

# Lab Guidelines

Fourth Lab Cycle  
2017-2018

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## 1. INTRODUCTION

### 1.1. Purpose of these guidelines

The Lab Guidelines are intended to serve as a key framework for the initiative, providing guidance to Lab Members, participants and interested parties about the Lab process.

### 1.2. Overview of the Lab

Developed countries have committed to jointly mobilize \$100bn per year in climate finance to developing countries by 2020, from public, private, and alternative sources, in the context of meaningful mitigation and transparency of action.

As nations and businesses work to tackle both climate challenge and development goals, access to finance has emerged as a critical element. Private investors – often supported by public policy and finance – are already channeling significant amounts of money into the low-carbon economy in countries around the world, but much more investment is needed. This is particularly true for developing countries, which often face difficulties attracting private investment at the scale needed to reach their sustainable development and energy access goals.

The Lab contributes to this collective effort by identifying and developing transformational proposals that will mobilize private investment at scale. The Lab network accelerates well-designed financial instruments that can unlock billions for energy efficiency, renewable energy, sustainable transport, climate smart agriculture, and curbing deforestation, while also reducing private investors' risks and improving their financial returns. A public-private partnership, the Lab brings together and catalyzes broader government and private sector efforts to scale up climate finance.

The Lab encompasses three programs, each with distinct priorities.

- The Global Lab seeks ideas to scale up finance in mitigation and adaptation in developing countries. The Global Lab focuses on ideas that leverage public or “blended” finance to drive large-scale private sector investment.
- The India Lab seeks ideas to accelerate investment in infrastructure for green growth in India. Like the Global Lab, the India Lab emphasizes ideas that leverage public or “blended” finance to drive large-scale private sector investment.
- The Brasil Lab identifies, develops, and supports implementation of transformative climate finance instruments that can drive funds for Brazil's national climate priorities. The Brasil Lab also emphasizes ideas that leverage public or “blended” finance to drive large-scale private sector investment.

The Lab operates in annual cycles that include crowd-sourcing ideas, drawing on a combination of political, technical, institutional and financial resources to develop these ideas into bankable instruments designed to address specific barriers to driving climate finance at scale, and finally endorsing and launching these instruments. The Lab also provides support post-launch for implementation as well as monitoring. The Lab's model draws heavily on its membership, which includes high-level representatives from governments, insurance companies, investment banks, project developers, and development finance institutions from across the world (see section 2).

Established in 2014, the Lab is in its fourth cycle that would run from September 2017 to September 2018, with the majority of the analytical work concluding in July 2018. As of January 2018, the Lab has supported the development and endorsement of 26 instruments – four adaptation-focused and four mitigation-relevant – that have collectively attracted almost USD \$978 million in initial funding and some have been endorsed by the G7.

Subsequent cycles of the Lab build upon the lessons learned during the preceding cycles. It assumes a continuation of the original established objectives and outcomes, as well as the continuation of Secretariat and in-depth analytical functions to be performed by Climate Policy Initiative

Climate Policy Initiative (CPI) acts as the Lab Secretariat and Analytical Provider. The Lab activities have been funded by Bloomberg Philanthropies, the David and Lucile Packard Foundation, the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB), the Netherlands Ministry for Foreign Affairs, Oak Foundation, the Rockefeller Foundation, Shakti Sustainable Energy Foundation, the UK Department for Business, Energy & Industrial Strategy, and the U.S. Department of State. The Lab activities have also been carried out with CPI's in-kind support.

## 2. LAB PROCESS AND METHODOLOGY

The Lab works towards the identification and initial market testing (e.g. launch of pilot or first fund) of *transformative* ideas, which are evaluated as such by their *innovative, actionable* and *catalytic* character as well as by their ability to achieve *financial sustainability* over time. These are the core criteria evaluated by the Lab through its 3 analytical phases. Box 1 describes these criteria in greater detail.

