What is the Lab looking for?

Learn about the Africa, India, and The Philippines regional programs, selection criteria, and application process.

16 NOVEMBER
11 AM RSA | 2:30 PM IND | 5 PM PHI
Agenda

1. How the Lab works
   • Arun Krishnan, India Lead

2. What is the Lab looking for
   • Megan Sager, Senior Consultant, Africa

3. What a successful application looks like
   • Haysam Azhar, 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+ bn collectively mobilized by Lab solutions

$1.2 bn mobilized through the Lab network catalyzed 2x more investments

$1.4 bn in private investments Nearly half of the total mobilized by Lab ideas

85+ Public and private investors funded Lab solutions

57% capital mobilization success rate

36 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’s theory of change revolves around the collaboration between public and private sectors, openly sourcing concepts from finance innovators, and a powerful network to move the ideas into action.
The Lab brings together over 70 institutions to address the sustainable investment gap
An incubator for sustainable finance ideas

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

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

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

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

OCT - ONWARD
Implementation
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.

**Value Add**
The Lab complements proponent teams' capabilities and needs to ensure their success.
The Lab will develop 10 ideas in 2024

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Funders

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

- 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

- **Agriculture and Food Systems**: solutions to accelerate climate finance for businesses.
- **Climate 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

**Proponent:** Basel Agency for Sustainable Energy

**Sector:** Energy Efficiency

**Regions:** Africa, East/Southeast Asia, Latin America, Pacific Islands, South Asia

**SDGs:**

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**Summary:** A pay-per-service model to decrease energy consumption and greenhouse gas emissions from cooling systems in cities around the world, by making more efficient cooling technologies more accessible to customers.

**Actionable**

- Demonstrated team experience in the relevant sector.
- Executed MoU with a local partner in the 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 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

**Restoration Insurance Service Company (RISCO)**

*Proponent:* Conservation International  
*Sectors:* Forestry, Land Use / AFOLU  
*Regions:* East/Southeast Asia

**Summary:** A social enterprise that invests in mangrove conservation and restoration in areas with high-value coastal assets, protecting blue carbon and reducing flooding and property damage risk.

**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
Thank you

Contact

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