India Innovation Lab for Green Finance: An Introduction and How to Submit Ideas

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India Lab Secretariat
Director, Climate Policy Initiative India
Today’s Agenda

- Brief background and overview
- How to submit ideas
- Questions
Background and Overview
India needs to attract a lot of investment to meet its renewable energy goals

**Goals:** 100 GW of solar and 60 GW of wind capacity to be installed by 2022 = USD 100 billion investment needed

**Commitments:** In 2015, companies committed to install 266 GW of renewable energy capacity in India, but only committed enough financing for 100 GW.
This investment needs to be sourced at attractive terms

The high cost of debt in India, including high and variable interest rates and short tenor of debt, adds 30% to the cost of renewable energy.
The India Lab will develop financial instruments to mobilize more investment at attractive terms

**INNOVATION**

Open call for **innovative, crowdsourced solutions** for problems such as access to finance, cost of finance, and risk management

**ANALYSIS**

**Rigorous analysis** of shortlist of ideas that are actionable, catalytic, innovative, and transformative

**Instrument design and implementation plans**, with input from key public and private stakeholders

**ACTION**

Work with idea proponents to **fast-track** and provide analytical support for chosen pilots

Encourage **replication** at a larger scale
Lab members use experience and expertise to identify and help develop/implement instruments
The India Lab will be an annual cycle with three phases

**Phase 1 Call for Ideas**
Nov 2015 - Jan 2016
- **LAB MEMBERS**
  - Screen and select ideas
- **PROPOSITIONS**
  - Submit ideas for review
- **FIRST ADVISORS MEETING**
  - Shortlist of concepts for development

**Phase 2 Instrument Design**
Feb - May 2016
- **LAB COLLABORATIVE WORKING GROUPS**
  - Concept Development including:
    - Stakeholder, risk maps
    - High-level model
    - Potential impact and take-up
    - High-level implementation plan
  - OUTPUT: Instrument design and implementation plans
- **SECRETARIAT**
  - Convene, develop, analyze
- **SECOND ADVISORS MEETING**
  - Endorsement of Lab Instruments
- **PROPOSITIONS**
  - Participate / inform working groups

**Phase 3 Pilot Support & Tracking Progress**
Jun 2016 - ongoing
- **IMPLEMENTERS**
  - Work to develop pilot proposals
  - Launch pilots
- **LAB MEMBERS**
  - Informal bilateral dialogues on support to pilots
- **SECRETARIAT**
  - Facilitate, assist, support
- **SECRETARIAT**
  - Monitor, report, share lessons
The India Lab builds on the successes of The Global Innovation Lab

- A public-private initiative to drive billions of dollars of private investment into climate change mitigation and adaptation in developing countries.
- Endorsed by the G7 and raised $500 million in initial funding for pilots from inaugural cycle in 2014

<table>
<thead>
<tr>
<th>Instrument</th>
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<td>Agricultural Supply Chain Adaptation Facility</td>
<td>Provides long-term finance for investments in agricultural businesses</td>
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<td>Long-term Currency Swap</td>
<td>Catalyzes renewable energy investment in developing countries by mitigating exchange rate risk. Est. USD 1 billion in hedging capacity</td>
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<td>Energy Savings Insurance</td>
<td>Insures the expected financial savings to encourage SME investment in energy efficiency. Est mobilize USD 10-100 billion</td>
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<td>Climate Development and Finance Facility</td>
<td>Combines investment facilities to help projects achieve bankability. Est mobilize USD 2 billion of private capital</td>
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How to Submit Ideas
Why should you submit an idea?

1. Innovative financial instruments are needed to channel more private investment for green infrastructure growth in India.

2. The India Lab will build on the successes of its sister initiative the Global Lab, which has raised hundreds of millions in initial funding for its pilot ideas.

3. Selected ideas will receive guidance and implementation support from expert Members in government, finance, renewable energy, and infrastructure.
How does the Call for Ideas work?

Preparation

✓ Identify Idea
✓ Review Guidelines for Ideas and Principles of Engagement
✓ Complete Idea Submission Form

Screening

Submission to India Lab

Proposals will first be screened against a set of criteria by the India Lab Secretariat to compile a list of ideas.

Criteria:
- Transformative
- Innovative
- Catalytic
- Actionable

Selection

List

Up to four ideas will be selected based on these criteria for additional in-depth analysis and development (Phase 2).

Shortlist
The India Lab uses a comprehensive Screening criteria

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| Innovative          | Is it a new idea or approach to addressing a gap or barrier?  
Is it an idea to address a gap/barrier in a new context?                                   |
| Catalytic           | Potential to mobilize finance  
Is there significant leverage of private finance identified?                                |
| Actionable          | Policy and legislative requirements, risks in implementation, and milestones  
Does the idea require new or unplanned legislation?  
Are milestones outlined? |
Submitting Ideas

• Visit www.greenfinancelab.in/ideas to review the Guidelines for Ideas and download the submission form.

• Email completed submissions to info@greenfinancelab.in
  – Please let us know if you are thinking of submitting an idea
  – Please let us know if you need help in completing submissions

• Deadline is January 8, 2016 by 11:59pm IST