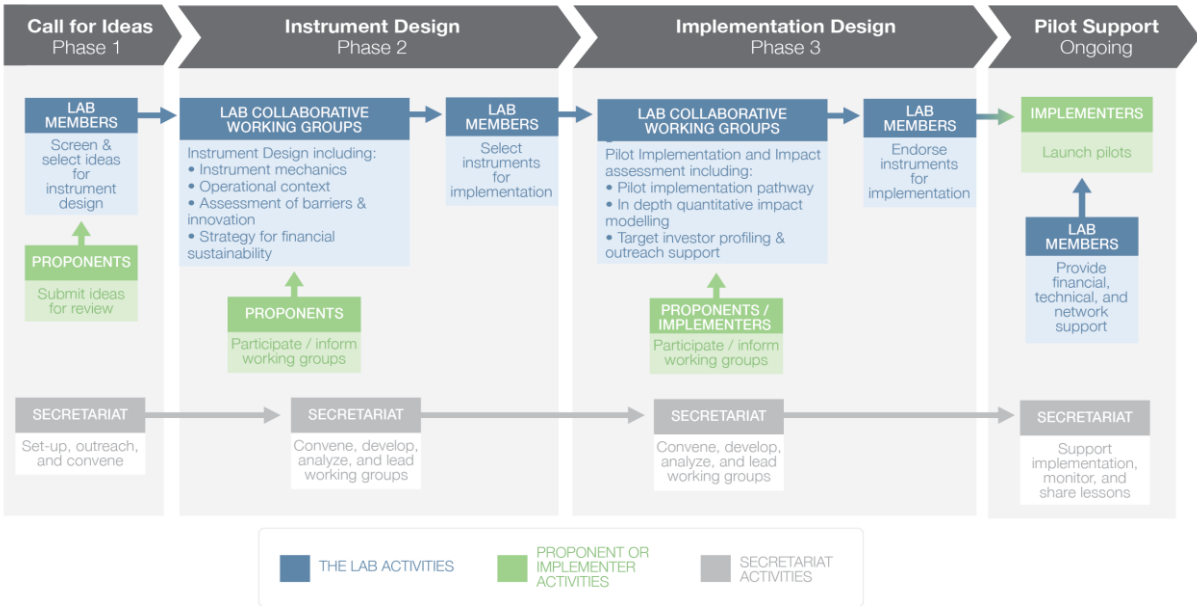
A complete Lab Cycle operates over the course of a 12-month period, and includes three distinct analytical phases each concluding with the convening of Lab Members to select, challenge and fine-tune ideas (see Figure 1).

Lab Cycles commence with an international 'Call for Ideas', which can include both a general stream and a more specialized stream to allow the Lab to direct expertise and resources towards issues identified as being critical by Lab members.

To identify most promising instruments, ideas submitted through the Call for Ideas are assessed against the Lab criteria by the Secretariat and Lab Members. High quality, eligible ideas are selected by Lab members move to the subsequent phases for additional in-depth analysis and development. Phase 2 focuses on developing and stress testing the idea design and mechanism, while Phase 3 on the design of the implementation pathway towards its market testing. At the end of the Lab cycle, Lab members endorse most promising instruments to be taken forward for market test (the following paragraphs provide more details about each phase of The Lab).

The number of instruments selected at each phase of analysis depends on total funding available per Lab Cycle.

Figure 1: An overview of The Lab process and its phased approach



*Box 1 – The Lab criteria*

**Innovative:** An instrument is innovative when it demonstrates the ability to address, directly or indirectly, barriers to private climate finance that are not yet being addressed by the market, or (2) that will be addressed in an improved manner compared to other approaches<sup>1</sup>

**Actionable:** An instrument is actionable when it clearly identifies (1) the type of entity(ies) that could implement it, (2) a pathway towards setting-up a market test for the idea (e.g. pilot, first fund), including the timeframe, activities and key milestones, and (3) possible challenges to setting-up the market test for the idea and related management strategies.

**Financially sustainable:** An instrument is financially sustainable when it identifies a realistic strategy to (1) operate on a commercial basis, having phased out any public, concessional, or other catalytic financial support and (2) achieve its intended long-term objectives and overcome key implementation challenges.

<sup>1</sup> i.e. reaching new geographies, beneficiaries, sectors or in terms of financing structure, contractual arrangements, risk allocation, alignment of interests, transaction costs, etc.

**Catalytic:** An instrument is catalytic when it demonstrates potential to (1) mobilize private climate capital within a sizeable market (2) be scaled up or replicated in other contexts and, (3) achieves positive climate, development, and environmental impacts.

## 2.1. Phase 1: Call for ideas and selection

The first phase of a Lab Cycle commences with an international ‘call for ideas’ launched with the aim to crowd-source and identify innovative ideas for concept development.

