CARIBBEAN DEVELOPMENT BANK

Climate Change Project Preparation Fund

Information for Potential Proponents

Unlocking Climate Finance Flows for the Caribbean

Climate Finance Challenge

While Caribbean countries are among the most vulnerable to climate change, climate finance flows to the region have been limited. It is imperative to significantly increase and streamline access to financing for climate action. Current application processes are onerous, data requirements are extensive, and considerable human and financial resources are needed to prepare projects and substantiate climate impact claims.

The Caribbean Development Bank has established the Climate Change Project Preparation Fund (CC PPF) to tackle these challenges head-on.

It addresses critical bottlenecks faced by CDB client countries in identifying and preparing projects that contribute to their climate change goals and targets. 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.

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

Eligible Projects

The CC PPF can support national counterparts to prepare four types of eligible projects:

Type 1: The CC PPF can support a broad range of activities to facilitate the preparation of capital projects that focus on addressing the underlying drivers of climate change and climate vulnerability.

Type 2: The CC PPF can support early-stage project identification and design work for projects and programmes that are seeking international concessional climate financing, including from the Green Climate Fund and Adaptation Fund.

Type 3: The CC PPF can support Climate Risk and Vulnerability Assessments (CRVAs) that help integrate climate resilience measures into capital projects that focus on addressing broader sustainability needs.

Type 4: The CC PPF can support the preparation of applications for technical assistance projects to be financed by CDB.

Available Funding

CDB will provide grant funding to support project preparation activities. For capital programmes/projects, grants will be reimbursable under the following circumstances:

- **Reimbursement based on CDB's first right of refusal.** A CC PPF grant is fully reimbursable if the project receiving grant funding from CDB is financed by another entity without letting CDB exercise its right of first refusal to co-finance or wholly finance the project.
- **Reimbursement upon financial close.** A CC PPF grant will have to be partially (50%) reimbursed to CDB once the project supported through the CC PPF has been approved and first disbursement has been made under the loan agreement.[1]

Accessing Grant Funds

The application and approval process for accessing grant funds is streamlined and efficient. If a project idea is robust and the project preparation needs are well defined, the entire process (i.e. preparing and securing CDB approval of a CC PPF application) can be completed in 10-12 weeks. Once funds are approved, Borrowing Member Countries (BMCs) are expected to lead preparation activities for the project, with assistance from CDB.

Interested BMCs should liaise with their CDB country and project counterparts to discuss project ideas, assess eligibility, and begin the application process.

[1] This applies equally to Group 1 and 2 countries (as defined under the Special Development Fund) while Group 3 (Haiti) is exempt from this reimbursement condition.