What is the Lab looking for?

Learn about the application process, selection criteria, and priority sectors.

14 NOVEMBER
10 AM EST | 4 PM CEST
Agenda

1. How the Lab works
   • Ben Broché, Associate Director
2. What is the Lab looking for
   • Kathleen Maeder, Program Associate
3. What a successful application looks like
   • Morgan Richmond, Senior Analyst
4. Q&A
1. How the Lab works
Addressing the climate finance gap
Limiting warming to 1.5°C requires massive private investment

Climate finance needs to increase by at least five-fold annually by 2030

Source: Climate Policy Initiative’s Global Landscape of Climate Finance 2023
The Global Innovation Lab for Climate Finance is an investor-led, public-private initiative that accelerates innovative, well-designed, early-stage climate finance solutions to drive private investment into climate change action in developing economies.

- 68 solutions launched
- 70+ public and private Lab Member institutions
- 300+ supporting experts, nearly half from developing regions
- $3.5+ bn mobilized for climate action in emerging markets
Impact by the numbers

$3.5+ \text{ bn} \quad \text{collectively mobilized by Lab solutions}

$1.2 \text{ bn} \quad \text{mobilized through the Lab network catalyzed 2x more investments}

$1.4 \text{ bn} \quad \text{in private investments Nearly half of the total mobilized by Lab ideas}

85+ \quad \text{Public and private investors funded Lab solutions}

57% \quad \text{capital mobilization success rate}

36 \quad \text{Lab ideas successfully secured investments}
Three ingredients to success

Public-Private Collaboration
Strengthened partnership between the public and private sectors builds capacity and knowledge to identify and deploy effective climate finance solutions.

Innovation & Transformative Solutions
Innovative, actionable, catalytic, and financially sustainable solutions reduce risks and barriers to investment in sustainable development.

Mobilizing Finance
Catalytic finance from Lab Members and the broader network enables piloting and implementation of transformative solutions.
The Lab brings together over 70 institutions to address the sustainable investment gap
An incubator for sustainable finance ideas

**Call for Ideas**
OCT - DEC
The Lab publicizes an open call for innovative sustainable investment solutions.

**Selection**
JAN - FEB
Lab Members select the most promising ideas to take forward in each annual cycle.

**Development**
MAR - AUG
Selected ideas benefit from 7 months of analysis, stress-testing, and guidance from experts and investors.

**Endorsement & Launch**
SEP
Lab Members vote to endorse and launch the ideas for piloting.

**Implementation**
OCT - ONWARD
The ideas move into action and fundraising to launch pilots, with continued support from the Lab network.
2. What is the Lab looking for
Unlocking billions for climate investments
How ideas are selected

Core criteria inform how ideas are selected.

**Actionable**
Lab ideas are feasible and risk-managed, with a clear pathway to implementation.

**Catalytic**
Lab ideas have the potential to mobilize private sources of climate finance and scale up investment in target markets.

**Innovative**
Lab ideas address barriers to climate finance in a unique way.

**Financially Sustainable**
Lab ideas have a clear strategy for achieving commercial viability.
How ideas are selected

Selected ideas are at the right stage for acceleration and will benefit the most from the Lab process.

The Lab’s core activities and value offerings:

- Design and stress testing
- Target market research and analysis
- Market sounding
- Financial modeling
- Environmental and social impact modelling
- Development of implementation pathway + milestones
- External validation provided by Lab endorsement
- Development of investor pitch materials
- Mapping of potential funders
- Connection with the Lab’s network
**The Lab will develop 10 ideas in 2024**

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<thead>
<tr>
<th>Regional</th>
<th>Global Themes</th>
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<tr>
<td>Brazil</td>
<td>Agriculture and Food Systems</td>
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<tr>
<td>India</td>
<td>Climate Adaptation</td>
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<td>East and Southern Africa</td>
<td>Climate Mitigation</td>
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<td>Latin America Adaptation</td>
<td>High-Integrity Forests</td>
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<td>Philippines</td>
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**Funders**