Ideas are submitted by Idea Proponents acting in an individual capacity through a dedicated web site, [ClimateFinanceIdeas.org](http://ClimateFinanceIdeas.org);<sup>2</sup> proponents can include experts and entrepreneurs from public institutions, the private sector, and civil society such as think-tanks and academics (see ROLES AND RESPONSIBILITIES section below for additional detail). The submission form includes the information regarding the mechanism design and how it intends to meet the Lab criteria:

- **Idea description:** A short description of the idea, its purpose, and how it works. For adaptation stream, ideas must make a clear link between climate vulnerabilities and financed activities.
- **Innovation:** A justification as to why the idea is innovative; this includes a description of barriers to private climate finance that the idea will overcome directly and indirectly, evidence as to why barriers may exist and how they may be overcome, and how the idea represents a unique value-add to existing instruments or solutions.
- **Actionability:** The Idea Proponent should specify if the instrument can be implemented without requiring policy, legal or regulatory changes, and indicate the type of organization that could be an implementer (e.g. development bank, private company, industry association), the timeframe to implementation along with a set of milestones to achieve it. Any challenges to the setting-up the market test for the idea should be identified. Idea Proponents should also indicate if they wish to implement a market test of the idea. If so, they will be required at the start of Phase 2 to set out the resources (human, and financial) they have access to for the preparation of the market and outline the support required from the Lab.
- **Catalytic potential:** The Proponent should provide a first estimate of the potential of the idea to catalyze or engage private climate finance at scale, identified through market growth opportunity and/or investment potential.
- **Financial Sustainability:** The Proponent should specify how the instrument intends to achieve market viability, becoming self-sustainable once public funding is phased out.

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<sup>2</sup> During the submission, Proponents self-select which Lab program they wish to apply for (Global Lab, India Lab, Fire Awards), though the Secretariat reserves the right to suggest re-allocation to one of the other Lab programs which may be more relevant, in accordance with each program’s criteria. During the submission proponents also indicate the theme (adaptation and/or mitigation) and the sector to which their ideas pertain.

All submissions are reviewed by the Secretariat using standard the Lab criteria and a standard methodological approach. Eligible ideas, meeting the Lab criteria, are submitted to Lab members for selection through a voting process. Submissions received after the official deadline or those that are incomplete are not considered.

Lab Members, then meet to review the list of submissions that have met the minimum criteria and apply a voting procedure to select instruments to take forward to the next phase.

#### **Cross-programs differences – Individual Lab program specific criteria**

Given the strong regional focus of the India and Brasil Labs, potential issues related to regulatory requirements of the idea are considered with particular attention.

For the Brasil Lab it will be important also to verify whether the idea meets the requirement of addressing priority sectors identified in Brazil's nationally determined contribution.

## 2.2. Phase 2: Instrument Design

The aim of Phase 2 is to 'stress-test' and finalize the design of the instrument concept, assess the *innovative* character of a given instrument within its context of operation; evaluate its *financial sustainability*, and preliminarily identifies the potential target context for the instrument (market test and beyond).

In this phase ideas are developed into open-access Lab Instruments that may be adopted by the wider climate finance community.

Phase 2 analysis entails:

- **Instrument Mechanics:** an in-depth description of how the instrument would operate – at a concept level – outlining the types of organizations and skillsets that are required to implement the concept and achieve impact.
- **Assessment of the innovative aspects of the instrument:** identification of the risks and barriers faced by investors in the markets potentially eligible for the instrument, highlighting those which are addressed (and how) by the instrument, those which may remain unaddressed, and how the instrument performs in comparison with existing similar instruments available in identified markets.
- **Assessment of financial sustainability and identification of a strategy/approach to achieve it:** an in-depth description of how the instrument's design would phase out public support to ensure its market viability, and address potential challenges to achieving its intended long-term objectives.
- **Identification of the context where the instrument would operate:** identifying the sectoral and geographical scope of the instrument as a

critical preliminary step for the definition of the instrument's market test and to assess its catalytic potential in Phase 3.

To perform the analysis, the Lab Secretariat establishes and leads collaborative **Working Groups** consisting of the Proponent(s), Lab Advisors and external experts from the public, private and third sectors. In order to facilitate a collaborative environment, efforts will be made to limit the size of groups to a maximum of approximately 10-15 individuals.

The activities of the Working Groups involve:

- One introductory conference call at the inception of Phase 2 involving all Working Group members with the aim of (i) presenting the instrument concept and design; (ii) receiving feedback on the instrument-specific analytical approach; (iii) receive suggestions on experts to involve in the analyses.
- Bilateral conversations as needed with selected members of the Working Group.
- One potential conference call towards the end of Phase 2 to validate the analysis which will be shared via draft slide deck.

It is important to note that during this phase of analysis, Working Groups may make decisions with the express rationale to aid the analytical process and progress the concept development. This could include for example a target country or region to define the boundary of the analysis or a change in design of the instrument to mitigate identified risks. The final outputs from the Phase 2 analytical process may therefore vary from the original submission.

