



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

|   |   |
|---|---|
| Application Title                             | Program to strengthen the banking sector for funding projects that involve climate change management criteria in the transport sector |
| Country(ies)                                  | Colombia  |
| Accredited Entity                             |   |
| Date of first submission/<br>Version number   | <u>[2019-12-03] [V.1]</u>   |
| Date of current submission/<br>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”



### Notes

- The PPF supports the development of projects and programs 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 program.
- Further information on GCF PPF can be found on GCF website [Project Preparation Facility Guidelines](#).

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<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>   | <p><b>Name:</b> Asociación bancaria y de entidades financieras de Colombia (Asobancaria)<br/> <b>Primary Contact Name:</b> Andrés Felipe Rojas González<br/> <b>Position:</b> Corporate Affairs Vice-President<br/> <b>Email:</b> vicecorporativo@asobancaria.com<br/> <b>Tel.:</b> (+57 1) 326 6600 Ext.: 1421<br/> <b>Full Office address:</b> Carrera 9 No. 74 - 08 Piso 9 Edificio Profinanzas - Bogotá, D.C. - Colombia</p>  |  |   |
| <b>Has a Concept Note<sup>2</sup> been submitted in association with this request for support from the PPF?</b> | <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/><br/> <i>If yes, please indicate Project/Programme title:</i><br/>           Program to strengthen the banking sector for funding projects that involve climate change management criteria in the transport sector.</p>   | <b>Has a No-Objection Letter<sup>3</sup> been submitted for this request for support from the PPF?</b> | <p>Yes <input type="checkbox"/> No <input type="checkbox"/><br/> <i>(Please note that a PPF No-Objection Letter is a requirement for the submission of this request.)</i></p> |
| <b>Total Cost</b>   | <p>Total cost of Project Preparation activities: US\$ 192,885<br/>           Amount requested from the PPF: US\$<br/>           Counterpart funding from the AE: US\$</p>   |  |   |
| <b>Anticipated Duration</b>   | <p>Number of months to implement the Project Preparation activities: 17</p>   |  |   |
| <b>Summary of the request for Project Preparation support</b>   | <p><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></p> <p>The general purpose of the program is to strengthen the banking sector for funding projects that involve climate change management criteria in the transport sector in Colombia. This will be achieved with a combination of strategic interventions: (i) development of tools and methodologies to assess risks; (ii) development of institutional capacity, and (iii) identification of business opportunities and economic instruments. The program and the studies proposed in the PPF are in line with GCF criteria to fund programs and/or projects, as they seek to address the specific priorities of national public policies. The goals include in-country climate change management to generate climate resilient infrastructure and promote funding through specific instruments that consider the influence of climate change. In this regard, the banking sector promotes the active participation of the private sector to achieve the climate change management goals.</p> <p>In addition, the goals are aligned with the Colombian financial sector to encourage private financing of projects with a focus on adaptation to climate change, which comply with the technical criteria and generates environmental and social benefits looking for the sustainability of the program once funding ends.</p> |  |   |
| B. Description of Project Preparation Activities  |   |  |   |
| <b>Outputs and Activities</b>   | <p>Month</p> <p><i>(Please shade the implementation period from the starting month of the Output and Activity in the schedule. Please also indicate the</i></p>   |  |   |

<sup>2</sup> See [here](#) to download the Concept Note template.

<sup>3</sup> Template for PPF No-Objection Letter can be downloaded [here](#).

| (Please select Activity Areas <sup>4</sup> , activities, and deliverables as needed)   | month of completion of each deliverable with "X" in the corresponding cell) |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
|--|---|---|---|---|---|---|---|---|---|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|
|  | 1   | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| <p><b>Activity and deliverable 1:</b><br/>PPF activity area: Pre-contract services, including the revision of tender documents<br/><u>Activity:</u> TORs definition to retain services.<br/><u>Objective:</u> to define the scope, the TORs, the qualification criteria, and the documents required to process applications, proposals requests, and recruit the consultants who will provide the services necessary to develop the program activities.<br/><u>Output:</u> Terms of Reference (TOR) document to retain services.</p>   |   | X |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| <p><b>Activity and deliverable 2:</b><br/>PPF activity area: Pre-feasibility, feasibility studies and project design<br/><u>Activity:</u> institutional articulation.<br/><u>Objective:</u> to diagnose the gaps found on how institutions manage climate change, specifically within the transport sector, by involving unions, private and public organizations. This activity includes a series of workshops with key stakeholders to determine institutional arrangements, roles and intervention scopes to be implemented as part of the program, in addition to generating collective construction processes for obtaining quality information.<br/><u>Output:</u> a study that identifies the roles and the duties of the different targeted entities to develop the program.</p> |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| <p><b>Activity and deliverable 3:</b><br/>PPF activity area: Pre-feasibility, feasibility studies and project design<br/><u>Activity:</u> review the state of the art.<br/><u>Objective:</u> to analyze the technical aspects and public policies necessary to develop the program. This includes an analysis of public policies status quo (NDC, NAP, etc.), legal aspects and applicable regulatory requirements, definition of program characteristics and specific activities, as well as the specification of materials, financial and professional resources necessary for program preparation, development and operation. Likewise, a detailed program development timetable is required.<br/><u>Output:</u> a technical study and a detailed work plan.</p>                      |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
| <p><b>Activity and deliverable 4:</b><br/>PPF activity area: Advisory services and/or other services to financially structure a proposed activity<br/><u>Activity:</u> Program economic and financial structuring<br/><u>Objective:</u> To conduct an economic and financial study that includes development projected costs; activities implementation and operation (total investment); conditions, sources and financing schemes; cost-benefit analysis;</p>  |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |

