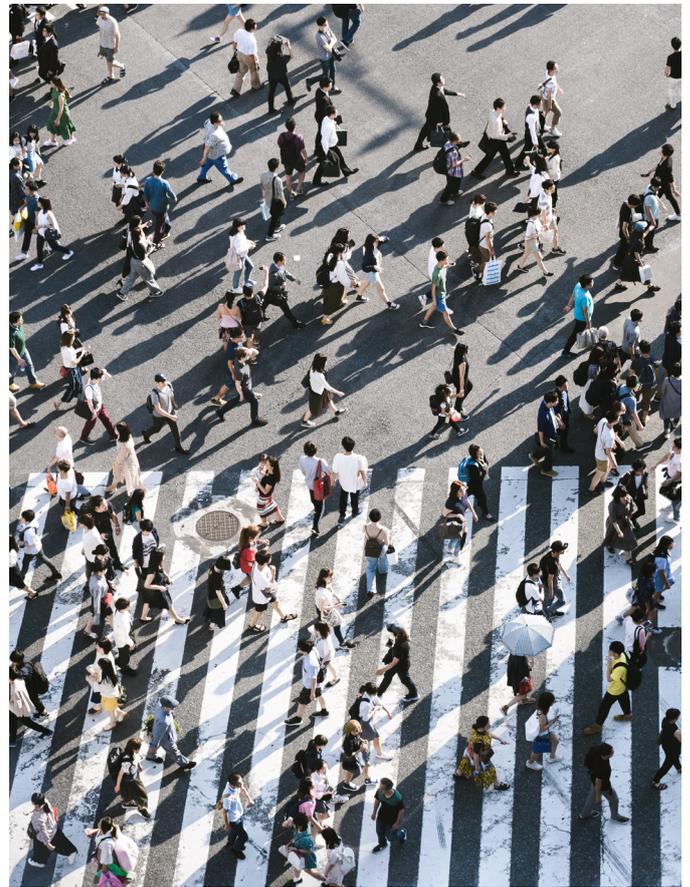




## What is a Project Preparation Facility?

Project Preparation Facilities (PPFs) are organizations, initiatives, or institutions that support cities in developing bankable, investment-ready projects, typically from a project's concept, design, or scoping stage up to the financial close. A PPF may provide technical and/or financial support. PPFs can provide a wide range of support depending on a project's stage and sector. The overarching goal of PPFs is preparing bankable, or investment-ready, projects. A project is bankable, whether from public or private sources, when its risk-return profile meets investors' criteria. Key criteria include the probability of success, sufficient estimated cash flows to cover costs and produce returns that meet investor expectations, and whether the project will be implemented by a creditworthy entity. Though the assessment of whether a project is bankable may differ between specific financiers, they all need confidence that the regulatory, environmental, social, and economic factors are unlikely to prevent the project from being completed (Rana 2017; GPRBA 2018). Bankability is influenced by project level, city level, and national level factors (Nassiry, Nakhoda, and Barnard 2016).

There is a wide variety of specialization among PPFs. Some facilities are generalists with a global focus and a wide range of sectors, while others are



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geographically or sectorally focused. Some PPFs are tied to a specific fund or development bank and serve as a project pipeline for that fund or bank. Certain PPFs also specialize in projects with private project sponsors and Public-Private Partnerships (PPPs). Most PPFs provide technical assistance or grants for the preparation activities. PPFs are active in all of the project preparation phases, with some facilities specializing in either early or later stage support.

Project preparation is a key enabler of the project delivery process and necessary to advance new financing models for sub-national low carbon infrastructure projects. It is also a way – from an early stage – to aggregate cooperation efforts and commitments from a wide range of stakeholders, particularly public and private investors, and financing institutions.

Project Preparation Facilities (PPFs) assist cities by supporting activities in the project preparation stage of the project cycle with the goal of successfully connecting projects with implementation finance. Programs that help cities with non-project specific aspects of bankability such as enabling environment, capacity development, and linking to finance play an important role in helping cities prepare bankable projects, but do not provide the project-level support typically associated with PPFs.

## PROJECT PREPARATION RESOURCE DIRECTORY

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An Alliance initiative, the Project Preparation Resource Directory, is a centralized resource that lists PPFs and other programs that can help cities overcome challenges anywhere along the project cycle. PPFs can be searched and filtered by sector, project stage, and supported activities to help cities identify facilities that could offer support for their projects.

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