

CLIMATE CHALLENGE FUND

Guidelines and Criteria

2026-2027



ENVIRONMENT, ENERGY AND CLIMATE ACTION

Climate Challenge Fund Guidelines and Criteria

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Department of Environment, Energy and Climate Action

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1 Background

Established in 2020, the Climate Challenge Fund (CCF) aims to support the development of innovative solutions to climate change and empower people of different backgrounds, experiences, and expertise to contribute to climate action on Prince Edward Island.

The CCF supports projects that align with the goals and objectives of the [NET ZERO FRAMEWORK](#) and the [BUILDING RESILIENCE: CLIMATE ADAPTATION PLAN](#), and do one or more of the following:

- foster the increased participation of Island-based companies, researchers, communities and/or community-based organizations in climate action;
- generate new knowledge and ideas with the strong potential to strengthen the Island response to climate impacts and/or strengthen or influence provincial public policy;
- maximize the number of people across the Island reached by the projects funded by this program;
- eliminate systemic barriers to climate action.

The CCF will accept applications from:

- First Nations,
- Municipalities,
- Businesses,
- Academic Institutions,
- Not-For-Profit organizations doing projects in Prince Edward Island.¹

All proponents should be able to demonstrate how their project addresses a need or gap in current services or programs in their community(ies) related to climate action in PEI.

¹ Not-for-profit organizations and businesses must be registered entities in order to enter into a Project Contribution Agreement, a requirement for receiving provincial funding.

2 Funding Contributions

The CC Fund will contribute funding of 50-90% of eligible expenditures, to a maximum of \$100,000 per project. The cost-share varies by type of organization as follows:

Applicant Type	Provincial CC Fund Share
Business	Up to 50%
Municipality	Up to 70%
Academic institution	
First Nation	Up to 90%
Not-for-profit organizations	

Organizations will only be considered for one project per intake. Applicants who have received previous funding from the CC Fund or any other funding programs offered by the Department of Environment, Energy and Climate Action must be in good standing with their current agreement to be considered for additional funding.

Successful applicants may use in-kind resources, or other Federal or Provincial funds as their share of the eligible costs, subject to the stacking rules or policies inherent to other programs. Note that in-kind resources, such as volunteer human resources, must be tracked and documented for the financial reporting requirements of the program.

3 Project Eligibility

The CC Fund will support projects that contribute to progress toward achieving the Government of PEI's climate goals.

All projects approved for 2026-27 funding must be completed by **September 30, 2027**.

Additional information on eligible and ineligible projects and expenditures is provided below.

3.1 Eligible Project Types

The CCF will consider projects that align with the goals and objectives of the [NET ZERO FRAMEWORK](#) and/or the [BUILDING RESILIENCE: CLIMATE ADAPTATION PLAN](#) and do one or more of the following:

- Increase resilience through adaptation to a changing climate;
- Reduce greenhouse gas emissions;
- Increase opportunities for carbon sequestration (i.e., the removal and storage of carbon from the atmosphere) and storage of carbon on land or in aquatic ecosystems (i.e., blue carbon);
- Improve our understanding of climate change impacts, opportunities or solutions, including research and data collection;
- Promote public education, awareness, training or professional development related to climate change;
- Seek to actively redress inequities and discrimination intensified by the negative impacts of climate change or that may remove an unfair barrier to climate action; and/or
- Demonstrate an innovative or novel solution to address a challenge(s) associated with climate change.

Previous projects that have been funded through the CC Fund can be found online at the [Climate Challenge Fund Projects webpage](#).

3.2 Ineligible Project Types

The CCF will **not** consider the following types of projects (or components of projects):

- A new development or construction project (excluding that portion of the project which demonstrates innovative adaptation and/or mitigation techniques);
- Installation of hard infrastructure, including but not limited to traditional shoreline armouring;
- Purchase of vehicle(s);
- Repair or replacement of structures previously lost or damaged due to an extreme weather event (excluding that portion of the structure repaired or replaced in a manner which demonstrates adaptation from its previous state);
- Loss of income or asset value due to impacts of climate change or extreme weather events; or
- Projects that contravene any provincial legislation, including but not limited to the *Environmental Protection Act*, *Water Act*, *Building Codes Act*, and *Fire Prevention Act*.

3.3 Eligible Expenditures

Eligible expenditures deemed necessary to support the project may include but are not limited to:

- Human resource costs including salaries and benefits;
- Management and professional service costs, such as accounting, communications, design, planning services, language translation, audit charges, GHG emission reductions and energy savings estimate verification, and results monitoring, measuring and reporting;
- Material and supplies costs;
- Additional insurance premiums required to conduct the project;
- Printing, production, and distribution costs;
- Equipment and capital assets purchase, lease, or rental;
- Vehicle rental and operation costs;
- Overhead and/or administrative costs (directly related to the project), up to a maximum five per cent of a recipient's total funding allocation;
- Other costs necessary to support the purpose of the funding, as approved by the Minister of Environment, Energy and Climate Action; and
- Any GST/HST that is not reimbursable by Canada Revenue Agency and any PST not reimbursable by the Province.

