is not mandatory for the proposal approval process, but it is for the simplified approval process and PPF. When the FP does not meet the requirements of the technical review or the interdivisional review, the task manager can suggest that the AE apply to the PPF instead. If this occurs, the FP is no longer being considered for the proposal approval process.<sup>6</sup> During the consultation for this review, Secretariat staff said that this stage occurs either before or during the completeness check of the FP and could be done during the technical review of the FP or during the interdivisional review of the FP.

An analysis of the portfolio of all 23 approved PPF requests (as of 8 July 2019) found that it typically takes **199 days from submission of a PPF request to its approval** (see Figure A - 2). The box plot for processing times from submission of the PPF request to effectiveness of the GA shows outliers. This suggests that the highest degree of variability, and thus uncertainty, relates to the steps after the PPF request is approved, which includes the steps that involve notifying the NDA and drafting and signing the legal agreement.

<sup>6</sup> Green Climate Fund, “Current public-sector Proposal Approval Process”, internal document, final post-B.17 version – DMA, v.0.3, 5 May 2018.



**Figure A - 2. GCF PPF process time stamp statistics**

Notes: Submission to Approval (blue): This distribution shows the median processing time from the submission of the PPF request up until its approval by the Secretariat (here the Deputy Executive Director).

Submission to Effectiveness (maroon): This distribution shows the median processing time from the submission of the PPF request up until effectiveness of the PPF agreement (here the GA).

Submission to first disbursement (brown): This distribution shows the median processing time from the submission of the PPF request up until first disbursement of the PPF funding.

Source: IEU DataLab. The box plot is based on PPF data extracted as of 8 July 2019.

Comparing the median values for the submission of the PPF request to effectiveness of the GA and for the submission of the PPF request to first disbursement of the PPF funds shows a difference of about a month.

Overall, it typically takes (median) **353 days from the PPF request until the first disbursement of PPF funds**. Long PPF processing times were mentioned repeatedly during consultations with the AEs and the Secretariat. One interviewee suggested that “long processing times have the risk of rendering the PPF useless, as the AE is likely to have moved on and got another competing project preparation grant outside the GCF.” Other interviewees explained that some AEs had decided not to approach the PPF, “given the reputation of the GCF, with too stringent processes and long waiting periods”. Secretariat staff members have also suggested that the overall process for determining which CNs require additional funds for project preparation is ad hoc: there were several instances when approaching the GCF PPF was not the initial choice for the AE, and the task manager decided to suggest the PPF to the AE.

When looking at the overall processing times between 2016 and 2019, it is worth noting that the median processing time from submission of the PPF request to first disbursement of PPF funds has improved, **from 454 days in 2016 to 175 days in 2019** (see Figure A - 3). While the median time from PPF request submission until disbursement of PPF funds has decreased, it is still much longer than those of comparator organizations, such as the Global Environment Facility (GEF).

Consultations with the GEF project preparation grant staff have shown that the GEF project preparation grant approval process takes a matter of weeks once a project identification form is approved (see Box A - 4).

**Box A - 4. Overview of Project Preparation at the GEF**

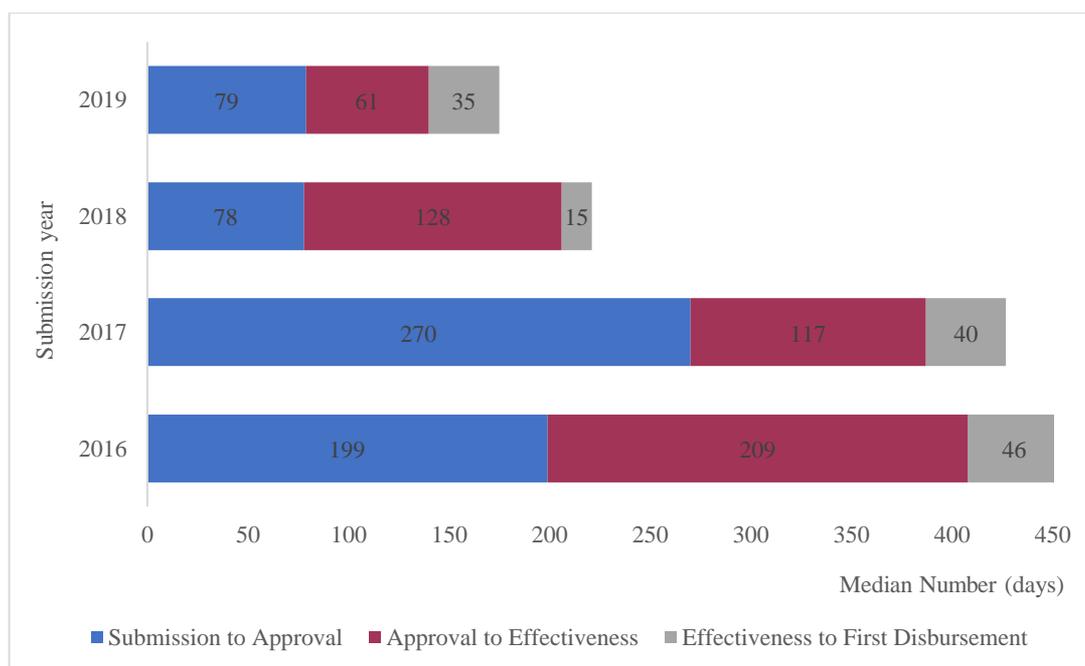
Any GEF partner agency can request a PPG in order to support a full-sized project (FSP) or medium-sized project (MSP). The PPG is requested once a project identification form (PIF) has been submitted. If not requested at the PIF stage, a PPG can also be requested separately any time before the CEO endorsement submission of an FSP or a CEO approval submission of an MSP.

The GEF has four types of projects: FSPs, MSPs, enabling activities and programmatic approaches. Only FSPs (projects over USD 2 million) and MSPs (projects up to USD 2 million) are supported by the PPG.

In the GEF, the approval of a PPG is linked to the approval of the PIF clearance letter. This occurs once the CEO issues a clearance on the combined “work programme”, which includes the PIF and corresponding request for a PPG.

Based on discussions with GEF Secretariat staff, the GEF PPG approval process takes a matter of weeks once a PIF has been approved. This was further supported through discussions with AEs accredited as partner agencies for the GEF, who pointed to the comparatively quick approval and disbursement times of the GEF PPG over the GCF’s PPF.

Source: GEF/C.50/08/Rev.01, GEF Project and Program Cycle Policy, June 09, 2016.  
GEF/C.52/Inf.06/Rev.01, Guidelines on the Project and Program Cycle Policy, June 9, 2017.



**Figure A - 3. Median number of days for the PPF process by submission year**

Notes: Submission to Approval (blue): This bar shows the median processing time from the submission of the PPF request up until its approval by the Secretariat (here the Deputy Executive Director).  
Submission to Effective (maroon): This bar shows the median processing time from the submission of the PPF request up until effectiveness of the PPF agreement (here the GA).  
Submission to first disbursement (grey): This bar shows the median processing time from the submission of the PPF request up until first disbursement of the PPF funding.

Source: IEU DataLab. The diagram represents data on the PPF requests extracted as of 8 July 2019.

**Only 23 PPF requests have been approved since the PPF started in 2015.** Up until 8 July 2019, the PPF had approved only 23 out of 66 PPF requests (35 per cent) submitted. The reasons for this low uptake vary. Interviewees often provided the following reasons, among others: some of the PPF requests have become inactive due to non-communication with the Secretariat; AEs had withdrawn their CN due to the AE's internal processes; and the Secretariat's consolidated feedback on CNs and PPF requests was slow but substantial, requiring further refinement and that the AE spend more time responding.

### **b. Monitoring and reporting processes**

The monitoring and reporting requirements for PPF grants are outlined in Box A - 5. Interviews with the Secretariat confirmed UNOPS<sup>7</sup> takes over from the Secretariat after approval is granted, including with regard to oversight, monitoring and disbursement schedules. Interviews also confirmed the Secretariat has no internal system for capturing and tracking the results/outcomes of the PPF and programme learning. Several interviewees pointed out that there is limited contact with the Secretariat after the PPF request is approved. This is viewed as self-defeating, as AEs expect feedback from the Secretariat during this process to determine if the project is making progress towards eventual FP approval after the completion of activities under the PPF.

#### **Box A - 5. Monitoring and reporting requirements**

At each Board meeting, the Secretariat will report on the status of requests received, approved or under implementation.

As the Fund is a continuously learning institution, the Secretariat will initiate regular updates of these guidelines to incorporate lessons learned and adapt to the needs emerging through dialogue with national designated authorities and AEs, including through a formal review of the PPF no later than the end of the Initial Resource Mobilization (IRM) period.

Source: GCF/B.13/14

### **c. Results**

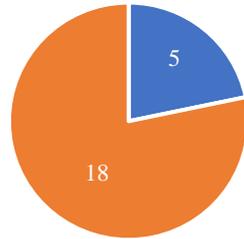
Given the Board decision B.13/21(xi), "*Funding proposals developed with Project Preparation Facility resources should be submitted to the Board within two years of the approval of a Project Preparation Facility request unless sufficient justification for an extension is provided*", we examined the extent to which FPs have been submitted to the Board in the time frames provided.

Of the 23 approved PPF requests, only **one CN that has received PPF resources (PPF001) has gone on to be approved as an FP (FP0073) by the Board, despite the PPF having been in existence for over four years.** FP0073 was originally submitted to the Secretariat on 30 July 2015, was approved on 1 March 2018, and has a funded activity agreement effective 15 May 2019.

Given that only one FP resulted from the PPF portfolio, the evaluation team also looked at the submission of FPs to the Secretariat. Of the 23 approved PPF requests, AEs had submitted five requests for full funding to the Secretariat (see Figure A - 5). One PPF requested a no-cost extension. Given the approval time and the request to submit an FP to the Board within two years of PPF approval, five PPF requests should have resulted in the FP submission to the Board (see Figure A - 4). The results indicate two possible explanations. First, there is no special consideration of the FP submissions (that received PPF) by the Secretariat. Thus, FPs may not advance to the stage of

<sup>7</sup> UNOPS handles all contract negotiations and disbursement requests.

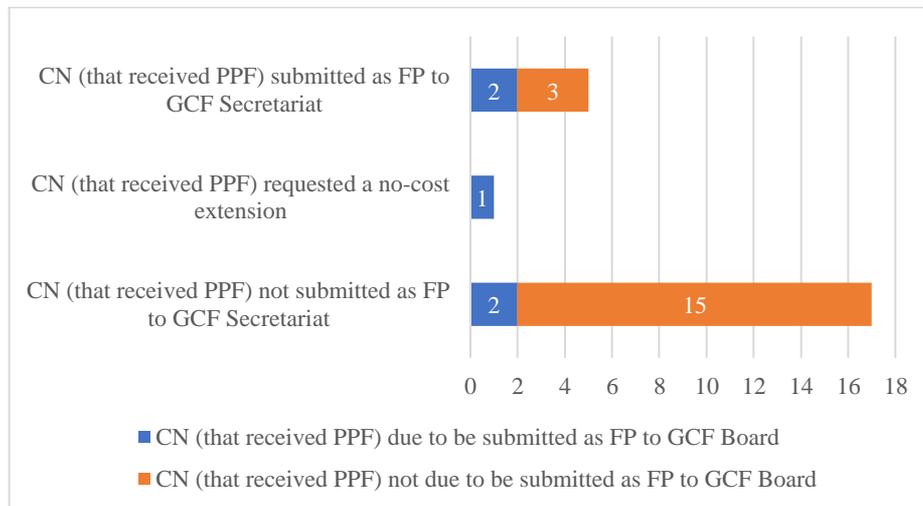
Board consideration quickly enough. Second, the FP submitted to the Secretariat lacked quality to pass through the Secretariat's and the independent Technical Advisory Panel's FP reviews quickly enough.