At the conclusion of Phase 2, The Lab Secretariat will compile a slide deck for each instrument outlining key findings from the analysis to be circulated to Lab Members for consideration ahead of a Lab Advisor Meeting. At this meeting, Advisors will determine whether the idea fits well the Lab criteria examined in Phase 2, identify areas for improvements and determine the eligibility of a given idea to move to Phase 3.

Where Idea Proponents do not have the means or the inclination to develop a market test of the instrument, the Secretariat would work to enlist potential implementers willing and capable to develop them from within or outside the Lab. For an idea to pass to Phase 3, the idea needs to have an implementation entity identified.

### 2.3. Phase 3: Implementation support for initial market testing of the initiative and impact assessment

The aim of Phase 3 is to move from '*talk to action*' by making ideas investment-ready. This would entail: facilitating potential implementing entities to develop a proposal for market-testing the instrument (e.g. pilot, first fund), secure funding from public and/or private sources as appropriate, and define key milestones for the setting up of the market test for the instrument. To develop the business case for public, philanthropic or other catalytic support, the process will be complemented by an assessment of the catalytic potential of the instruments



within its initial market test context and by an in-depth modeling of the financial barriers addressed.

Phase 3 analyses entail:

- **Assessment of the Actionability and definition of pathway for setting-up the market test of the instrument:** identification of the implementing entity(ies) within the geographical scope identified for market testing the instrument as well as an overview of a timeline with key milestones in order to demonstrate how the instrument is actionable.
- **Assessment of the market potential for scale-up and replication of the instrument:** estimate of the catalytic potential of the instrument assessed within and beyond the boundary of the initial market test for the instrument (e.g. eligible sectors and/or geographies and/or actors identified at the end of phase 2)
- **“Modelling work” for Impact analysis:** focusing on the boundary of the initial market test for the instrument, quantitative and/or qualitative assessment of (1) the impact of the instrument on specific key barriers addressed in the context of the initial market test for the instrument (e.g. risk mitigation effect) determined against a status quo or business-as-usual scenario the idea intends to improve upon; (2) the catalytic potential of the instrument, including amount of finance needed for setting up the initial market test, the potential catalytic finance mobilization potential and leverage, and estimate of CO2e emission reductions and, if appropriate, GW deployed.
- **Pre-endorsement summary:** an overview of the demonstrated *transformative potential* of each instrument prepared by The Lab Secretariat to inform the endorsement decision. The summary is structured around the Lab criteria would help providing a verdict on how each instrument is *innovative*, *financially sustainable*, *actionable* and *catalytic* against the status quo. If appropriate, the Lab Secretariat will also highlight to Advisors any outstanding open questions/issues.

In order to facilitate the market testing of Lab Instruments, a significant amount of preparation and decision-making input is required from the Implementing Entities in Phase 3; including decisions on target markets, human resources, governance, budgeting, and available in-house skills and capabilities. These decisions will form the milestones to be achieved by the end of the Phase 3 process. The aim of the final Lab Meeting will be to publicly announce the outcomes of these milestones, which may include:

- Signing of agreed MOUs with Implementing Entities and Lab Members to provide support (including access to network, advice, expertise, partnerships or potential investments);
- Announcement of target markets and implementation teams to bring forward pilots; or
- Fundraising announcements per idea.
- New partnerships that support the preparation and deployment of Lab instruments.

The Lab Secretariat will provide support and facilitate input to achieving these milestones, ensuring value add and equal support for each Lab Instrument. The Lab itself does not provide public funding for the implementation of pilots. Any eventual provision of funding is achieved on a bilateral basis between public finance institutions or individual Lab Members and pilot implementers. In Phase 3, the Lab Secretariat will informally facilitate these processes.

Partnerships are potentially crucial in the implementation of Lab instruments, and an important contribution of the Lab. The Lab Secretariat will work to promote and encourage partnership opportunities amongst Lab members and Lab instruments.

With the commencement of Phase 3, the Secretariat will request details of potential support that could be provided by Lab Members, both in terms of financial or in-kind expertise support. Lab Members would also indicate their preferences for focus areas (target countries, sectors) for the pilot implementation and whether public procurement and state aid rules apply to enable pilot implementers to build these considerations into the design of their pilots. For potential financial support, available funding opportunities for pilot implementers to submit proposals will also be requested at this time including details of the submission requirements.

Pilot implementers will be required to align public announcements of achieved milestones with the end of the Phase 3 process.