3.4 Ineligible Expenditures

Ineligible costs include the following:

- Costs incurred prior to approval of the project or for cancelled projects;
- Costs incurred for regular maintenance of existing infrastructure and equipment;
- Land acquisition; Real estate fees and related costs;
- Leasing land, buildings and other facilities;
- Insurance premiums for main operations of the organization;
- Financing charges, legal fees, and loan interest payments; and
- Provincial sales tax and goods and services tax/HST, for which the ultimate recipient is eligible for a rebate, and any other costs eligible for rebates.

4 Project Evaluation

4.1 Climate Challenge Working Group

A Climate Challenge Working Group (CCWG) has been established to evaluate proposals and make recommendations to the Minister on the fund recipients. Members of the CCWG will include staff from the Department of Environment, Energy and Climate Action. Staff from other government departments and/or members of external organizations may be consulted in the evaluation process on applications relevant to their area of experience and/or expertise.

The CCWG may give preference to:

- Initiatives that actively redress inequities intensified by the negative impacts of climate change or that may remove an unfair barrier to climate action²;
- Applicants who have not received previous funding; and
- Projects that align with one or more of the priority areas of focus for 2026-27

Following evaluation by the CCWG, proposals³ will be recommended to the Minister for a final decision on funding.

Note: If your project is found to be eligible for another source of Provincial funding, you may be directed to resubmit your application to the other program for consideration

4.2 Priority areas of focus for 2026-27

Priority areas of focus for 2026-27 delivery of the CCF include emphasis on the following:

- Development and implementation of proactive adaptation strategies for PEI municipalities (ICPR 12)
- Water conservation and accessibility to clean drinking water during climate emergencies/extreme weather (PCAP Action 16)
- Strengthen community assets including communication systems, fuel supplies, food distribution, and needs of vulnerable populations (PCAP Action 5)
- Piloting and understanding the effectiveness of nature-based solutions that achieve low carbon resilience (PCAP Action 22);
- Adaptation in climate-sensitive industries (PCAP Action 13), including:
 - on-farm climate action assessments or adoption of climate-smart agricultural practices;
 - commodity-specific climate action planning;
 - reduction of waste and plastic usage; and
 - climate adaptation approaches in the fisheries/aquaculture sector.
- Emissions and/or energy analyses for communities and businesses (NZF Pillar 2)

² This includes, but is not limited to, race, gender, sexual orientation, socio-economic status, ability, geographic location, income level, education level, first language, marital status, immigration status

³ Proposals submitted by First Nation and Municipal applicants may require additional approvals for final decision on funding.

5 Application Submission Instructions

If you require any assistance to complete the online CCF application, please contact us at ClimateChallenge@gov.pe.ca, and we would be happy to assist you.

Applications can be submitted online at [Apply to the Climate Challenge Fund](#) or by email to ClimateChallenge@gov.pe.ca. **Proponents should review the information in this section to ensure that they have the necessary project information to complete the online application.**

Please note that the [CCF Timeline and Budget Worksheet](#) is a separate file that you will need to complete and submit as an attachment to your application. The worksheet can be downloaded in Microsoft Excel (.xlsx) format.

Complete applications must be received by 11:59 p.m. on December 4, 2025.

There are six sections on the application form.

Section 1: Proponent Information (Eligible/Ineligible)

Section 2: Project Information (Weight: 20)

Section 3: Project Objectives (Weight: 30)

Section 4: Collaboration, Community Engagement and Equity (Weight: 30)

Section 5: Organization Capacity and Experience (Weight: 5)

Section 6: Timeline and Budget (Weight: 15)

6 Payment Process

In order to receive funding all applicants must enter into a Contribution Agreement with the Province and complete a Payee Registration Form. To obtain a sample Contribution Agreement contact the CCWG at ClimateChallenge@gov.pe.ca.

Successful applicants will have three (3) months after the date of the Letter of Conditional Approval to sign the Contribution Agreement. After this time, the offer will expire and the award funds may be reallocated.

A 50% initial payment will be made on full execution of the Contribution Agreement and supporting documents. The remaining funds will be dispersed based on the receipt of deliverables as agreed upon in the funding agreement.

In the event that a project is completed under budget, the CC Fund will cover only the eligible expenses incurred. The CC Fund will not cover any cost overruns and it will be up to the recipient to complete the project in a responsible and timely manner.

If the recipient fails to complete the project as originally approved, or abandons the project prior to completion, the recipient will be required to repay all of the funding granted back to the Province.



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