- CN (that received PPF) due to be submitted as FP to GCF Board
- CN (that received PPF) not due to be submitted as FP to GCF Board

**Figure A - 4. Concept notes that received PPF and are due to be submitted as FPs to the GCF Board**

Source: IEU DataLab, 8 July 2019



**Figure A - 5. Concept notes that received PPF and were submitted as FPs to the GCF Secretariat**

Notes: Figure A - 4 and Figure A - 5 show all 23 approved PPF requests and their current status with respect to the FP submission to the GCF Board. AEs can also request a no-cost extension on the implementation period of the PPF activities defined in the PPF approved request, as per B.13/21(xi). "No-cost extension" in Figure A - 5 represents the number of CNs that received PPF funding and have asked for an extension to complete the PPF activities. In Figure A - 5, the blue bar represents the numbers of CNs that received PPF funding and surpassed the 2-year threshold after the PPF approval. The orange bar represents the number of CNs that received PPF funding and have not yet reached the 2-year threshold after the PPF approval.

Source: IEU DataLab, 8 July 2019

## 2. IS THE PPF FIT FOR PURPOSE?

To assess if the PPF is fit for purpose, we examined if the PPF was fulfilling its objectives and if so, to what extent? We also examine if it has sufficient and adequate staffing, and if it is complementing the RPSP (as required in its Board-approved mandate).

### a. Purpose and objectives of the PPF

The overall aim of the PPF is to “support the development of projects and programmes and enhance their quality at entry into the Fund’s pipeline”.<sup>8</sup> However, a recent IEU study<sup>9</sup> of FPs identified that at least for the first 93 projects the GCF funded as of January 2019, 49 per cent did not plan for baseline data collection, 62 per cent had weak theories of change and 87 per cent overstate their impacts. This highlights the significant gaps in quality at entry of GCF FPs.

Given Board decision B.13/21 (b) “*that the Project Preparation Facility will support project and programme preparation requests from all AEs, especially DAEs, for projects in the micro-to-small size category in accordance with decision B.10/17, with a view to enhancing the balance and diversity of the project pipeline*”,<sup>10</sup> we examined the PPF’s support for DAEs. As of 8 July 2019, of the 23 PPF requests that have been approved, 16 were from DAEs and account for USD 11.54 million (see Table A - 2). Notably, as of July 2019, of the USD 40 million made available to implement the initial phase of the PPF, only **USD 15.01 million had been committed (37.5 per cent)** (see Table A - 2) **and one fifth of the overall funds had been disbursed** (USD 8.3 million) (20.75 per cent). In other terms, of the committed funds only 55.3% were disbursed.

**Table A - 2. Project Preparation Facility by access modality**

ENTITY TYPE	NUMBER OF APPROVED PPF REQUESTS	GCF COMMITTED AMOUNT (USD M)	DISBURSED AMOUNT (USD M)
DAE	16	11.54	6.11 (73.5%)
IAE	7	3.47	2.2 (26.5%)
Total	23	15.01	8.31

Source: IEU DataLab, 8 July 2019

While the current PPF portfolio appears to focus on DAEs (see Table A - 2), Table A - 3 shows that international AEs have submitted a majority of requests in the overall PPF pipeline (25 PPF requests of a total of 44 in the pipeline).

**Table A - 3. Overview of the PPF pipeline**

ENTITY TYPE	PIPELINE (COUNT)	REQUESTED AMOUNT (USD)
Direct AE	19	16,304,467 (48.93%)
International AE	25	17,017,157 (51.06%)
Total	44	33,321,624

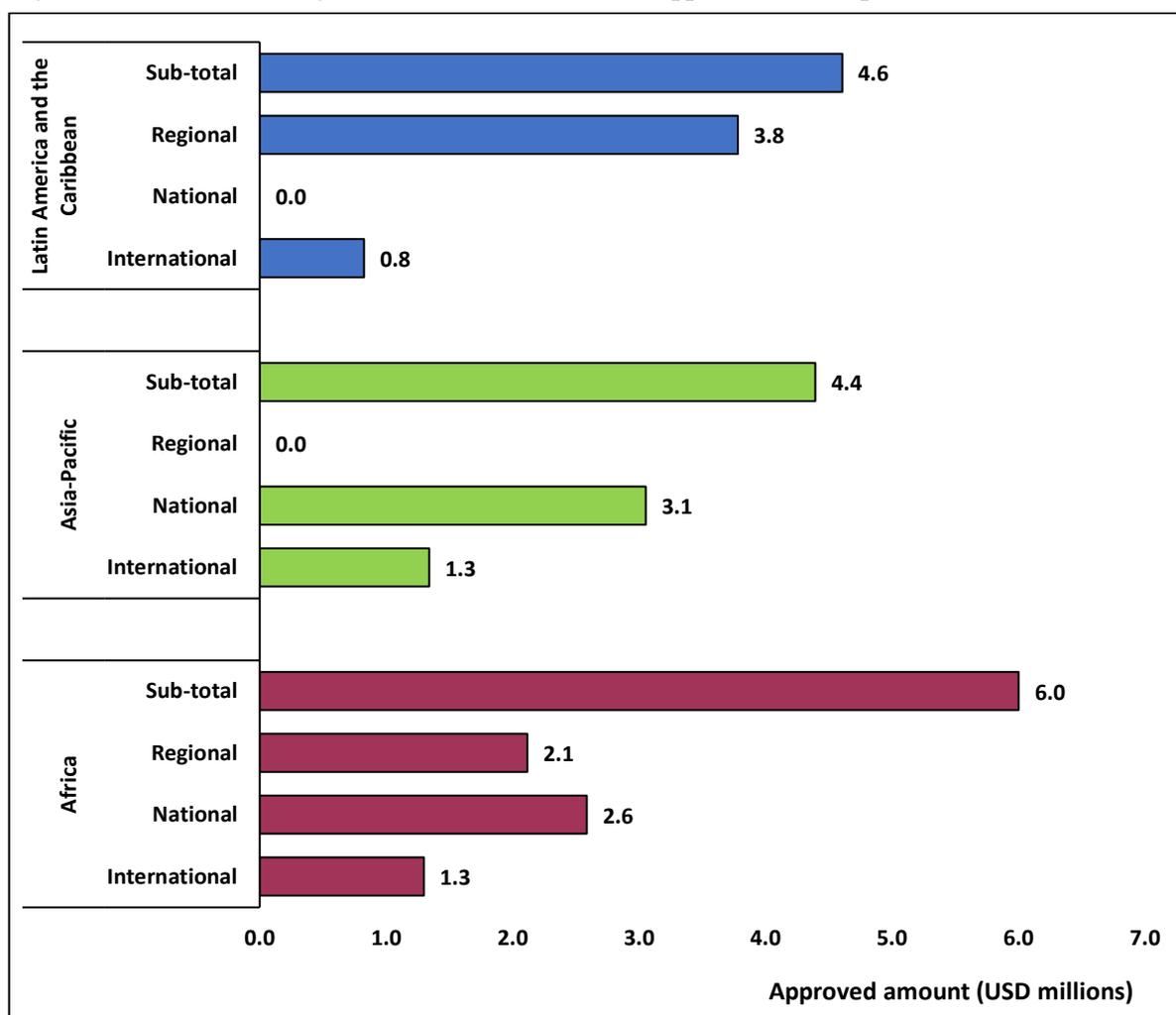
Source: IEU DataLab, 8 July 2019

<sup>8</sup> GCF/B.13/14, paragraph 2.1

<sup>9</sup> Nathan Fiala, Jyotsna Puri and Peter Mwandri, “Becoming bigger, better, smarter: A summary of the evaluability of Green Climate Fund proposals”, IEU Working Paper, No. 1 (Songdo, South Korea, Green Climate Fund, 2019).

<sup>10</sup> Decision B.13/21, in GCF/B.13/32/Rev.01, and GCF/B.13/14 titled “Operational guidelines for the Project Preparation Facility”.

Another consideration in assessing the PPF’s performance in fulfilling its purpose and objectives is how well the PPF reflects a balance in geographic representation (equitable distribution). The Board requested “*the Secretariat to manage PPF requests with a view to seeking geographic balance and a balance between national, regional, and international accredited entities.*”<sup>11</sup> While the number of approved PPF requests is still low, all three key geographic areas – Africa, Asia-Pacific, and Latin America and the Caribbean – show a relatively balanced PPF portfolio (see Figure A - 6). In absolute terms, Africa has the most approved PPF requests, with the majority being either national or regional DAEs. In Latin America and the Caribbean, and the Asia-Pacific region, a majority of PPF resources go towards DAEs. It should also be noted that the Latin America and the Caribbean region does not have a single national DAE that has an approved PPF request.



**Figure A - 6. Distribution of approved PPFs in USD millions**

Source: IEU DataLab, data based on 23 approved PPF requests, as per 8 July 2019

Lastly, as decided by the Board regarding allocation, the GCF “*will initially make allocations under adaptation, mitigation and the Private Sector Facility*” and “*in relation to the Private Sector Facility, resources will be allocated based on the contribution a proposed activity makes towards promoting a paradigm shift*” and “*promoting the participation of private sector actors in developing countries*”.<sup>12</sup> Accordingly, we examined how effectively the PPF is promoting and

<sup>11</sup> GCF/B.13/14.

<sup>12</sup> Decision B.05/05 (c) and (f), in GCF/B.05/23.

facilitating private sector engagement. As stated in GCF/B.13/14, the “*PPF request will indicate the financial instrument to be used. Support for PPF requests will generally be in the form of grants. For PPF requests targeting private sector projects, grants with repayment contingency and equity instruments may also be considered.*”<sup>13</sup>

**Based on the underlying portfolio of 23 approved PPF requests, there is no evidence that other financial instruments, such as equity and repayable grants, were intended to be used to support project preparation.** The most commonly used form of PPF funds are grants. Given the low number of private sector requests, with only four out of the 23 approved PPF requests coming from the private sector, this is to be expected. The four approved private sector related PPF requests are managed by two private sector entities, the Infrastructure Development Company Limited in Bangladesh and XacBank in Mongolia. **It is not clear why the PPF does not currently focus on the private sector.** Additional reflections on the public-private partnership efforts will be discussed in section (c) below.

### **b. Staffing**

Given the description of the CN and PPF process above, the Secretariat advocates for early submission of CNs to ensure that a PPF request takes into consideration feedback provided during the CN review to reduce the operational steps. Referring back to Figure A - 1, **all 13 operational steps of the PPF overall process concentrate around the DCP PPF team, which acts a “Secretariat” for all matters and across all divisions.** This process may require additional support to AEs/NDAs for the submission of adequate documentation for and understanding of the PPF approval process.

Indeed, the PPF pipeline portfolio (of 44 PPF requests) shows 7 PPF requests were withdrawn and 28 PPF requests were deemed “inactive” after several months of disengagement. The reasons for this disengagement vary.

The DCP PPF team currently has two staff positions. **Given its number of tasks, the DCP PPF team seems to be insufficiently funded and staffed to fulfil its responsibilities.** This is reason for concern, given the strategic focus on DAEs in the GCF’s new strategic plan, which may lead to more micro-to-small size projects in the GCF portfolio.

The Secretariat has also highlighted that, given the mandate of DCP – particularly its focus on country programming, national adaptation plans (NAPs), and the RPSP – the PPF scheme **for supporting the design of innovative, paradigm-shifting projects is not a “natural fit”.** This raises the question of the institutional location of the PPF team.