At the end of Phase 3, the Lab Secretariat convenes Lab Members to determine whether ideas and instruments deserve endorsement. Endorsement is defined as a signal by Lab Members that they welcome the development of concrete pilot proposals to implement a Lab Instrument, and that they are willing to offer one or more forms of support. This meeting will also serve as a first platform for such support to be announced. At that stage the Secretariat also publishes a report for each instrument that summarizes key findings emerged from the analytical work carried out and can serve as a plan for implementation.

#### 2.4. Ongoing Support & Monitoring

The Secretariat will provide bespoke pilot launch support in the months following the conclusion of the Lab Cycle, and light-touch support through the Lab network on a continual basis for the implementation teams of endorsed instruments.

In addition, the progress of pilots will be monitored and reported on by the Secretariat. The Secretariat will maintain contact with pilot implementers and continue to publicize new updates and announcements under the Lab brand. Permission to use Lab materials and branding will be agreed and clarified.

Bespoke launch support is triggered **by proponent request** and is available only **within first 6 months of endorsement**. Proponents will choose from a menu of support options based on specific needs.

Bespoke launch support can include (but is not limited to):

#### **Design fine-tuning**

- Positioning
- Mechanics
- Fin'I Model

#### **Finance mobilization**

- Strategy
- Investor mapping & profiling
- Business case refinement
- Pitch deck development
- Review of funding applications

#### **Partnerships**

- *Sub-themes as above*

Following the bespoke launch support period, the Secretariat will provide ongoing donor coordination and grant support to proponents for **12 months** following endorsement, which, where appropriate, will include:

- Ensure effective communication with grantors
- High-level review of grant applications

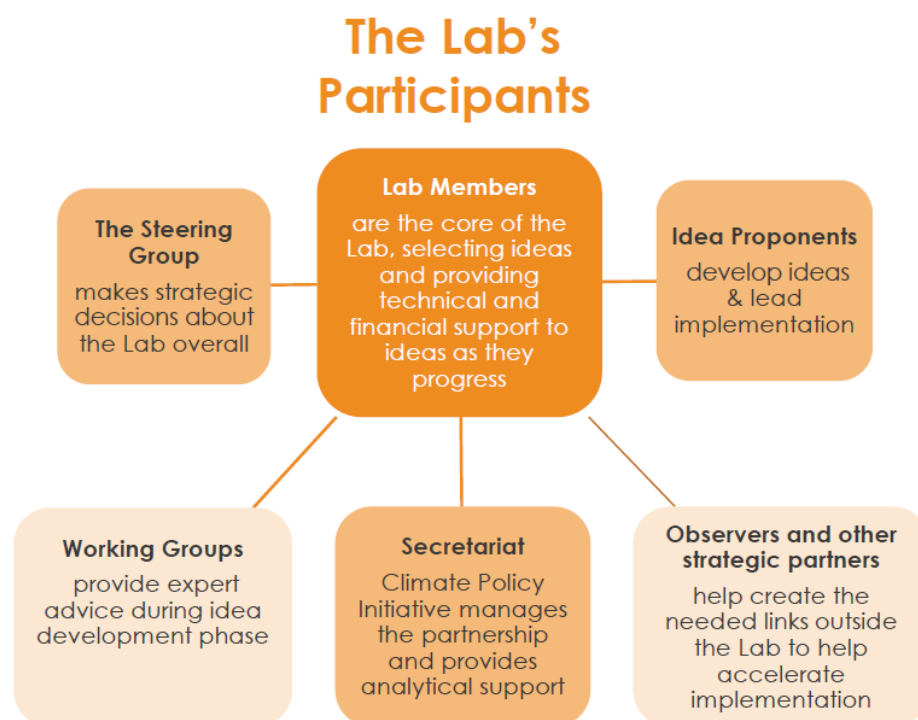
Finally, the Secretariat will provide **light-touch support** to proponents on an ongoing basis following endorsement, which will include:

- Monitoring to ensure progress towards milestones
  - 2 – 3 check-ins per year
- Lesson sharing & reporting
  - Through white paper, webinar, or blog with infographic

### **3. ROLES AND RESPONSIBILITIES**

The Lab's governance and membership structure reflects the appetite of current and potential new Members and supports the continuation of a dynamic network responsive to market conditions, policy signals, and global developments, as well as continuous learning from previous cycles and complementary initiatives. A description of key groups involved in the Lab, respective roles and time requirements are outlined below.

Figure 2: The Lab Governance and Organizational Structure



### 3.1. The Lab Steering Group

The Lab's strategic direction and the Secretariat's work is guided and managed by the Lab Steering Group. This group includes representatives from countries providing funding for and overseeing the work of the Secretariat and Analytical Provider.

