

**CONSULTANCY SERVICES – SUPPORTING THE CARIBBEAN DEVELOPMENT BANK TO
ESTABLISH A CLIMATE CHANGE PROJECT PREPARATION FUND**

DRAFT TERMS OF REFERENCE

1. BACKGROUND

1.01 Climate finance flows to the Caribbean pale in comparison to the needs of the Region. This is true of highly concessional funding from multilateral climate funds such as the Green Climate Fund (GCF) and Adaptation Fund (AF), but is also applicable to resources from other partners such as Multilateral Development Banks (MDBs) and bilateral donors. The climate finance gap is particularly problematic given Caribbean countries': (a) pronounced vulnerability to climate change and (by association) their significant financing needs for climate change adaptation investments; and (b) continued dependence on fossil fuels and need to accelerate the energy transition. At the same time, many Caribbean countries are grappling with significant fiscal and debt sustainability challenges, which in tandem with other factors, have further affected their ability to mount a concerted response to the climate crisis.

1.02 One key barrier inhibiting climate action among the Borrowing Member Countries (BMCs) of Caribbean Development Bank (CDB) is the absence a robust pipeline of high-quality and bankable climate action projects. This is attributable in part to the fact that many BMCs have insufficient technical capacity/expertise and resources to prepare high-quality climate change project proposals for submission to international development partners. The preparation of any project proposal is a time- and resource-intensive endeavour, but this is particularly true of projects that respond to climate change risks and impacts. The development of such projects often requires supplementary preparatory activities, including analyses of historical climate data and climate change models to understand where/how climate hazards are likely to affect specific sectors, resources, infrastructure and/or assets. It also requires specialised expertise to identify, design and assess the feasibility of suitable climate change response measures. Projects that are not properly prepared can also encounter significant implementation challenges and delays – for example because the capacity of the executing entity/ies was not adequately assessed, or because the proposed site-specific, resilience-enhancing measures are not well aligned with on-the-ground needs.

1.03 Development partners in the Region have thus far not managed to address the barriers that are inhibiting the development of a more robust pipeline of climate change projects. There is, however, considerable potential for CDB and other Caribbean stakeholders to learn from the experiences of MDBs operating in other regions, some of which have sought to address this bottleneck by establishing climate change-focused project preparation funds. One example is the Central American Bank for Economic Integration (CABEI), which launched a Climate Change Investment Project Preparation Fund (FCC) in May 2021 to support Central American countries to prepare climate change adaptation proposals.¹ The FCC was capitalised with an initial five million United States dollars (USD5,000,000) from CABEI. Building on this initial funding, CABEI secured additional contributions from other resource partners such as the European Union, the Spanish Cooperation Agency and the German Ministry for Economic Cooperation and Development. Similarly, the African Development Bank is currently managing the Africa Climate Change Fund (ACCF), which supports countries to prepare climate change adaptation and mitigation projects, among other types of assistance. The ACCF was also first capitalised with a modest initial contribution that subsequently crowded-in contributions from other donors.

¹ More information is available here: [CABEI creates technical assistance fund for the formulation of sustainable projects in the region \(bcie.org\)](https://www.bcie.org/en/news/2021/05/12/cabei-launches-climate-change-investment-project-preparation-fund)

1.04 Building on the experiences of other MDBs and development partners, CDB aims to establish its own fund to assist BMCs with the identification and preparation of projects that respond to climate change. This fund is expected to help address the project preparation bottleneck that is currently inhibiting the flow of financing – including the Bank’s own Ordinary Capital Resources and Special Development Fund resources – for much-needed projects in the Caribbean Region. This fund is also intended to support more efficient implementation of projects going forward, both by improving the overall technical quality of project proposals and by providing resources with which to better assess and ensure robust operational feasibility at project level (i.e., by conducting ex-ante assessments of executing entities’ financial management capacities).

1.05 The CDB CC Project Preparation Fund will also learn from (and aim to improve on) other project preparation funds and facilities to which BMCs currently have access. Multilateral climate funds such as the GCF and AF already provide project preparation grants, but BMCs have encountered significant difficulties in accessing and effectively utilising such resources. This is partly attributable to these organisations’ cumbersome review and approval processes, as well as the fact that such preparation grants are typically only provided once the fund has endorsed the concept note for the project or programme in question – itself a time- and resource-intensive endeavour. The GCF and AF project preparation grant applications are also long and onerous to prepare, in part because the funds want considerable detail about the envisaged project preparation process to ensure their resources will be effectively utilised to produce a high-quality project or programme proposal. The CDB Climate Change Project Preparation Fund would aim to address these barriers to streamline access by: (a) simplifying application forms and review procedures; (b) ensuring CDB staff (who will be familiar with the Fund’s requirements) are available to co-develop applications with BMC counterparts; and (c) making CDB (rather than the BMCs) responsible for procuring and supervising the external consultants contracted, using the Fund’s resources, thereby increasing the likelihood that approved applications will culminate in bankable project and programme proposals that can be approved by CDB in a timely manner.

1.06 CDB is now seeking a suitable consultant to assist with designing and establishing the envisaged climate change-focused project preparation fund.

2. OBJECTIVE OF CONSULTANCY

2.01 The objective of the consultancy is to assist CDB to establish and capitalise a CC Project Preparation Fund.

3. SCOPE OF SERVICES

3.01 The Consultant will: (a) further study the project preparation funds managed by other MDBs and development partners to develop a more robust understanding of their experiences, good practices and lessons learned; (b) apply this understanding to lead the development of a detailed Climate Change Project Preparation Fund proposal; and (c) develop a detailed operational manual, as well as associated guidance and promotional materials for the Climate Change Project Preparation Fund once the proposal is approved by the Board of Directors. The Consultant’s approach to completing the assignment is expected to include a combination of desk research and stakeholder interviews, all of which will be done in close collaboration with key staff from the CDB’s Environmental Sustainability Unit, Social Sector Division, Economic Infrastructure Division, Economics Department, Legal Department, the Corporate Strategy Division and the Finance and Information Technology Solutions Department.