Additionally, the ad hoc treatment of the PPF by task managers at DMA/PSF, to essentially use the PPF scheme as an alternative way to handle FPs, **raises concerns about the clear strategic focus of the PPF during the early (CN) review stages in these divisions.** Consultations show that the PPF is often used as a facility to “park concept notes for a while”.

### **c. Synergies with the Readiness and Preparatory Support Programme**

The overall objectives of the PPF and the RPSP are relatively similar: to bring forward innovative, robust and well-researched FPs for consideration by the GCF Board. This relationship and complementarity have been outlined in the operational guidelines for the PPF (GCF B.13/14). The synergies between both programmes were envisaged and outlined in decision B.13/14: “*The Readiness Programme may continue to foster pipeline development through support for enabling environment, market creation activities, and other activities that may not be requested by accredited*

<sup>13</sup> GCF/B.13/14, paragraph 2.2.

*entities under the PPF.*” The Board document suggests further that *“the GCF can overcome these challenges by creating synergies between its project preparation activities and the Readiness Programme in order to ensure country ownership, help establish an enabling environment, facilitate the development of standard tools.”*<sup>14</sup>

This brings to mind the three main challenges other funds face with project preparation funds (often called by other names) and which the GCF may overcome by developing synergies between the PPF and RPSP. These challenges are *“a) (A) **Lack of country ownership** has sometimes hindered the development of projects, especially in the area of public-private partnerships; b) Providing resources to prepare studies may not be sufficient if other obstacles are not addressed, including the **enabling environment and efficiency of procurement processes** [...]; and c) Lastly, **achieving scale and limiting transaction costs.**”*<sup>15</sup>

**The PPF serves to overcome financial restrictions and gaps that AEs may encounter during the project design/feasibility stage (GCF B.13/21), whereas the RPSP is very much directed through the respective NDAs to further build up the capacity of AEs.** These two programmes are not to be conflated. The PPF is viewed by many AEs (that were interviewed and surveyed) as a “gap filler” for the financial requirements of project development. When asked about the complementarity between PPF and RPSP, many interviewees were able to demonstrate how they use each of these programmes to complement one another. The starting point seems to be country programmes (CPs) and entity work programmes that identify areas of highest impact and transformative potential. The objectives of the RPSP are, among others, to facilitate capacity-building at country level (through CPs, NAPs) and at entity level (through entity work programmes).

While this may be true, the IEU Country Ownership Approach evaluation has shown that CPs are ill-defined and not very useful in helping countries determine their climate portfolios or align them with GCF objectives. Furthermore, CPs also vary in quality and, although viewed as planning documents, currently run the risk of creating expectations among countries that the GCF may not be able to fulfil.<sup>16</sup>

In terms of challenges with private sector engagement, in particular public-private partnerships, the PPF generates minimal interest. Only four out of the 23 approved PPF requests are private sector related, including the Infrastructure Development Company Limited in Bangladesh and XacBank in Mongolia. Out of 44 PPF requests in the pipeline, four are private sector related, and another two CNs were related to public-private partnerships. The latter were submitted by the Palli Karma Shohayak Foundation and the Central American Bank for Economic Integration. In discussions with AEs, the evaluation team found that there are no differences in the approach to PPF by private and public sector requests. One quote from the perception survey that summarizes the complementarity of both programmes reads: “Readiness helps countries to properly conceptualize a project idea whilst the PPF comes in to give life to the project and help operationalize it. We think that the two do complement each other.”

Currently at least, overall, **any operational synergies between the RPSP and the PPF do not seem to be either planned for or realized.**

Referring to the other obstacles related to ensuring an **enabling environment and efficiency of procurement processes, support for pre-contract services, including the revision of tender**

<sup>14</sup> GCF/B.13/14, 1.2 (a), “Operational guidelines for the Project Preparation Facility”.

<sup>15</sup> GCF/B.13/14, 1.2 (a), “Operational guidelines for the Project Preparation Facility”.

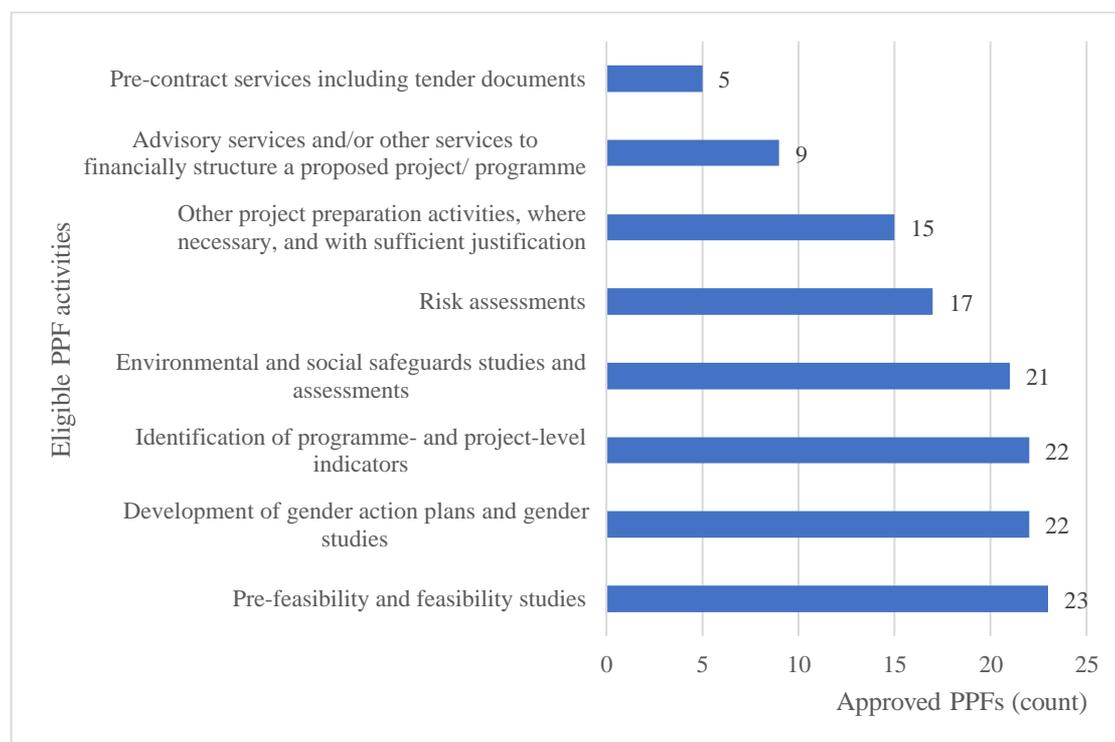
<sup>16</sup> Independent Evaluation Unit, “Independent Evaluation of the Green Climate Fund’s Country Ownership Approach”, Evaluation Report, No. 4 (Songdo, South Korea, Green Climate Fund, 2019).

**documents, advisory services for financial budgeting, and workshops and translations** are eligible activities for PPF, as presented in Table A - 1. These should enable the AE to get support to overcome procurement challenges when preparing additional studies. The Secretariat's PPF operational guidelines further highlight that capacity-building activities, which could otherwise be funded under the RPSP, are not eligible for PPF funding.

Drawing from the list of eligible activities under the PPF (see Table A - 1), the frequency of all eligible activities under the PPF by count of PPF proposals are shown in Figure A - 7. Activities that are related to the enabling environment and support for procurement processes for the preparation of studies and assessments (see Figure A - 7) are pre-contract services (5 PPF requests), advisory services to financially structure a project (9 PPF requests) and other services, such as workshops and translations (15 PPF requests). **PPF requests include these activities, which shows that there are significant needs and interest in supporting the enabling environment for these processes through this facility.**

However, not all PPF requests require such support, compared to preparing the (pre-) feasibility studies, gender actions plans and studies, and environmental and social impact assessments and identifying the indicators that are featured in almost every PPF request. It should be noted that (pre-) feasibility studies, gender action plans, and environmental and social impact assessments are mandatory documentation for the submission of an FP.

Given this finding, it can be said that the RPSP support for such specific capacity needs does not meet AE demands.



**Figure A - 7. Project Preparation Facility activity areas**

Notes: Eligible PPF activities, as per decision B.13/21, are (pre-)feasibility studies, gender action plans and gender studies, identifying programme- and project-level indicators, environmental and social safeguard assessments, risk assessments, pre-contract services, including the revision of tender documents, advisory services and/or other services to financially structure a proposed project/programme, and preparatory activities.

Source: IEU DataLab, data extracted as per 8 July 2019

Lastly, another challenge referred to by GCF/B.13/14 is **achieving scale and limiting transaction costs**. The synergies between the RPSP and PPF should help to tackle these issues. The lessons from other funds point to the challenge of a fragmentation in project preparation facilities or similar programmes – a fragmentation that does not allow the “*elaboration of standards and tools, the development of programmatic approaches, and the replication of successful models across geographies*”.<sup>17</sup>

As pointed out in Table A - 1, in general, the GCF’s PPF allows a wide range of activities that relate to preparing FPs. It leaves the option to address several gaps through one single PPF scheme. This is considered a strength of the GCF PPF. In theory, this could lead to reduced transaction costs for the requesting AE. In practice, the PPF request requires terms of reference for external consultants for any advisory services requested under the PPF request. Representatives from the Secretariat pointed out that these are important to determine the adequacy of a request to the PPF, while the AEs pointed out that this might hinder the DAE in accessing the PPF. Several entities have pointed out that, due to their limited capacity, preparing PPF requests requires them to hire external consultants. It should be noted that the Secretariat published PPF operational guidelines,<sup>18</sup> which provide a list of eligible activities. However, these do not offer detailed descriptions, best practices or examples in how the scope of PPF-funded activities can aim at building quality FPs that are climate relevant and deliver environmental and social outcomes.

In conclusion, it can be said that **while it is beneficial to include all types of activities that are eligible for PPF support, the lack of guidance by the GCF and lack of technical expertise of the AE are still key challenges** in preparing high-quality projects and investments for the GCF.

Furthermore, the current **PPF modality does not consider innovation and scaling-up** throughout the overall PPF process. As noted in the GCF Strategic Plan 2020–2023, the GCF envisages developing a portfolio that responds to developing country needs and delivers greater paradigm-shifting mitigation and adaptation impact for countries. To realize this, the GCF’s priority is to “*promote projects and programmes with potential for innovation, replication, scale and financial sustainability (reflecting the components of a paradigm shift), as well as projects which deliver integrated mitigation, adaptation and development benefits.*”<sup>19</sup> Currently, the PPF does not align with these priorities. The DMA/PSF Director’s review of the PPF request, as part of the PPF approval process, should confirm the merits of the underlying CN vis-à-vis GCF investment criteria and strategic fit within the GCF portfolio. However, the effectiveness of this process, in particular using investment criteria, is still to be tested. Given that the PPF portfolio is still nascent, it is unclear how challenges of innovation and achieving scale are addressed. In the PPF, the GCF has a potential modality that can be immensely powerful and effective in helping the GCF be seen as a driver of innovation. Unfortunately, **there are no conceptual or realistic goals set by the PPF to address scaling-up and innovation**.

<sup>17</sup> GCF/B.13/14.

<sup>18</sup> Green Climate Fund, *Project Preparation Facility Guidelines* (Songdo, South Korea, 15 March 2019).

<sup>19</sup> GCF/B.25/09, paragraph 19.