- Bloomberg Philanthropies
- Canada
- Foreign, Commonwealth & Development Office
- Department for Energy Security & Net Zero
- UNDP
- Federal Ministry for Economic Affairs and Climate Action
Regional programs will select six ideas

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- Focus on local contexts and priorities
- Region-specific investment needs and barriers
- Leverage existing regional networks of financiers and implementers
- Any climate sector
- Eligible ideas must target one of the markets in the Lab’s regional programs
- Introducing two new regions in 2024: Latin America and the Philippines
- Latin America to select one mitigation idea and one adaptation idea
Global themes to source four ideas

- Focus on sector-specific climate investment needs and barriers.
- Eligible ideas should target emerging markets
- **Agriculture and food systems**: solutions to accelerate climate finance for businesses.
- **Adaptation**: support private finance for solutions that build climate resilience.
- **Mitigation** focuses on renewables, low-carbon transportation, buildings, and industry.
- **New theme**: High-Integrity Forests.
3. What a successful application looks like
Lab ideas represent the latest and greatest in climate finance
For example: Cooling as a Service

**Actionable**
- Demonstrated team experience in the relevant sector.
- Executed MoU with a local partner in the proposed pilot country.
- Does not rely on new legislation.

**Catalytic**
- Global air conditioning market projected to triple by 2050.
- Clear pathway for private investment.

**Innovative**
- Addresses key barriers to investment related to high up-front investment costs.
- Application of proven pay-for-service model into a new market.

**Financial Sustainability**
- Fully commercial solution through cost savings from efficient technology.
- Does not rely on grant finance.
For example: RISCO

**Actionable**
- Proven track record in mangrove conservation and restoration.
- Milestones towards the implementation of the pilot identified.
- Does not rely on new legislation.

**Catalytic**
- Proposal identifies criteria for potential scaling up of operations.
- Estimates for market size and environmental benefits provided.

**Innovative**
- Novel risk modelling approach allows investors to price the benefits of mangrove restoration.
- Climate impact improves on existing solutions in the market.

**Financial Sustainability**
- Barriers to commercial viability are identified, and proposed solutions are provided.
- Grant capital limited to idea development and pilot phases.
**Guidance on Key Questions**

**Question:** What are your objectives in applying for the Lab, and how can this process help you to achieve your goals?

**Guidance:**
- Review the Lab’s Impact Report [here](#) to see how the Lab has supported other ideas
- Note how the Lab process can help develop your idea
- Reference the Lab’s core competencies and value offerings

**Example of a strong answer:**
“The Lab will be a crucial partner for stress-testing the concept and developing a robust case to scale in the future, specifically:
1. Can the mechanism be more effective to attain goals in a blended finance format?
2. Identify sources of funding (either for a 100% profit format or for blended format, identifying sources of concessional capital)
3. Guidance on potential risks that might affect the financial premises of the proposal.
4. The Lab’s knowledge of KPIs and methodologies to measure impact as well as management of beneficiaries”
Guidance on Key Questions

**Question:** What resources does the proposing organization(s) and/or implementing entity plan to commit to the idea (in terms of time and other resources) in the next 12 months?

**Guidance:**
- Demonstrate institutional support from high-level staff
- Instrument development should be a core priority for the project team
- Indicate long-term commitment to project implementation

**Example of strong answer:**
“We would anticipate allocating ~>25% of Associate Director, and ~>75% of Associate time, in addition to engagement from our Managing Partners and Corporate Development team at large. For implementation, we would build out a full-time, dedicated team.”
Guidance on Key Questions

Question: What are the risks in implementing the pilot / expansion? How do you plan to address these?

Guidance:
- Be transparent
- Identify specific mitigation strategies
- Indicate differentiation from the market

Example of strong answer:
“Local currency volatility: Our financing platform’s structure helps address this by providing local currency funding through FX hedging solutions in its financing. We are also targeting local financial institutions as priority partners.

COVID-19 and corresponding economic shocks: Past models/repayment assumptions underpinning the distributed renewable energy sector may no longer be valid. We have access to a wide cross-section of repayment data and machine learning models that can be retrained on more recent data to better predict cash flow shocks.”
4. Questions
Contact

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