<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

|   |  |  |  |  |  |  |  |  |  |  |   |   |  |   |  |  |  |  |  |  |  |  |  |  |   |
|---|--|--|--|--|--|--|--|--|--|--|---|---|--|---|--|--|--|--|--|--|--|--|--|--|---|
| <p>program sustainability assessment and operational feasibility for after funding stage.</p> <p><u>Output:</u> Program economic and financial structuring study.</p>   |  |  |  |  |  |  |  |  |  |  |   |   |  |   |  |  |  |  |  |  |  |  |  |  |   |
| <p><b>Activity and deliverable 5:</b></p> <p>PPF activity area: Environmental, social and gender studies</p> <p><u>Activity:</u> Environmental and social assessment.</p> <p><u>Objective:</u> To assess program’s interventions potential environmental and social impacts, and to build a framework to avoid, prevent and/or mitigate identified risks. Impact assessment and environmental and social management measures will consider Colombian regulations and requirements, as well as the environmental and social assessment guide for the activities proposed in GCF’s simplified approval process.</p> <p><u>Output:</u> environmental and social assessment</p>   |  |  |  |  |  |  |  |  |  |  | X |   |  |   |  |  |  |  |  |  |  |  |  |  |   |
| <p><b>Activity and deliverable 6:</b></p> <p>PPF activity area: Environmental, social and gender studies</p> <p><u>Activity:</u> Gender Evaluation</p> <p><u>Objective:</u> To carry out an analysis of gender differences and inequalities in participation and program development settings. In addition, to provide recommendations to promote proper management during project implementation, in such a way that guarantees equal opportunities for men and women to maintain gender equity.</p> <p><u>Output:</u> A gender study.</p>   |  |  |  |  |  |  |  |  |  |  |   | X |  |   |  |  |  |  |  |  |  |  |  |  |   |
| <p><b>Activity and deliverable 7:</b></p> <p>PPF activity area: Other project preparation activities</p> <p><u>Activity:</u> Benefits Assessment</p> <p><u>Objective:</u> To assess the program’s implementation impact and to establish the effects of avoided losses, yields and income increase, and the expansion of beneficiaries over time. Likewise, to consider any potential benefits when extrapolating program interventions to other means of transport. This will include the identification of changes in yields, quality of the financing products, avoided losses, income generation and adaptive capacity, and resilience to climate change of financial and banking institutions, by comparing baseline scenarios and results.</p> <p><u>Output:</u> A report that includes the assessment of effects on avoided losses, increase in yields and income, and expansion to beneficiaries over time.</p> |  |  |  |  |  |  |  |  |  |  |   |   |  | X |  |  |  |  |  |  |  |  |  |  |   |
| <p><b>Activity and deliverable 8:</b></p> <p>PPF activity area: Advisory services and/or other services to financially structure a proposed activity</p> <p><u>Activity:</u> Preparation of the proposal to be submitted to the GCF</p> <p><u>Objective:</u> To prepare the documentation required to submit the Program’s funding request proposal before the GCF.</p> <p><u>Output:</u> a funding request proposal to the GCF.</p>  |  |  |  |  |  |  |  |  |  |  |   |   |  |   |  |  |  |  |  |  |  |  |  |  | X |
| <p>Estimated time for submission corresponding full Funding Proposal to the GCF</p> <p><i>(Please indicate the month with 'X'.)</i></p>   |  |  |  |  |  |  |  |  |  |  |   |   |  |   |  |  |  |  |  |  |  |  |  |  | X |

**C. Justification of the Project Preparation Request**

*(Please provide rationale for the AEs' need to receive GCF Project Preparation fund to strengthen development of the corresponding funding proposal. Especially for international AEs, please outline counterpart resources that will complement GCF PPF fund also in the budget table in section E.)*

PPF resources will be used to structure the final proposal to be submitted to the GCF and to collect or prepare the technical information needed to sustain the technical relevance of what has been proposed in the Concept Note. These tasks are beyond the technical competence and internal capacity of Asobancaria, which justifies the need for external consultancy specializing in climate change, transport and finance.

To develop the activities mentioned in this form, we seek to ensure that the program proposal contained in the Concept Note is designed to comply with GCF's investment criteria; i.e., that the activities will generate benefits both for the banking sector and the country in terms of promoting adaptations into transport sector projects, promoting a more holistic vision during credit evaluations, looking at the climate change, and actively contributing to its sustainable development. To do this, the resources will be used to advance activities which, along with the findings and results generated during the implementation of the fourth phase of the Financial Innovation Pilots for the Transport Sector, allowing to address specific issues that need to be considered in making a robust proposal that considers excellence and transparency principles for the proper use of the fund's resources.