3.02 The scope of services of the Consultant will include, but not be limited to, the following, which will be implemented in two phases:

Phase 1: Preparing the Climate Change Project Preparation Fund

Activity 1: Assess Other Project Preparation Funds

- (a) Assess the project preparation funds of other MDBs, multilateral climate funds (e.g. Green Climate Fund, Adaptation Fund) and development partners (including funds that are, and are not, focused on climate change) to learn about lessons and good practices that can inform the design and development of the CDB Climate Change Project Preparation Fund, and prepare a corresponding report.

Activity 2: Prepare a Detailed Proposal for the Fund

- (b) Prepare a detailed proposal for the CDB Climate Change Project Preparation Fund. The detailed proposal should draw directly on the insights, good practices and lessons learned from the study of other MDBs' and development partners' project preparation funds as outlined in Activity 1 of these Terms of Reference (TOR). After completing the proposal, the Consultant will also assist CDB staff to prepare a technical assistance paper for the Climate Change Project Preparation Fund for consideration by CDB senior management.

Phase 2: Operationalising the Climate Change Project Preparation Fund

Activity 3: Develop the Detailed Operational Manual and Associated Guidance and Promotional Materials for the Fund

- (c) After Phase 1 has been completed and CDB has formally approved the CC Project Preparation Fund, the Consultant will assist CDB to operationalise the Fund. This will include: (i) developing a detailed CDB Climate Change Project Preparation Fund Operational Manual for use by CDB staff; (ii) developing guidance materials for project proponents to assist them to better understand the requirements and eligibility criteria of the Fund, as well as develop applications/submissions that are aligned with those requirements and criteria²; (iii) developing promotional materials that CDB can use when mobilising resources to capitalise the Fund, and when seeking to raise awareness about the Fund among BMC counterparts and other prospective project proponents; and (iv) organising a one-day hybrid training on the Climate Change Project Preparation Fund to sensitise CDB staff to the Fund's procedures and templates as outlined in the Operational Manual, as well as the associated guidance materials.

4. DELIVERABLES

4.01 The Consultant will be required to deliver the following in a timely manner:

Phase 1: Preparing the Climate Change Project Preparation Fund

- (a) An Inception Report and Work Plan.

² The Consultant will be expected to engage with CDB staff when preparing these guidance materials to test whether/to what extent they are user friendly and likely to be helpful for BMCs and other project proponents.

- (b) A Report summarising the Consultant’s assessment of other MDBs’ project preparation funds as described in Paragraph 3.02(a) of these TOR.
- (c) The detailed proposal for the Fund as outlined in Paragraph 3.02(b) of these TOR.

Phase 2: Operationalising the Climate Change Project Preparation Fund

- (d) The detailed Operational Manual, guidance materials, promotional materials and training report as outlined in Paragraph 3.02(c) of these TOR.

5. QUALIFICATIONS AND EXPERIENCES

5.01 The consulting team should consist of professionals with the following key personnel:

Key Expert 1: Team Leader and Fund Management Specialist

- (a) Education: An advanced university degree in economics, international development, public policy or another field directly relevant to this assignment.
- (b) Experience: At least ten (10) years of relevant professional experience supporting the implementation of programmes, funds or facilities in an international development context, which should include first-hand experience supporting the implementation of an application-based funding mechanism. Prior experience supporting the establishment and/or operations of a project preparation facility or fund (e.g. at an MDB or multilateral fund) will be a particular asset. The specialist’s experience should leave her/him well equipped to lead the consultant team and bear overall responsibility for its deliverables, as well as to lead the process of designing the Climate Change Project Preparation Fund and the associated Operational Manual.

Key Expert 2: Project Preparation Specialist

- (c) Education: An advanced university degree in economics, international development, public policy or another field directly relevant to this assignment.
- (d) Experience: At least ten (10) years of relevant professional experience in supporting the preparation of capital projects for international development partners (notably MDBs) is required, of which at least five (5) years should have been spent supporting the preparation of climate change adaptation and/or mitigation projects. The specialist’s experience should leave her/him well equipped to ensure the Climate Change Project Preparation Fund provides fit-for-purpose support for the types of projects and programmes that are needed in the Caribbean context, working in close collaboration with the Team Leader and Fund Management Specialist.

Key Expert 3: Communications Specialist

- (e) Education: An advanced university degree in communications or another field directly relevant to this assignment.
- (f) Experience: At least eight (8) years of relevant professional experience in supporting the preparation and dissemination of user-friendly communications materials, of which at least

three (3) years should have been spent in an international development context. The specialist's experience should leave her/him well equipped to lead the preparation of all promotional materials for the Climate Change Project Preparation Fund, as well as ensure the Operational Manual and all associated tools and guidance materials are prepared in a user-friendly manner.

5.02 The consulting team is also required to demonstrate the following:

- (a) Good writing/communications skills in English.
- (b) An ability to present information in a clear, concise, and well-articulated manner.
- (c) An ability to solicit useful information from a broad range of stakeholders.
- (d) Experience working on climate change issues in the Caribbean or other Small Island Developing States.

5.03 It is expected that the consulting team's Key Experts may be supported by additional specialists with expertise on climate change adaptation, climate risk and vulnerability assessment, climate change mitigation and other areas that may be appropriate for the conduct of the services.

6. DURATION

6.01 The Consultant will be contracted on a part-time basis over a period of nine (9) months.