## C. CONCLUSIONS AND RECOMMENDATIONS

### 1. IS THE PPF PROCESS EFFICIENT?

- GCF's PPF is less efficient than those of comparator organizations, such as the GEF. The GEF project preparation grant approval process takes a matter of weeks once a PIF is approved in comparison to GCF's median average of days (175 in 2019).
- Despite current progress in accelerating the timeline of approval and disbursement, the processing times remain long. Overall, it **takes (median) 353 days** from the submission of the PPF request until the first disbursement of PPF funds. **Only 23 PPF requests have been approved** since the PPF started in 2015. **Only one FP supported through PPF funds** has been submitted to and **approved by the Board**.
- Currently, the GCF has no means for determining the effectiveness of its PPF, as **there is no mechanism for measuring or tracking the quality of outcomes of the approved PPF** once the funds have been disbursed. Currently, the number of CNs that received PPF funding and are submitted as FPs to the Board, after the proposal approval process, is the only available indication of success. This means that **outcomes related to the strengthening of FPs under the PPF are not tracked**. As per GCF Board decision B.13/21, PPF support is intended to facilitate submission of a corresponding funding proposal within two years. However, out of the 23 PPF requests, only five have submitted an FP to the Secretariat, and another three are overdue. Subsequent submissions to the Board are subject to the Secretariat's discretion. Reasons for the delay in submitting FPs that were previously funded through the PPF remain unclear. It has been indicated by the Secretariat that an FP that has received PPF funding will have to go through the same regular, long FP process.<sup>20</sup> **The Secretariat does not currently prioritize these PPF-funded FPs**. This may render the activities under the PPF useless, given the potential changing project environments in the countries involved.
- The **quality of FPs and supporting documentation that are submitted to the Board is also questionable**. Given that a recent study by the IEU<sup>21</sup> has shown that "at least for the first 93 projects that GCF funded as of January 2019, 49 per cent did not plan for baseline data collection; 62 per cent had weak theories of change and 87 per cent overstate their impacts", the **PPF has not been used to address these gaps in quality consistently across the project portfolio**. Considering the low uptake of the PPF, **there is thus very little evidence that the PPF is helping to enhance the quality** at entry in the GCF's project pipeline.

### 2. IS THE PPF FIT FOR PURPOSE?

- There is **no evidence** the PPF is supporting the development of projects and programmes and **enhancing their quality at entry into the GCF's pipeline**. In the current PPF process, **the DMA/PSF Directors decide on the strategic fit and climate rationale** of the CN with the GCF portfolio. However, **no clear targets are set that would enable consistency across the portfolio**. Given the long processing times of the PPF and long processing times of FPs, it is not clear how the PPF will help to balance the GCF portfolio.

<sup>20</sup> Independent Evaluation Unit, "Forward-Looking Performance Review of the Green Climate Fund (FPR)", Evaluation Report, No. 3, 2nd ed. (Songdo, South Korea, Green Climate Fund, 2019).

<sup>21</sup> Nathan Fiala, Jyotsna Puri and Peter Mwandri, "Becoming bigger, better, smarter: A summary of the evaluability of Green Climate Fund proposals", IEU Working Paper, No. 1 (Songdo, South Korea, Green Climate Fund, 2019).

- The PPF provides financial support to prepare projects for both IAEs and DAEs alike, but there is a clear challenge ahead if DAEs are to be prioritized. **DAEs have to compete with large IAEs to bring forward PPF requests for consideration.**
- **The PPF's current staff level is not adequate.** Given there are 13 operational steps for PPF assessment, as well as feedback during the consultations, it is clear **the current staff level is insufficient considering the PPF aspires to ensure support for preparing FPs.**
- While the aspect of country ownership is strongly linked to the PPF and RPSP in theory, **the low uptake of PPF requests has shown that the PPF scheme has not been able to achieve the objectives** originally set for it, nor to support project preparation requests for funding, in particular from DAEs, for projects in the micro-to-small size category.
- **The PPF scheme has room for improvement regarding its visibility and awareness-raising both within the GCF and across its stakeholders.** With limited knowledge, it is hard to imagine an effective uptake of the scheme from AEs, in particular DAEs.

### 3. RECOMMENDATIONS

The evaluation offers the following recommendations:

- 1) The PPF provides the GCF with a modality that has the potential to be immensely powerful and effective in helping it be seen as a driver of innovation. Unfortunately, the PPF has not been used for this purpose. **We strongly recommend that innovation and scalability be the principal foci of the PPF modality.** This needs to come through in the way PPF requests are considered and the pipeline is developed.
- 2) **The other objective of the PPF can and should be enhancing quality at entry. The GCF should consider adopting a strategy for the PPF to help achieve this purpose. The strategy** should clearly set out how the PPF will promote the development of quality FPs.
  - a) It should **determine the PPF's scope of support to promote the development of quality FPs.** The PPF operational guidelines provide a list of eligible activities. However, it is recommended the guidelines be (a) updated and refined, (b) provide detailed descriptions, best practices and examples, and (c) spell out how the scope of PPF-funded activities can build high-quality FPs that are climate relevant, deliver environmental and social outcomes, and ensure high-quality FPs can be submitted to the GCF. Specifically, the PPF should focus on supporting high quality at entry FPs.
  - b) It should **set out a focus on supporting potentially innovative and potentially scalable** micro-to-small size projects.
  - c) It should also **set out a focus on private sector engagement** for micro-to-small size projects.
  - d) It should **create synergies between the PPF, RPSP support and country programming.** The GCF could consider requiring all GCF CPs and entity workplans to articulate project concepts and request PPF support. The GCF can also consider encouraging NDAs and DAEs to seek multi-year RPSP funding that is used to assist with articulating project CNs to submit for PPF support.
- 3) **The GCF should adopt a system to monitor and report on the progress and outcomes of the PPF.** The GCF should set up a portfolio management system to track the progress of AEs in implementing PPF-funded activities and in preparing FPs. This system should enable the GCF to create knowledge and learning opportunities for the Fund and entities.

- 4) **The PPF team should be staffed commensurately and be better placed within the GCF's organizational structure.** One of the challenges of the PPF is that it needs to operationalize its linkage with the RPSP. This has not been realized yet. The Secretariat should consider how the PPF team may fit better within the DCP to realize these synergies. The Secretariat should have the capacity to review and approve PPF requests rapidly and in alignment with the PPF's strategy and guidelines, and must continue to be engaged throughout the implementation stage of the PPF.
- 5) **The PPF scheme should be far more focused on the private sector.** One idea the GCF Secretariat could explore is differentiating how a private sector PPF request is dealt with, compared to a public sector PPF request. For this, the GCF Secretariat **also needs to ensure that the Secretariat's PPF team, located in the DCP, has private sector expertise** and can engage in a knowledgeable, professional way with private sector actors while still being able to communicate with NDAs and AEs. So far, the PPF scheme has not used other financial instruments (grants with repayment contingency and equity) to finance project preparation support. Even the PPF pipeline does not include any PPF request that uses these. This requires prompt attention from the Secretariat.
- 6) **The GCF should build a better understanding and awareness of the existence of the PPF both within the organization and across its stakeholders.** It should consider (a) utilizing the dialogues, events and platforms of the RPSP to raise awareness about the PPF, (b) developing and implementing sector-focused project preparation strategies in alignment with the PPF's strategy (see Recommendation 2 above) and which include the delivery of training, and (c) providing early orientation packages to NDAs and AEs (especially DAEs) that may be in the pipeline of the accreditation process.

## Appendix 1. METHODS FOR PPF ANALYSIS

In analysing the effectiveness of the PPF within GCF operations, this study included the following key methods.

### **Desk review**

A desk review was conducted, analysing and examining documents that were of particular relevance to the above-mentioned evaluation questions. This included the following key documents, among others:

- GCF, Operational guidelines for the PPF, GCF/B.13/14, 23 June 2016
- GCF, Decisions of the Board – Eleventh meeting of the Board, 2–5 November 2015, GCF/B.11/24, 20 November 2015
- GCF, Decision B.07/03 “Initial Proposal Approval Process, including the Criteria for Programme and Project Funding”, and Annex VII; GCF/B.11/04, section 1.2 “Overview of review process”
- GCF, GCF/B.17/22: “Updated project and programme cycle”
- GCF, Project Preparation Facility Guidelines, 15 March 2019 (Secretariat publication)
- GCF, “Operations Manual (OM) for the Project and Programme Lifecycle”, internal document, draft, v.1.1 June 2018
- GCF, “Current public-sector Proposal Approval Process”, v.0.3 (2018-05-05). (Internal document)
- GEF, Guidelines on the Project and Program Cycle Policy, GEF/C.52/Inf.06/Rev.01, June 9, 2017

### **Portfolio analysis**

An analysis of the PPF portfolio was conducted to address the efficiency and effectiveness of the PPF scheme. The objective of the analysis was to measure the performance to date of the PPF portfolio against the needs addressed with PPF requests. The portfolio analysis particularly focused on the following:

- Uptake rates of the PPF until now
- Distribution of AEs that have received PPF support
- Distribution of project types that have received PPF funding through trend mapping
- Distribution of AEs and project types that have submitted unsuccessful requests
- Analysis of the time taken to receive PPF approval, funding and its impact on FP approval time

### **Perception survey**

A survey was administered among all AEs and NDAs to better understand how stakeholders perceived the targeting, processing and monitoring of PPF requests. Specific attention was given to AEs that had previously engaged with the PPF, either successfully or unsuccessfully. The survey included questions based on the type of respondent answering. The survey was generally split to cover the following types of respondents, with unique questions for each thread:

- Perception survey for the AEs successfully engaging in the PPF
- Perception survey for the AEs unsuccessful in the PPF request process
- Perception survey for the NDAs in countries with PPF requests and NAPs

**Key informant interviews and focus group discussions with the GCF Secretariat, AEs and DAEs**

Interviews were undertaken with relevant stakeholders both within and outside the GCF. The following types of informants were included:

- GCF Secretariat staff involved with the PPF, notably the DCP PPF team, RPSP team and NAP team, the ESS/Sustainability team at the ORMC, and DMA/PSF task managers involved in the PPF work based on the portfolio analysis
- AEs, both IAEs and DAEs, involved in PPF work
- Other stakeholders involved in the PPF process
- Secretariat staff from the GEF who were specifically involved with the GEF PPG

## Appendix 2. THE GCF'S CONCEPT NOTE PROCESS

The concept note process has been reviewed, based on the following GCF documents:

- Decision B.07/03 “Initial Proposal Approval Process, including the Criteria for Programme and Project Funding”, and Annex VII; GCF/B.11/04, section 1.2 “Overview of review process”;
- Decision B.17/22 “Complementarity and coherence”;
- GCF/B.17/22 “Updated project and programme cycle”;
- Green Climate Fund, “Operations Manual (OM) for the Project and Programme Lifecycle”, internal document, draft, v.1.1, June 2018 (internal document); and
- GCF, “Current public-sector Proposal Approval Process”, final post-B.17 version – DMA, v.0.3, 5 May 2018 (internal document).

CNs are submitted to the Secretariat either by an NDA or an AE. The objective of the CN process is to provide early feedback to the AE or NDA regarding the substance of the proposed project. A CN is mandatory for a PPF request and for submitting a proposal under the simplified approval process. However, it is not mandatory for a full proposal. The (overall and PPF) CN process consists of two main subprocesses for both the DMA and PSF:

- 1) **Submission:** Both NDAs and AEs can submit the CN via email. Upon receipt at the DMA/PSF, the NDA is asked to confirm that the CN is in line with country priorities. If the CN is not supported by the NDA, then the CN will not be reviewed. If it is supported, basic data are entered into the integrated portfolio management system. In the DMA, this step is largely implemented by the DMA portfolio management team (consisting of the portfolio analyst and the portfolio assistant) and the DMA coordinators. At the PSF, the data coordinator at PSF enters the basic data into the integrated portfolio management system.