The Steering Group forms thus the management and governance structure of the Lab, composed of representatives from donor countries and institutions that provide funding, with the following specific role:

- Oversees the work of the Secretariat, and sets the strategic direction for the work of the Lab;
- Ensures process moves according to timeline and that administrative questions are resolved; and
- Sets implementation details of the strategic direction for the work of the Lab, including analytical and communications elements.
- Committed to ensure ongoing financial support, also through outreach to other potential funders, to set the basis for sustained impact of the Lab's work.

This group will be brought in at key decision points, relative to its unique duties and expertise, to guide the progress of the Lab and the development of ideas, assist them in preparing for implementation, and build partnerships that ensure ideas have concrete implementation.

## 3.2. Lab Members

Membership for the Global & India Labs consists of Lab Principals and Lab Advisors, and as a rule will be reviewed once a year at the end of each Lab Cycle.

### 3.2.1. Lab Principals

Lab Principals are at CEO, senior executive level or of ministerial stature. They provide high-level endorsement of the Lab, its objectives and recommendations, and commitment to provide institutional expertise. In addition, Lab Principals will support the Lab Secretariat with communication and outreach, and act as a spokesperson for the Lab process and endorse instruments.

Time requirements for Lab Principals include attendance at one targeted high-level event per analytical cycle, to be coordinated with the final Lab meeting in September 2018.

### 3.2.2. Lab Advisors

Lab Advisors will contribute institutional expertise to the Lab in order to advise on the identification of ideas, and support instrument design, development and stress testing. Each Lab Principal will have at least one Advisor. The role of Lab Advisors includes:

- Forms the Lab's key working group and represents all Lab Principals at an operational level;
- Ensures progress on administrative issues and resolves questions on Lab design and procedure;
- Contributes to the development of criteria for the identification of ideas;
- Advises on and challenges the design of instruments, task and critique the analytical work;
- Advises on the identification of ideas; and
- Engages in outreach to source, test and ultimately promote endorsed instruments.

Time requirements for Lab Advisors include attendance at three to four meetings at the conclusion of each distinct analytical phase, Advisor update calls every six to eight weeks throughout the Third Lab Cycle. Time required for input and review of analytical work is concentrated in Phase Two but is not envisaged to total an average of more than 8 hours per month over the Lab Cycle.

### 3.2.3. Brasil Lab Panel Members

Brasil Lab membership consists of Panel Members, which share Principal and Advisor duties, contributing in some cases to high-level representation, and in all cases, support of the Brasil Lab process, including identification of ideas,

and support instrument design, development and stress testing as laid out above.

### 3.3. Lab Secretariat and Analytical Provider

Climate Policy Initiative (CPI) acts as the Lab's Secretariat and Analytical provider. The structure and operation of the Secretariat has added significant value to the Lab process. Lab Members have decided to delegate greater decision making powers on day-to-day issues to the Secretariat to ensure a more timely process. In addition, commitments at maintaining transparency and openness in the Lab process as far as practical and in light of confidentiality issues are reinforced.

The role of the Secretariat covers a number of facets, outlined below:

#### 3.3.1. Secretariat Services

##### **Convening**

Lab Advisor calls: CPI will organize and administer Advisor calls every six-eight weeks throughout the Second Lab Cycle, including the preparation of background and guidance material for the calls and summary notes.

Lab Principal and Advisor Meetings: CPI will organize and administer up to three Lab Meetings throughout each cycle. For example, the Third Lab Cycle has set a tentative schedule for these meetings, which includes;

- a selection meeting for Advisors approximately 2 months after the close of the Call for Ideas (January/February 2018 for the 4<sup>th</sup> Cycle);
- a Phase 2 meeting in Q2, in the middle of the Cycle, (April 2018 for the 4<sup>th</sup> Cycle)
- a technical Advisor meeting to review the final Lab cycle analysis & instrument designs, to recommend Endorsement or call out key concerns, this meeting is held 1-2 months prior to the Endorsement meeting, (in July or August 2018 for the 4<sup>th</sup> Cycle)
- a final high-level meeting with Lab Principals, and high-level Observers, with a goal to Endorse the final instruments (late September 2018 for the 4<sup>th</sup> Cycle)

##### **Internal Coordination**

The Secretariat will provide on-going coordination in close interaction with the Lab Steering Group, utilizing the following methods of internal communication:

- Bi-monthly progress updates with the Lab Steering Group by email;
- Monthly progress update calls with the Lab Steering Group
- Email updates to Lab Advisors every six to eight weeks;
- Swift replies to Lab Members' queries by a dedicated staff member; and
- Preparation of briefing materials ahead of meetings.

