



CARIBBEAN DEVELOPMENT BANK

Climate Change Project Preparation Fund

Information for Potential Contributors

Unlocking Climate Finance Flows for the Caribbean

Climate Finance Challenge

Climate finance in the Caribbean falls significantly short of the region's estimated needs, which may be as high as USD 100 billion¹. As small island developing states (SIDS), Caribbean nations face heightened vulnerability to climate change, necessitating substantial investments in adaptation and the sustainable energy transition. However, fiscal and debt constraints further limit these countries' capacity to effectively address the climate crisis, highlighting the urgency of bridging the climate finance gap.

Challenges in project identification and preparation are major obstacles to climate finance flows. Preparing climate action projects requires climate data analysis and risk assessments, which many Caribbean Development Bank (CDB) Borrowing Member Countries (BMCs) lack the resources and expertise to undertake. Access to existing project preparation funds from external sources has also been hindered by lengthy application processes, stringent data requirements and fierce competition.



The Caribbean Development Bank has established the Climate Change Project Preparation Fund (CC PPF) to help address the climate finance gap in the region. The CC PPF enables BMCs to:

- Prepare high-quality and bankable climate action projects
- Enhance access to international concessional climate finance
- Mainstream climate resilience considerations in capital projects
- Expand access to technical assistance for climate and disaster resilience activities

The CC PPF plays a key role in helping countries mobilise financing for climate action projects, and in increasing climate resilience in the region by improving the scale and speed of projects that drive effective climate action.

¹<https://www.imf.org/en/Blogs/Articles/2023/06/27/caribbean-climate-crisis-demands-urgent-action-by-governments-and-investors>



Thematic Funding Areas

Climate Change Adaptation

- Resilient Infrastructure
- Integrated Resilient Urban Development
- Climate-Resilient Communities
- Climate-Resilient Natural Resources Management
- Climate-Resilient Agriculture
- Disaster Risk Management

Climate Change Mitigation

- Renewable Energy
- Energy Efficiency
- Low-Emissions Transport, Including Electric Mobility

Capitalising and Disbursing the CC PPF

CDB has provided an initial contribution to the CC PPF using resources from its Special Development Fund. The Bank aims to mobilise additional contributions from *member country governments, international climate funds, multilateral development partners and philanthropic foundations*.

The CC PPF will provide grant funding to client countries to support project preparation activities. These grants will be partly reimbursable to improve the financial sustainability of the fund, and ultimately enable CDB to support additional projects and thereby further scale up climate action.

Benefits of Contributing to the CC PPF

Modest financial contributions to the CC PPF will unlock significant climate financing downstream through the projects developed by the CC PPF and address key bottlenecks that are impeding progress toward international climate finance targets and climate action goals.

Through CC PPF, partners' contributions have the greatest regional impact and reach, as funds are accessible by all of CDB's 19 Borrowing Member Countries.



CDB's Value Proposition

Since CDB is of the region and for the region, it provides its client countries with certain unique benefits through the CC PPF:

- CDB possesses in-depth, on-the-ground knowledge of the challenges faced by Caribbean countries and has tailored its financial, technical and operational support to address the region's specific needs.
- CDB supports a larger segment of the Caribbean than any other multilateral development bank, including 19 sovereign countries and overseas territories.
- CDB staff, being from the region, have fostered strong relationships with client countries and regional organisations that can be leveraged to scale up the climate action pipeline.



For more information, please contact: **CC-PPF@caribank.org**