A DMA coordinator assigns a task manager for the assessment of the CN. In the PSF, the Deputy Director of the PSF and the Head of Financial Institutions and Structured Finance decide together – based on sectoral expertise, project type, region and/or instrument – which task manager or task support is to be assigned for the review.

Following this assignment, the senior management team is required to clear the CN, as part of its role in providing a strategic overview, and to provide “complementarity and coherence” with the GEF, Adaptation Fund and the Climate Investment Funds (decision B.17/04), before the publication and technical review of the CN.

- 2) **Technical review:** The CN technical review focuses on the feasibility of the concept to be developed into a request that complies with the investment criteria and the GCF's safeguards policies. This process may involve feedback from other divisions of the GCF, such as the ESS team, gender expert, finance team, OPM and ORMC, and can result in multiple iterations, with requests for further development. Once the CN is found to be adequate, the Secretariat can suggest that the submitter develop an FP or develop a PPF request, or the Secretariat can recommend the CN not be considered for further development. The technical assessment note provided to the stakeholders by the task manager is, however, not binding for the NDA/AE: it is up to the NDA/AE to interpret the review results and decide on next steps.

## Appendix 3. PPF PORTFOLIO ANALYSIS

**Table A - 4. Financial details and breakdown for each PPF activity**

FINANCIAL DETAILS AND BREAKDOWN FOR EACH ACTIVITY	# APPROVED PPF REQUESTS	BUDGET (USD)
Activity 1: Pre-feasibility, feasibility studies and project design	23	6,716,687
Activity 2: Environmental, social and gender studies	22	3,262,733
Activity 3: Risk Assessments	17	468,886
Activity 4: Identification of programme- and project-level indicators	22	1,731,341
Other activities	16	1,131,588

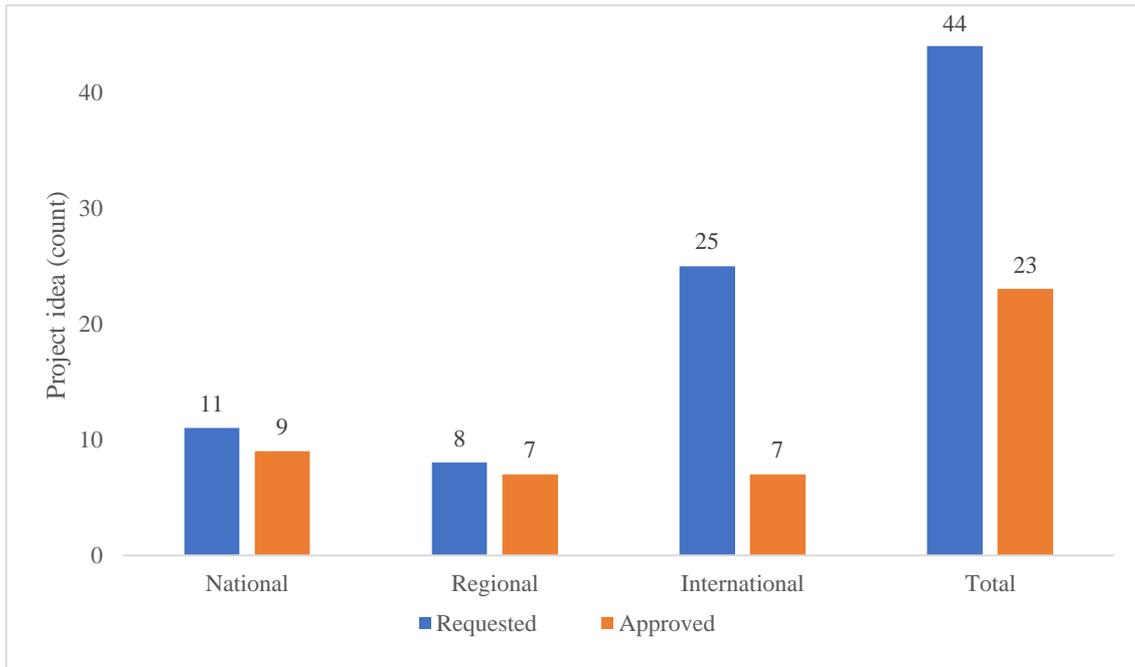
Notes: Not all PPF requests provide financial details for each activity

Source: IEU DataLab, 8 July 2019

**Table A - 5. Breakdown of activities under environmental, social and gender studies**

ENVIRONMENTAL, SOCIAL AND GENDER STUDIES	COUNT	PERCENTAGE OF ALL APPROVED PPF REQUESTS (%)
Gender study and analysis	21	91%
Development of environmental and social management plans	19	83%
Development of gender action plan	17	74%
Preparation of environmental and social impact assessment	16	70%
Conduct a study on ESS	12	52%
Land and acquisition and resettlement action plan	5	22%

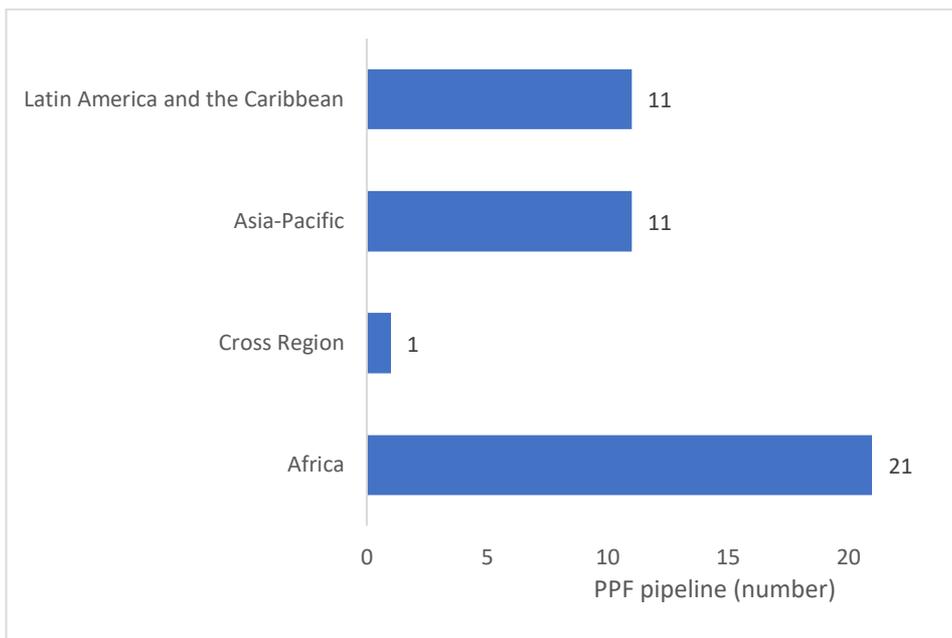
Source: IEU DataLab, 8 July 2019



**Figure A - 8. Number of PPF projects requested versus approved by the Secretariat**

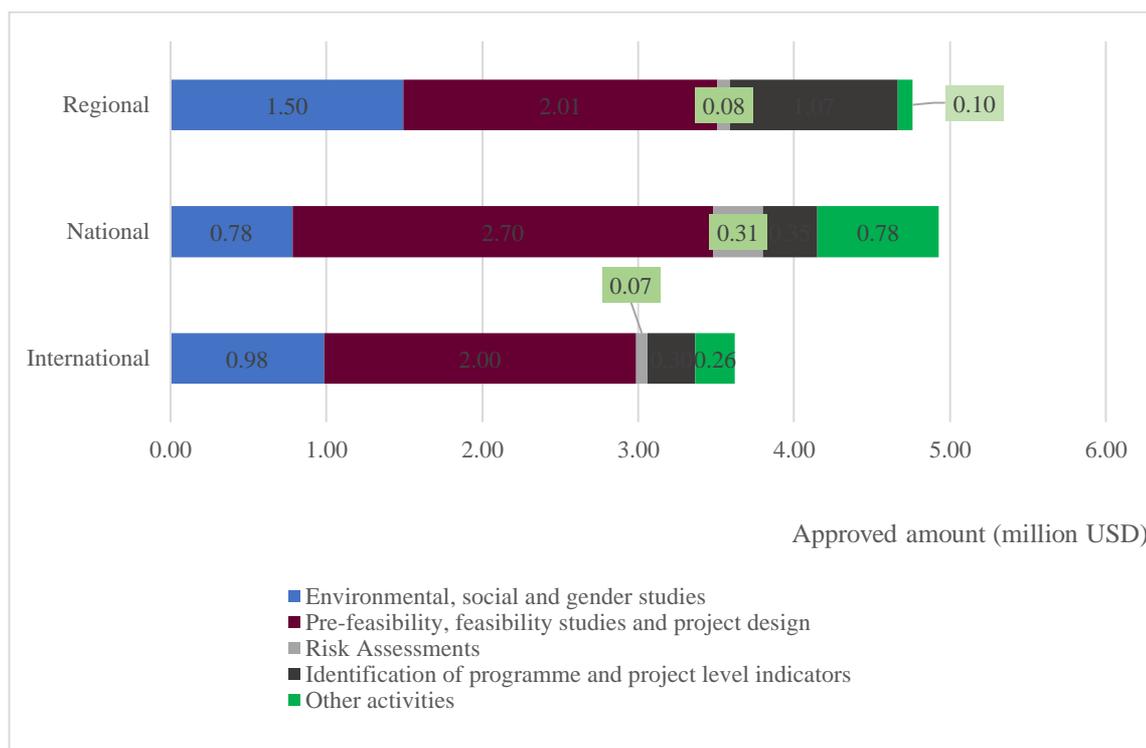
Notes: 23 approved PPF requests (in blue) and 44 submitted PPF requests

Source: IEU DataLab, 8 July 2019



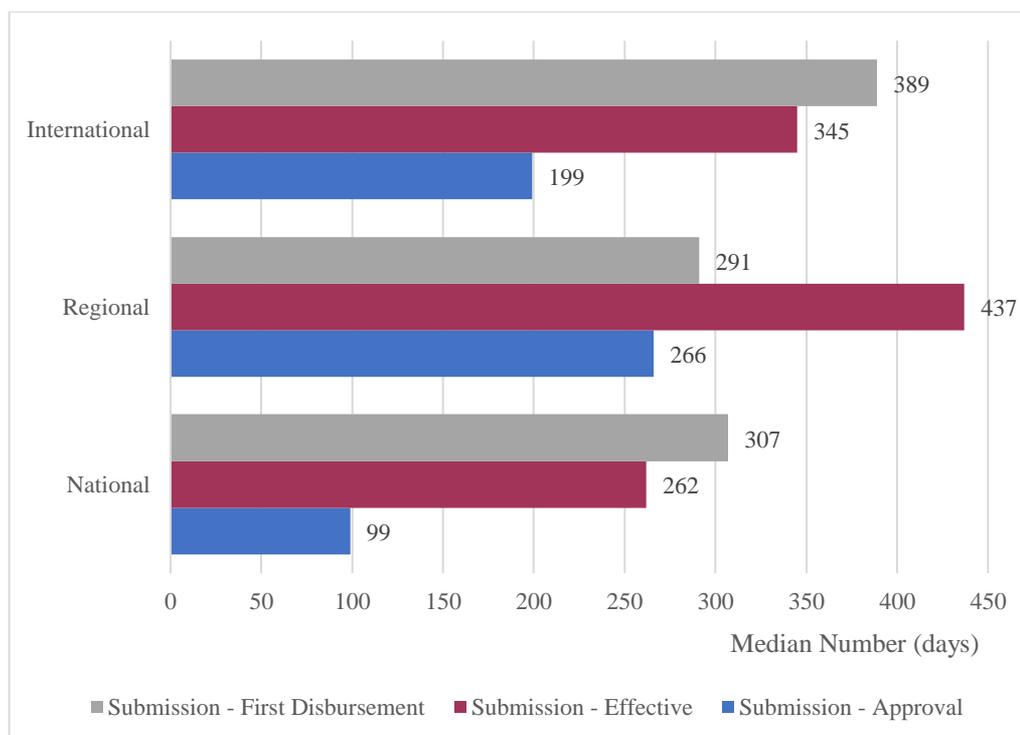
**Figure A - 9. Number of PPF requested by GCF region**

Source: IEU DataLab, based on 44 PPF requests submitted (PPF pipeline)



**Figure A - 10. PPF funding per PPF eligible activity and AE modality**

Source: IEU DataLab, based on 23 approved PPF requests



**Figure A - 11. Median number of days by entity type**

Source: IEU DataLab, 8 July 2019

*Table A - 6. Summary of the median, mean and standard deviation for PPF project cycle*

PPF PROJECT CYCLE	MEDIAN	MEAN	STANDARD DEVIATION
Submission to Approval	199	197	143
Submission to Effective	319	342	203
Approval to Effective	123	138	117
Approval to First Disbursement	151	162	95
Effective to First Disbursement	34	35	24
Submission to First Disbursement	353	358	184

Source: IEU DataLab, 8 July 2019

## Appendix 4. CONCEPT NOTE TEMPLATE

The CN template for the proposal approval process can be found here:  
<https://www.greenclimate.fund/document/concept-note-template>.