## Communications and outreach

The Secretariat will be responsible for:

- Outreach to encourage implementation of pilots, helping implementing entities to establish partnerships and source funding;
- Coordination between the Lab and other relevant initiatives, for instance, by identifying other relevant initiatives as platforms to deliver the Lab's messages, and ensuring that the communications plans of other initiatives complement each other; and
- Outreach to relevant stakeholders and media to publicize and promote the work of the Lab in order to maximize its impact.

### 3.3.2. Analytical Services

The Secretariat will drive analytical cycles aimed at gathering and developing further innovative approaches that unlock private finance, at scale, in developing countries. The Third Lab Cycle will commence with an international 'call for ideas', including both a general stream that will solicit ideas around energy efficiency, renewable energy, and other climate mitigation activities, and a more specialized stream around resilience and land use.

In addition, the Secretariat as a part of the continuation of analytical services, will conduct tracking and sharing of lessons learned with the implementation of pilots and work resulting from the First and Second Lab Cycles.

The tracking and sharing of lessons learned would be structured to include:

- Keeping track of the implementation of the Lab instruments;
- Targeted convening of pilot partners to share experiences and learning;
- Providing ongoing access to Lab membership as sources of expertise and encouragement;
- Sharing lessons learned via various media (including targeted publications, webinars, or workshops); and
- Providing support in summarizing and sharing in depth evaluations, which are to be conducted and financed through the individual projects.

### 3.4. Lab Experts and Working Groups

The analytical work of the Third Lab Cycle will be conducted by the Secretariat, in consultation with instrument specific Working Groups, experts and/or other analytical organizations.

Working Groups include:

- The Proponents of the selected Ideas;
- Lab Advisors; and
- External experts and/or other analytical organizations.



Participation in Working Groups will be self-nominated by Lab Advisors, and a “friends and family” network approach will be established for the purpose of engaging experts and/or other analytical organizations. The engagement of external experts and/or other external organizations is aimed at utilizing their specific technical skills, thematic or geographic expertise for the evaluation of instruments, and will be based on requirements and recommendations.

Working Groups are expected to inform more detailed analysis and provide guidance and review. Time requirements for Working Group members include participation in periodic guidance and review calls, approximately every three weeks during each analytical phase. The Secretariat will outline specific milestones for each Working Group which will be shared in separate work plans.

### 3.5. Idea Proponents and Implementing Entities

#### 3.5.1. Idea Proponents

In submitting an idea to The Lab for consideration, Idea Proponents are signaling a significant commitment of time and resources to the process of developing promising ideas to implementation-ready projects over a 9-month period, with further expectations of lesser engagement after this initial period. The Lab expects proponents of shortlisted ideas to work closely with the Lab Secretariat to help inform the deeper analysis throughout the Lab Cycle. Idea Proponents in turn, will benefit from the in-depth analysis provided by The Lab, including input and guidance from a wide range of high-level public and private experts, exposure to prominent public and private sector investors, analytical support from the Lab Secretariat equivalent to approximately USD \$150,000 – USD \$200,000 per idea as well as robust marketing and communications support throughout the Lab Cycle. In addition, the Secretariat will provide bespoke pilot launch support in the months following the conclusion of the Lab Cycle, and light-touch support through the Lab network on a continual basis for the implementation teams of endorsed instruments.

#### 3.5.2. Implementing Entities

Implementing entities are any organization taking the concept design and developing it for pilot or replication at scale. These entities may be the Idea Proponent, or they could be a separate entity. In the case where Idea Proponents do not have the means or the inclination to develop pilot proposals, the Lab Secretariat has the power to suggest and enlist potential implementers willing to develop them from within or outside the Lab. In some cases, there could be several interested implementing entities for a single instrument. For Proponents who do not have the capacity to implement the idea, the Lab will seek to identify a suitable implementation partner during the course of Phase 2.

It is recognized that in order to realize pilots of Lab Instruments at the end of the Lab process, a significant amount of preparation and decision-making in



Phase 3 needs to be aligned with the interests of the Implementing Entity rather than the collaborative group of Lab Members. These include eventual decisions on target markets, human resources and governance set ups, budgeting, and in-house skills and capacities to be recruited. These decisions are taken in dialogue with potential funders.

### 3.6. Donors and Investors

Donors and Investors may be from within the Lab Membership group or external contacts.

For Donors and Investors from within the Lab Membership group, the Lab Secretariat will seek details of the potential support that could be provided to Implementing Entities, both in terms of financial or in-kind expertise support.