Thus, these activities will promote and strengthen the participation and articulated action of key actors at national, sectoral and private level, based on their mission competencies. The implementation of the proposed program requires dialog and articulation settings with different public and private institutions that will be designed from these preliminary stages.

#### D. Implementation Arrangement

*(Please include information on implementation arrangements for proposed Project Preparation activities. Please provide TORs for all consultants to be contracted with PPF activities.)*

Asobancaria, banking institutions representative, is an actor who, through the program's proposal and the implementation of the fourth phase of Financial Innovation Pilots for the transport sector, seeks to promote the participation of the private sector in meeting Colombia's climate change management goals. In this regard, it recognizes that the implementation of the program requires the articulation with different national entities, such as the Colombian National Planning Department (DNP), public transport sector institutions, the Ministry of Transport, the National Institute of Roads (INVIAS) and the National Infrastructure Agency (ANI), environmental public institutions (the Ministry of Environment and Sustainable Development), the Institute of Hydrology, Meteorology and Environmental Studies (IDEAM), the Marine and Coastal Research Institute (INVEMAR), among others.

Despite institutional articulation needs that demand climate change management mainstreaming, this paper focuses on the development of information and pre-feasibility studies required to effectively and efficiently run the program contained in the Concept Note. In this sense, the activities proposed in this PPF will be implemented within a counseling relationship or external consultancy framework addressed to Asobancaria; therefore, it is expected that a contract, in compliance with Colombian procurement standards, is generated, adjusted to the association principles and standards. However, this proposal does not include any contract or TOR models for procurement because they must be designed and adjusted to the conditions aforementioned.

#### E. Budget<sup>5</sup> Details and Disbursement Schedule

| Outputs and Activities | Quantity | Unit cost (e.g. rate) | Duration (e.g. days) | Total cost (USD) | Amount provided by AE (USD) | Amount requested from GCF (USD) |
|------------------------|----------|-----------------------|----------------------|------------------|-----------------------------|---------------------------------|
|------------------------|----------|-----------------------|----------------------|------------------|-----------------------------|---------------------------------|

**Activity 1:**

<sup>5</sup> "Sub-total cost" must be provided for each activity and broken down by the "cost categories" (e.g. Consultants, Travel, Equipment, Training & workshops, Others). Please provide sufficient breakdown of costs to enable effective review.

|  |   |         |          |         |  |  |
|--|---|---------|----------|---------|--|--|
| Output: Terms of Reference (TOR) document to retain services.  | 1 | 13,500  | 2 months | 7,800   |  |  |
| <b>Sub-total</b>   |   |         |          | 7,800   |  |  |
| <b>Activity 2:</b>   |   |         |          |         |  |  |
| Output: A study that identifies the roles and duties of the different targeted entities to develop the program.                                      | 1 | 20,500  | 4 months | 20,500  |  |  |
| <b>Sub-total</b>   |   |         |          | 20,500  |  |  |
| <b>Activity 3:</b>   |   |         |          |         |  |  |
| Output: Technical study and detailed schedule of activities.   | 1 | 26,400  | 3 months | 26,400  |  |  |
| <b>Sub-total</b>   |   |         |          | 26,400  |  |  |
| <b>Activity 4:</b>   |   |         |          |         |  |  |
| Output: Program economic and financial structuring study.  | 1 | 102,200 | 7 months | 102,200 |  |  |
| <b>Sub-total</b>   |   |         |          | 102,200 |  |  |
| <b>Activity 5:</b>   |   |         |          |         |  |  |
| Output: Environmental and social assessment.   | 1 | 43,800  | 3 months | 43,800  |  |  |
| <b>Sub-total</b>   |   |         |          | 43,800  |  |  |
| <b>Activity 6:</b>   |   |         |          |         |  |  |
| Output: Gender evaluation  | 1 | 20,700  | 2 months | 24,800  |  |  |
| <b>Sub-total</b>   |   |         |          | 24,800  |  |  |
| <b>Activity 7:</b>   |   |         |          |         |  |  |
| Output: A report that includes the assessment of effects on avoided losses, increase in yields and income, and expansion to beneficiaries over time. | 1 | 13,500  | 2 months | 13,500  |  |  |
| <b>Sub-total</b>   |   |         |          | 13,500  |  |  |
| <b>Activity 8:</b>   |   |         |          |         |  |  |
| Funding request proposal to the GCF.   | 1 | 43,800  | 3 months | 43,800  |  |  |
| <b>Sub-total</b>   |   |         |          | 43,800  |  |  |
| <b>Grand total of operation costs</b>  |   |         |          |         |  |  |
|  | 1 | 30,500  | 2 months | 3,100   |  |  |

|   |                |  |  |
|---|----------------|--|--|
| Contingency (up to 5%)  | 3,100          |  |  |
| Other costs <sup>6</sup> , if applicable  |                |  |  |
| <b>Grand total</b>  | <b>183,700</b> |  |  |
| <b>Disbursement and Reporting Schedule:<sup>7</sup></b><br><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.