GCF DOCUMENTATION

PROJECTS

# Concept Note

Project/Programme Title: \_\_\_\_\_

Country(ies): \_\_\_\_\_

National Designated Authority(ies) (NDA): \_\_\_\_\_

Accredited Entity(ies) (AE): \_\_\_\_\_

Date of first submission/  
version number: [YYYY-MM-DD] [V.0]

Date of current submission/  
version number: [YYYY-MM-DD] [V.0]



Please submit the completed form to [fundingproposal@gcfund.org](mailto:fundingproposal@gcfund.org),  
using the following name convention in the subject line and file name:  
“CN-[Accredited Entity or Country]-YYYYMMDD”



## PROJECT / PROGRAMME CONCEPT NOTE Template V.2.2

### Notes

- The maximum number of pages should **not exceed 12 pages**, excluding annexes. Proposals exceeding the prescribed length will not be assessed within the indicative service standard time of 30 days.
- As per the Information Disclosure Policy, the concept note, and additional documents provided to the Secretariat can be disclosed unless marked by the Accredited Entity(ies) (or NDAs) as confidential.
- The relevant National Designated Authority(ies) will be informed by the Secretariat of the concept note upon receipt.
- NDA can also submit the concept note directly with or without an identified accredited entity at this stage. In this case, they can leave blank the section related to the accredited entity. The Secretariat will inform the accredited entity(ies) nominated by the NDA, if any.
- Accredited Entities and/or NDAs are encouraged to submit a Concept Note before making a request for project preparation support from the Project Preparation Facility (PPF).
- Further information on GCF concept note preparation can be found on GCF website [Funding Projects Fine Print](#).



**PROJECT / PROGRAMME CONCEPT NOTE Template V.2.2**

GREEN CLIMATE FUND | PAGE 1 OF 4

A. Project/Programme Summary (max. 1 page)			
<b>A.1. Project or programme</b>	<input type="checkbox"/> Project <input type="checkbox"/> Programme	<b>A.2. Public or private sector</b>	<input type="checkbox"/> Public sector <input type="checkbox"/> Private sector
<b>A.3. Is the CN submitted in response to an RFP?</b>	Yes <input type="checkbox"/> No <input type="checkbox"/> If yes, specify the RFP: _____	<b>A.4. Confidentiality<sup>1</sup></b>	<input type="checkbox"/> Confidential <input type="checkbox"/> Not confidential
<b>A.5. Indicate the result areas for the project/programme</b>	<p><u>Mitigation</u>: Reduced emissions from:</p> <input type="checkbox"/> Energy access and power generation <input type="checkbox"/> Low emission transport <input type="checkbox"/> Buildings, cities and industries and appliances <input type="checkbox"/> Forestry and land use <p><u>Adaptation</u>: Increased resilience of:</p> <input type="checkbox"/> Most vulnerable people and communities <input type="checkbox"/> Health and well-being, and food and water security <input type="checkbox"/> Infrastructure and built environment <input type="checkbox"/> Ecosystem and ecosystem services		
<b>A.6. Estimated mitigation impact (tCO<sub>2</sub>eq over lifespan)</b>		<b>A.7. Estimated adaptation impact (number of direct beneficiaries and % of population)</b>	
<b>A.8. Indicative total project cost (GCF + co-finance)</b>	Amount: USD _____	<b>A.9. Indicative GCF funding requested</b>	Amount: USD _____
<b>A.10. Mark the type of financial instrument requested for the GCF funding</b>	<input type="checkbox"/> Grant <input type="checkbox"/> Reimbursable grant <input type="checkbox"/> Guarantees <input type="checkbox"/> Equity <input type="checkbox"/> Subordinated loan <input type="checkbox"/> Senior Loan <input type="checkbox"/> Other: specify _____		
<b>A.11. Estimated duration of project/ programme:</b>	a) disbursement period: b) repayment period, if applicable:	<b>A.12. Estimated project/ Programme lifespan</b>	This refers to the total period over which the investment is effective.
<b>A.13. Is funding from the Project Preparation Facility requested?<sup>2</sup></b>	Yes <input type="checkbox"/> No <input type="checkbox"/> Other support received <input type="checkbox"/> If so, by who: _____	<b>A.14. ESS category<sup>3</sup></b>	<input type="checkbox"/> A or I-1 <input type="checkbox"/> B or I-2 <input type="checkbox"/> C or I-3
<b>A.15. Is the CN aligned with your accreditation standard?</b>	Yes <input type="checkbox"/> No <input type="checkbox"/>	<b>A.16. Has the CN been shared with the NDA?</b>	Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>A.17. AMA signed (if submitted by AE)</b>	Yes <input type="checkbox"/> No <input type="checkbox"/> If no, specify the status of AMA negotiations and expected date of signing: _____	<b>A.18. Is the CN included in the Entity Work Programme?</b>	Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>A.19. Project/Programme rationale, objectives and approach of programme/project (max 100 words)</b>	Brief summary of the problem statement and climate rationale, objective and selected implementation approach, including the executing entity(ies) and other implementing partners.		

<sup>1</sup> Concept notes (or sections of) not marked as confidential may be published in accordance with the Information Disclosure Policy ([Decision B.12/35](#)) and the Review of the Initial Proposal Approval Process ([Decision B.17/18](#)).

<sup>2</sup> See [here](#) for access to project preparation support request template and guidelines

<sup>3</sup> Refer to the Fund's environmental and social safeguards ([Decision B.07/02](#))



<b>B. Project/Programme Information (max. 8 pages)</b>						
<b>B.1. Context and baseline (max. 2 pages)</b>						
Describe the climate vulnerabilities and impacts, GHG emissions profile, and mitigation and adaptation needs that the prospective intervention is envisaged to address.						
Please indicate how the project fits in with the country's national priorities and its full ownership of the concept. Is the project/programme directly contributing to the country's INDC/NDC or national climate strategies or other plans such as NAMAs, NAPs or equivalent? If so, please describe which priorities identified in these documents the proposed project is aiming to address and/or improve.						
Describe the main root causes and barriers (social, gender, fiscal, regulatory, technological, financial, ecological, institutional, etc.) that need to be addressed.						
Where relevant, and particularly for private sector project/programme, please describe the key characteristics and dynamics of the sector or market in which the project/programme will operate.						
<b>B.2. Project/Programme description (max. 3 pages)</b>						
Describe the expected set of components/outputs and subcomponents/activities to address the above barriers identified that will lead to the expected outcomes.						
In terms of rationale, please describe the theory of change and provide information on how it serves to shift the development pathway toward a more low-emissions and/or climate resilient direction, in line with the Fund's goals and objectives.						
Describe how activities in the proposal are consistent with national regulatory and legal framework, if applicable.						
Describe in what way the Accredited Entity(ies) is well placed to undertake the planned activities and what will be the implementation arrangements with the executing entity(ies) and implementing partners.						
Please provide a brief overview of the key financial and operational risks and any mitigation measures identified at this stage.						
<b>B.3. Expected project results aligned with the GCF investment criteria (max. 3 pages)</b>						
The GCF is directed to make a significant and ambitious contribution to the global efforts towards attaining the goals set by the international community to combat climate change, and promoting the paradigm shift towards low-emission and climate-resilient development pathways by limiting or reducing greenhouse gas emissions and adapting to the impacts of climate change.						
Provide an estimate of the expected impacts aligned with the GCF investment criteria: impact potential, paradigm shift, sustainable development, needs of recipients, country ownership, and efficiency and effectiveness.						
<b>B.4. Engagement among the NDA, AE, and/or other relevant stakeholders in the country (max ½ page)</b>						
Please describe how engagement among the NDA, AE and/or other relevant stakeholders in the country has taken place and what further engagement will be undertaken as the concept is developed into a funding proposal.						
<b>C. Indicative Financing/Cost Information (max. 3 pages)</b>						
<b>C.1. Financing by components (max ½ page)</b>						
Please provide an estimate of the total cost per component/output and disaggregate by source of financing.						
Component/Output	Indicative cost (USD)	GCF financing		Co-financing		
		Amount (USD)	Financial Instrument	Amount (USD)	Financial Instrument	Name of Institutions
<b>Indicative total cost (USD)</b>						



**PROJECT / PROGRAMME CONCEPT NOTE Template V.2.2**  
GREEN CLIMATE FUND | PAGE 3 OF 4

*For private sector proposal, provide an overview (diagram) of the proposed financing structure.*

**C.2. Justification of GCF funding request (max. 1 page)**

*Explain why the Project/ Programme requires GCF funding, i.e. explaining why this is not financed by the public and/ or private sector(s) of the country.*

*Describe alternative funding options for the same activities being proposed in the Concept Note, including an analysis of the barriers for the potential beneficiaries to access to finance and the constraints of public and private sources of funding.*

*Justify the rationale and level of concessionality of the GCF financial instrument(s) as well as how this will be passed on to the end-users and beneficiaries. Justify why this is the minimum required to make the investment viable and most efficient considering the incremental cost or risk premium of the Project/ Programme (refer to Decisions B.12/17; B.10/03; and B.09/04 for more details). The justification for grants and reimbursable grants is mandatory.*

*In the case of private sector proposal, concessional terms should be minimized and justified as per the Guiding principles applicable to the private sector operations (Decision B.05/07).*

**C.3. Sustainability and replicability of the project (exit strategy) (max. 1 page)**

*Please explain how the project/programme sustainability will be ensured in the long run and how this will be monitored, after the project/programme is implemented with support from the GCF and other sources.*

*For non-grant instruments, explain how the capital invested will be repaid and over what duration of time.*

**D. Supporting documents submitted (OPTIONAL)**

- Map indicating the location of the project/programme
- Diagram of the theory of change
- Economic and financial model with key assumptions and potential stressed scenarios
- Pre-feasibility study
- Evaluation report of previous project
- Results of environmental and social risk screening

**Self-awareness check boxes**

Are you aware that the full Funding Proposal and Annexes will require these documents? Yes  No

- Feasibility Study
- Environmental and social impact assessment or environmental and social management framework
- Stakeholder consultations at national and project level implementation including with indigenous people if relevant
- Gender assessment and action plan
- Operations and maintenance plan if relevant
- Loan or grant operation manual as appropriate
- Co-financing commitment letters