Details for available funding windows for the market testing of selected instruments will also be requested, including the requirements relating to relevant public procurement regulations.

The Lab itself does not guarantee funding for the implementation of instruments. Any eventual provision of funding is achieved on a bilateral basis between finance institutions or individual Lab Members and proponents/implementation partners. Beginning in Phase 3, and through the ongoing support process, the Lab Secretariat will work to facilitate these processes.

## 4. PRINCIPLES OF ENGAGEMENT AND INTELLECTUAL PROPERTY

In submitting an idea to the Lab, the Principles of Engagement as outlined below are understood and agreed to. The purpose of these principles is to clarify expectations related to (1) the use of information and ideas submitted to the Lab by proponents, members and external experts and which is provided for the purpose of developing selected ideas and instrument pilots, and (2) the future use of instruments developed by the Lab's analytical providers in conjunction with Lab Members, proponents and external experts. Information includes all information provided to the Lab whether conveyed through written comments, in soft or hard copy documents, or verbally at meetings.

The work of the Lab and participation in it is based on the following understanding:

- The Lab is a non-proprietary, knowledge sharing initiative. By submitting information and ideas to the Lab, proponents, members and external experts agree that the ideas, information, and associated analysis may be used freely, developed, published, and modified by the Lab and by third parties.
- As a nonprofit organization, Lab Secretariat Climate Policy Initiative (CPI) will ensure that Lab Instrument Designs, research reports, and other general Lab materials are available on CPI's website for the consumption and benefit of the general public.

- However, as Lab ideas move toward launch, CPI will work with idea Proponents and implementation bodies to ensure confidential information is safeguarded.
- The Lab will publish information on its website, about instrument analysis and decisions taken, transparently and in a timely way. In particular:
  - A current list of Lab Members will be maintained.
  - Agendas and summaries of Lab Meetings and all decisions will be made available.
  - The results of Lab analysis will be published upon completion of each Lab cycle's Phase 3.
- All Lab Members, Working Group members, and analytical providers, will serve in expert, objective capacities. The Lab analysis will be objective and neutral between instruments.
- It is not incumbent on analytical providers to accept all or any views shared as part of ongoing analysis. Decisions taken by the Lab Steering Group, and Lab Members regarding processes, including voting procedures to progress instruments to more advanced analytical phases, are final.
- The Lab will facilitate fundraising for endorsed ideas, but in no way guarantees funding
- While the Lab will offer support as highlighted in paragraph 2 of this document, once endorsed the implementing entity (and/or the proponent) will be chiefly responsible for driving the pilot development and fundraising for the endorsed idea
- The Lab will support pilots by proponents as well as other appropriate implementation partners
- These principles for engagement will be made available on the Lab website.

## 5. EXTERNAL COMMUNICATIONS

The Lab's Secretariat is responsible for coordinating and approving the Lab's external communications. This work includes setting a communications strategy and plan, which covers communications goals, activities, and a timeline for engagement, and is developed and changed as needed with the support and advice of the Lab's funder group and membership.

### 5.1. External communications goals

In general, the Lab has several external communications goals:

- Grow relationships with donor governments, the private sector, developing countries, and complementary initiatives. The Lab's success continues to depend on its ability to empower decision makers to agree on, fund, and implement high-quality climate finance solutions.
- Solicit ideas to feed in to the Lab from the broader climate and development community. As demonstrated in the First and Second Cycles, the quality of ideas – and commitment to these ideas by idea proponents and Lab Members – is paramount to the Lab's ability to develop these ideas and eventually see them make change in the world.

- Promote instruments on their path to implementation. The Lab can help amplify the successes from its launched instruments, growing the network for those instruments, and supporting them as they move forward.
- Influence the climate finance conversation by demonstrating real solutions that work on the ground, and share these solutions with the broader sustainable development community in accordance with the aims set out in the Paris Accord and Sustainable Development Goals

## 5.2. External communications activities

In keeping with these goals, external communications activities that are under the Secretariat's responsibility include compiling professional outputs from analytical work, providing email updates and website maintenance, coordinating presence at events, and engaging in outreach to media. In many cases, these activities will also require the support and engagement of Lab Members and their respective institutions, and in particular members of the Steering Group.

## 5.3. Use of the Lab's logo and materials

Any external use of the Lab's logo or 'Endorsed by the Lab' logo must be approved by the Lab Secretariat.

The Lab welcomes the use of its analytical reports and resources for noncommercial purposes, such as policy discussions or educational activities, under a Creative Commons Attribution-NonCommercial-ShareAlike 3.0 Unported License. The Lab Secretariat must approve any commercial use of its materials.