Are you aware that a funding proposal from an accredited entity without a signed AMA will be reviewed but not sent to the Board for consideration? Yes  No

The CN template for the simplified approval process can be found here:

<https://www.greenclimate.fund/document/simplified-approval-process-concept-note>

GCF DOCUMENTATION

PROJECTS

# Simplified Approval Process Concept Note

Project/Programme Title: \_\_\_\_\_

Country(ies): \_\_\_\_\_

National Designated  
Authority(ies) (NDA): \_\_\_\_\_

Accredited Entity(ies) (AE): \_\_\_\_\_

Date of first submission: [YYYY-MM-DD] [V.0]

Date of current submission: [YYYY-MM-DD] [V.0]

Version:



*Eligibility for SAP is determined by the review of the concept note and the ESS screening.*



### Simplified Approval Process CONCEPT NOTE TEMPLATE V.1.3

GREEN CLIMATE FUND | PAGE 1 OF 6

A. Project / Programme Summary (max. 1 page)					
<b>A.1. Project or programme</b>	<input type="checkbox"/> Project <input type="checkbox"/> Programme	<b>A.2. Public or private sector</b>	<input type="checkbox"/> Public sector <input type="checkbox"/> Private sector	<b>A.3 RFP</b>	Select
<b>A.4. Indicate the result areas for the project/programme</b>	<p><i>Check the applicable GCF result area(s) that the proposed project/programme targets. Indicate for each checked result area(s) the estimated percentage of GCF budget devoted to it. The summed up percentage should be equal to 100%.</i></p> <p><b>Mitigation:</b> Reduced emissions from:</p> <input type="checkbox"/> Energy access and power generation: <u>Enter number</u> % <input type="checkbox"/> Low emission transport: <u>Enter number</u> % <input type="checkbox"/> Buildings, cities and industries and appliances: <u>Enter number</u> % <input type="checkbox"/> Forestry and land use: <u>Enter number</u> % <p><b>Adaptation:</b> Increased resilience of:</p> <input type="checkbox"/> Most vulnerable people and communities: <u>Enter number</u> % <input type="checkbox"/> Health and well-being, and food and water security: <u>Enter number</u> % <input type="checkbox"/> Infrastructure and built environment: <u>Enter number</u> % <input type="checkbox"/> Ecosystem and ecosystem services: <u>Enter number</u> %				
<b>A.5. Impact potential</b>	A.5.1. Estimated mitigation impact (tCO2eq over project lifespan)	<u>Enter number</u> tCO2eq			
	A.5.2. Estimated adaptation impact (number of direct beneficiaries)	<u>Enter number</u> direct beneficiaries			
	A.5.3. Estimated adaptation impact (number of indirect beneficiaries)	<u>Enter number</u> indirect beneficiaries			
	A.5.4. Estimated adaptation impact (% of total population)	<u>Enter number</u> % of the country's total population			
<b>A.6. Financing information</b>					
A.6.1. Indicative GCF funding requested (max 10M)	Amount: <u>Enter amount</u> Currency: <u>Select currency</u> Financial Instrument: <u>Choose an item</u> * Please expand the information if needed.				
A.6.2. Indicative co-financing	Amount: <u>Enter amount</u> Currency: <u>Select currency</u> Financial Instrument: <u>Choose an item</u> (If other financial instrument is opted, please specify: _____) * Please expand the information if needed.				
A.6.3. Indicative total project cost (GCF + co-finance)	Amount: <u>Enter amount</u> Currency: <u>Select currency</u>				
<b>A.7. Implementation period:</b>	a) disbursement period: b) repayment period, if applicable:	<b>A.7.2. Total project/ programme lifespan</b>	<i>This refers to the total period over which the investment is effective.</i>		
<b>A.8. Is funding from the Project Preparation Facility needed?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<b>A.9. Is the Environmental and Social Safeguards Category C or I-3?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No		
<b>A.10. Provide rationale for the ESS categorization (max 100 words)</b>					
<b>A.11. Has the CN been shared with the NDA?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<b>A.12. Confidentiality<sup>1</sup></b>	<input type="checkbox"/> Confidential <input type="checkbox"/> Not confidential		
<b>A.13. Executing Entity information</b>	<i>Brief summary of the executing entity including implementation arrangements.</i>				

<sup>1</sup> Concept notes (or sections of) not marked as confidential may be published in accordance with the Information Disclosure Policy ([Decision B.12/35](#)) and the Review of the Initial Proposal Approval Process ([Decision B.17/18](#)).



**Simplified Approval Process CONCEPT NOTE TEMPLATE V.1.3**

GREEN CLIMATE FUND | PAGE 2 OF 6

<b>A.14. Project/Programme rationale, objectives and approach of programme/project (max 100 words)</b>	<i>Brief summary of the problem statement and climate rationale, objective and selected implementation approach, including the executing entity(ies) and other implementing partners, including who will be implementing the measures to manage the environmental and social risks.</i>							
<b>B. Project / Programme information</b>								
<b>B.1. Context and Baseline (500 words)</b>								
<p><i>Describe as relevant the climate vulnerabilities and impacts, GHG emissions profile, and mitigation and adaptation needs that the prospective intervention is envisaged to address.</i></p> <p><i>Please indicate how the project fits in with the country's national priorities, action plans and programs and its full ownership of the concept.</i></p> <p><i>Describe the main root causes and barriers (social, gender, fiscal, regulatory, technological, financial, ecological, institutional, etc.) that need to be addressed. Where relevant, please describe the key characteristics and dynamics of the sector or market.</i></p>								
<b>B.2. Project / Programme description (1000 words)</b>								
<p><i>Describe the expected set of components and activities to address the above barriers identified that will lead to the expected outcomes.</i></p> <p><i>Please explain why this project or programme is ready for scaling up and has the potential for transformation. Has it been piloted in the country or region? Are the proposed interventions well documented for their costs and benefits?</i></p> <p><i>Describe in what way the Accredited Entity(ies) is well placed to undertake the planned activities and what the implementation arrangements with the executing entity(ies) and implementing partners will be.</i></p> <p><i>Please provide a brief overview of the key financial and operational risks and any mitigation measures identified.</i></p> <p><i>Please explain how the M&amp;E will be conducted as part of the project or programme (routine and concurrent monitoring, interim and final evaluations, and annual reports)</i></p>								
<b>B.3.Expected performance against the GCF investment criteria (500 words)<sup>2</sup></b>								
<i>Please describe and provide an estimate of the expected impacts aligned with the GCF investment criteria: impact potential, paradigm shift, sustainable development, needs of recipients, country ownership, and efficiency and effectiveness.</i>								
<b>B.4 Stakeholders consultation and engagement (300 words)</b>								
<i>Please describe how engagement among the NDA, AE, EE and/or other relevant stakeholders in the country has taken place so far and what further engagement will be undertaken as the concept is developed into a funding proposal.</i>								
<b>C. Indicative financing information (max. 2 pages)</b>								
<b>C.1. Financing by components</b>								
<i>Please provide an estimate of the total cost per component and disaggregate by source of financing.</i>								
Component	Output	Indicative cost (USD)	GCF financing		Co-financing			
			Amount (USD)	Financial Instrument	Type	Amount (USD)	Financial Instrument	Name of Institutions
Click here to enter text.	Click here to enter text.	Enter amount	Enter amount	Choose an item.	Choose an item.	Enter amount	Choose an item.	Click here to enter text.
Click here to enter text.	Click here to enter text.	Enter amount	Enter amount	Choose an item.	Choose an item.	Enter amount	Choose an item.	Click here to enter text.
Click here to enter text.	Click here to enter text.	Enter amount	Enter amount	Choose an item.	Choose an item.	Enter amount	Choose an item.	Click here to enter text.

<sup>2</sup> For more information please refer to Annex XIV of document [GCF/B.07/11](#)



GREEN  
CLIMATE  
FUND

### Simplified Approval Process CONCEPT NOTE TEMPLATE V.1.3

GREEN CLIMATE FUND | PAGE 3 OF 6

Click here to enter text.	Click here to enter text.	Enter amount	Enter amount	Choose an item.	Choose an item.	Enter amount	Choose an item.	Click here to enter text.
<b>Indicative total cost (USD)</b>		Enter amount	Enter amount		Enter amount			
<i>For private sector proposal, provide an overview (diagram) of the proposed financing structure.</i>								
<b>C.2. Justification of GCF Funding Request (300 words)</b>								
<i>Explain why the Project/ Programme requires GCF funding, i.e. explaining why this is not financed by the public and/ or private sector(s) of the country.</i>								
<b>C.3. Exit Strategy and Sustainability (300 words)</b>								
<i>Please explain how the project/programme sustainability will be ensured in the long run and how this will be monitored, after the project/programme is implemented with support from the GCF and other sources.</i>								
<i>For non-grant instruments, explain how the capital invested will be repaid and over what duration of time.</i>								
<b>D. Annexes</b>								
<input type="checkbox"/> ESS screening check list (Annex 1) <input type="checkbox"/> Map indicating the location of the project/programme (as applicable) <input type="checkbox"/> Evaluation Report of previous project (as applicable)								



GREEN CLIMATE FUND

**Simplified Approval Process CONCEPT NOTE TEMPLATE V.1.3**

GREEN CLIMATE FUND | PAGE 4 OF 6

**Annex 1: Environmental and Social Screening Checklist<sup>3</sup>**

**Part A: Risk Factors**

Please indicate your answers to the questions below and provide an explanation on the response selected. In cases when the TBD response has been selected please explain briefly why you are not able to determine now and when in the project cycle the question will be addressed.

If the criteria is not applicable to the project you may write N/A in the justification box.

Risk Factors	YES	NO
Will the activities involve associated facilities and require further due diligence of such associated facilities? <i>Please provide a justification of your answer:</i>	<input type="checkbox"/>	<input type="checkbox"/>
Will the activities involve trans-boundary impacts including those that would require further due diligence and notification to affected states? <i>Please provide a justification of your answer:</i>	<input type="checkbox"/>	<input type="checkbox"/>
Will the activities adversely affect working conditions and health and safety of workers or potentially employ vulnerable categories of workers including women and children? <i>Please provide a justification of your answer:</i>	<input type="checkbox"/>	<input type="checkbox"/>
Will the activities potentially generate hazardous waste and pollutants including pesticides and contaminate lands that would require further studies on management, minimization and control and compliance to the country and applicable international environmental quality standards? <i>Please provide a justification of your answer:</i>	<input type="checkbox"/>	<input type="checkbox"/>
Will the activities involve the construction, maintenance, and rehabilitation of critical infrastructure (like dams, water impoundments, coastal and river bank infrastructure) that would require further technical assessment and safety studies? <i>Please provide a justification of your answer:</i>	<input type="checkbox"/>	<input type="checkbox"/>
Will the proposed activities potentially involve resettlement and dispossession, land acquisition, and economic displacement of persons and communities? <i>Please provide a justification of your answer:</i>	<input type="checkbox"/>	<input type="checkbox"/>
Will the activities be located in or in the vicinity of protected areas and areas of ecological significance including critical habitats, key biodiversity areas and internationally recognized conservation sites? <i>Please provide a justification of your answer:</i>	<input type="checkbox"/>	<input type="checkbox"/>
Will the activities affect indigenous peoples that would require further due diligence, free, prior and informed consent (FPIC) and documentation of development plans? <i>Please provide a justification of your answer:</i>	<input type="checkbox"/>	<input type="checkbox"/>
Will the activities be located in areas that are considered to have archaeological (prehistoric), paleontological, historical, cultural, artistic, and religious values or contains features considered as critical cultural heritage? <i>Please provide a justification of your answer:</i>	<input type="checkbox"/>	<input type="checkbox"/>

<sup>3</sup> In answering this checklist, you may refer to Annex 1: Guidance on Part A ESS Screening of the ["Guidelines for the environmental and social screening of activities proposed under the SAP"](#)



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**Part B: Specific environmental and social risks and impacts**

Assessment and Management of Environmental and Social Risks and Impacts	YES	NO	TBD
Has the E&S risk category of the project been provided in the concept note?	<input type="checkbox"/>	<input type="checkbox"/>	
Has the rationale for the categorization of the project been provided in the relevant sections of the concept note?	<input type="checkbox"/>	<input type="checkbox"/>	
Are there any additional environmental, health and safety requirements under the national laws and regulations and relevant international treaties and agreements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i>			
Are the identification of risks and impacts based on recent or up-to-date information?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i>			
Labour and Working Conditions	YES	NO	TBD
Will the activities potentially have impacts on the working conditions, particularly the terms of employment, worker's organization, non-discrimination, equal opportunity, child labour, and forced labour of direct, contracted and third-party workers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i>			
Will the activities pose occupational health and safety risks to workers including supply chain workers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i>			
Resource Efficiency and Pollution Prevention	YES	NO	TBD
Will the activities generate (1) emissions to air; (2) discharges to water; (3) activity-related greenhouse gas (GHG) emissions, (4) noise and vibration; and (5) wastes?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i>			
Will the activities utilize significant amount of natural resources including water and energy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i>			
Will there be a need to develop detailed measures to reduce pollution and promote sustainable use of resources?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i>			
Community Health, Safety, and Security	YES	NO	TBD
Will the activities potentially generate risks and impacts to the health and safety of the affected communities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i>			
Will there be a need for an emergency preparedness and response plan that also outlines how the affected communities will be assisted in times of emergency?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i>			
Will there be risks posed by the security arrangements and potential conflicts at the project site to the workers and affected community?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i>			



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<b>Land Acquisition and Involuntary Resettlement</b>	<b>YES</b>	<b>NO</b>	<b>TBD</b>
Will the activities likely involve land acquisition and/or physical or economic displacement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i>			
<b>Biodiversity Conservation and Sustainable Management of Living Natural Resources</b>	<b>YES</b>	<b>NO</b>	<b>TBD</b>
Will the activities potentially introduce invasive alien species of flora and fauna affecting the biodiversity of the area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i>			
Will the activities have potential impacts on or be dependent on ecosystem services including production of living natural resources (eg. agriculture, livestock, fisheries, forestry)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i>			
<b>Indigenous Peoples</b>	<b>YES</b>	<b>NO</b>	<b>TBD</b>
Will the activities potentially have any indirect impacts on indigenous peoples, ethnic minorities, or vulnerable and marginalized groups?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i>			
<b>Cultural Heritage</b>	<b>Yes</b>	<b>NO</b>	<b>TBD</b>
Will the activities restrict access to the cultural heritage sites and properties?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i>			
Will there be a need to prepare a chance-find procedure in case of the discovery of cultural heritage assets?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i>			
<b>Stakeholder engagement and grievance</b>	<b>Yes</b>	<b>NO</b>	<b>TBD</b>
Will the activities include a continuing stakeholder engagement process and a grievance redress mechanism and integrated into the management/implementation plans?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Please provide a justification of your answer:</i>			

**Part C: Sign Off**

**Sign-off:** Specify the name and designation of the person responsible for the environmental and social screening and any other approvals as may be required in the accredited entity's own management system.

## Appendix 5. PPF REQUEST TEMPLATE AND NO-OBJECTION LETTER

The PPF request template can be found here: <https://www.greenclimate.fund/document/project-preparation-funding-application>.



# Request for Support from the Project Preparation Facility (PPF)

Application Title	
Country(ies)	
Accredited Entity	
Date of first submission/ Version number	
Date of current submission/ version number	<u>[YYYY-MM-DD] [V.0]</u>

Please submit the completed form to [ppf@gcfund.org](mailto:ppf@gcfund.org), using the following naming convention in the subject line and the file name:  
"PPF-[Accredited Entity]- [Country]-yyyymmdd"



2017



**Notes**

- The PPF supports the development of projects and programmes and enhance their quality at entry into the Fund's pipeline. With a view to enhancing the balance and diversity of the project pipeline, the PPF is designed to especially support Direct Access Entities for projects in the micro-to-small size category. International Accredited Entities seeking project preparation support from the PPF are encouraged to do so especially for LDCs, SIDS and African countries where no Direct Access Entity is accredited. All Accredited Entities are encouraged to articulate counterpart support for project preparation within their requests for support from the PPF.
- A PPF submission should include below documents:
  1. PPF request (this form)
  2. [PPF No-Objection letter](#)<sup>1</sup>
  3. [Concept Note](#)
- Please copy the National Designated Authority (ies) when submitting this PPF request.
- Requests for support from the PPF should be submitted at the same time or following submission of a GCF Concept Note for a project or programme.
- Further information on GCF PPF can be found on GCF website [Project Preparation Facility Guidelines](#).

<sup>1</sup> Please note that the PPF No-Objection Letter is different from the Funding Proposal No-Objection Letter. PPF No-Objection Letter template can be downloaded from [here](#).



A. Executive Summary																													
<b>Accredited Entity (AE)</b>	Name: Position: Email: Tel: Full Office address:																												
<b>Has a Concept Note<sup>2</sup> been submitted in association with this request for support from the PPF?</b>	Yes <input type="checkbox"/> No <input type="checkbox"/> If yes, please indicate Project/Programme title: <i>(Requests for support from the PPF should be submitted at the same time or following submission of a GCF Concept Note for a project or programme)</i>	<b>Has a No-Objection Letter<sup>3</sup> been submitted for this request for support from the PPF?</b>	Yes <input type="checkbox"/> No <input type="checkbox"/> <i>(Please note that a PPF No-Objection Letter is a requirement for the submission of this request)</i>																										
<b>Total Cost</b>	Total cost of Project Preparation activities: US\$ Amount requested from the PPF: US\$ Counterpart funding from the AE: US\$																												
<b>Anticipated Duration</b>	Number of months to implement the Project Preparation activities:																												
<b>Summary of the request for Project Preparation support</b>	<i>(Please provide a maximum 200 words brief description of the Project Preparation activities to develop the Concept Note into a Funding Proposal with support from the GCF's Project Preparation Facility.)</i>																												
B. Description of Project Preparation Activities																													
<b>Outputs and Activities</b> <i>(Please select Activity Areas<sup>4</sup>, activities, and deliverables as needed)</i>	<b>Month</b> <i>(Please shade the implementation period from the starting month of the Output and Activity in the schedule. Please also indicate the month of completion of each deliverable with "X" in the corresponding cell)</i>																												
	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	
<b>Activity and deliverable 1:</b> PPF activity area: Choose an item.  <i>(Please provide a 50-100 words description for each sub-activity and the associated deliverable.)</i>																													
<b>Activity and deliverable 2:</b> PPF activity area: Choose an item.  <i>(Please provide a 50-100 words description for each sub-activity and the associated deliverable.)</i>																													
<b>Activity and deliverable 3:</b>																													

<sup>2</sup> See [here](#) to download the Concept Note template.  
<sup>3</sup> Template for PPF No-Objection Letter can be downloaded [here](#).  
<sup>4</sup> The PPF can provide support within the following project preparation activity areas:  
 i. Pre-feasibility and feasibility studies  
 ii. Environmental, social and gender studies  
 iii. Risk Assessments  
 iv. Identification of programme and project level indicators  
 Other activities of direct relevance for Direct Access Entities that the PPF can support are as follows:  
 v. Pre-contract services, including the revision of tender documents  
 vi. Advisory services and/or other services to financially structure a proposed activity  
 vii. Other project preparation activities, where necessary, and with sufficient justification





<b>Sub-total</b>					
<b>Activity 4:</b>					
<b>Sub-total</b>					
<b>Grand total of operation costs</b>					
Contingency (up to 5%)					
Other costs <sup>6</sup> , if applicable					
<b>Grand total</b>					
<b>Disbursement and Reporting Schedule:<sup>7</sup></b> <i>(Please indicate the proposed disbursement and reporting schedule.)</i>					

<sup>6</sup> Other costs may include:

- AE fee: Up to 10% of total operation costs; and
- Project management costs (PMCs) (based on interim guidance effective 4 May 2017):
  - **If AEs are passing funds through to other entities executing a PPF grant**, PMCs are capped to 10% of total operation costs, but this PMC arrangement is not applicable to AEs who will conduct the PPF activities directly.
  - **If AEs are executing PPF activities directly**, as a baseline AEs should refrain to charge PMCs given that an administrative fee is already provided as AE fee. However, should countries request execution services from an AE, justifiable PMCs will be considered on a case-by-case basis.
  - PMCs should include the cost of preparing externally audited expenditure statements.
  - PMCs should be disaggregated by their constituent parts and justified accordingly.

<sup>7</sup> For PPF requests of 12 months or less, 70% of the overall budget can be disbursed upon effectiveness of the signed funding agreement, with a 30% final payment upon approval of the final substantial and audited financial report. For PPFs of 12 months or more, 40% can be for first disbursement upon effectiveness of the signed funding agreement; 30% upon delivery of first approval of first progress report, and 30% upon approval of the final substantive and audited financial report. A progress report is required every 6 months during the PPF implementation period and this report should include all deliverables scheduled to be completed within this time frame.

INDEPENDENT EVALUATION OF THE GCF'S ENVIRONMENTAL AND SOCIAL SAFEGUARDS AND THE ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM  
SPECIAL STUDY: PROJECT PREPARATION FACILITY

The no-objection letter for the PPF can be found here: <https://www.greenclimate.fund/document/no-objection-letter-project-preparation-facility-ppf>.

Template no-objection letter for Project Preparation Facility (PPF)  
February 2017

To: The Green Climate Fund ("GCF")

[place], [date]

Re: Proposal for the GCF Project Preparation Facility by [name Accredited Entity] regarding [name of PPF proposal]

Dear Madam, Sir,

We refer to the Project Preparation Facility proposal [name of PPF proposal] for preparation of [Description of underlying project or programme] in [country] as included in the PPF proposal submitted by [name Accredited Entity] to us on [date] ("PPF Proposal").

The undersigned is the duly authorized representative of [name NDA/focal point], the National Designated Authority/focal point of [country].

Pursuant to GCF decisions B.08/10 and B.13/21, the content of which we acknowledge to have reviewed, we hereby communicate our no-objection to the Project Preparation Facility activities as included in the PPF Proposal.

By communicating our no-objection, it is implied that:

- (a) The government of [country] has no-objection to the Project Preparation Facility request as included in the PPF Proposal;
- (b) The PPF Proposal is in conformity with [country]'s national priorities, strategies and plans; and
- (c) In accordance with the GCF's environmental and social safeguards, the PPF activities as included in the PPF Proposal is in conformity with relevant national laws and regulations.

We also confirm that our national process for ascertaining no-objection to the PPF Proposal has been duly followed.

We acknowledge that this letter will be made publicly available on the GCF website.

Kind regards,

\_\_\_\_\_  
Name:

Title:

Independent Evaluation Unit  
Green Climate Fund  
175, Art center-daero. Yeonsu-gu  
Incheon 22004  
Republic of Korea  
Tel. (+82) 032-458-6450  
ieu@gcfund.org  
<https://ieu.greenclimate.fund>



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Evaluation  
Unit

