



# The Global Innovation Lab for Climate Finance

Call for Ideas 2020 Webinar

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# Agenda

1. Introduction to the Lab
2. Case studies
3. Successes and impact to date
4. Call for Ideas 2020
5. Q&A

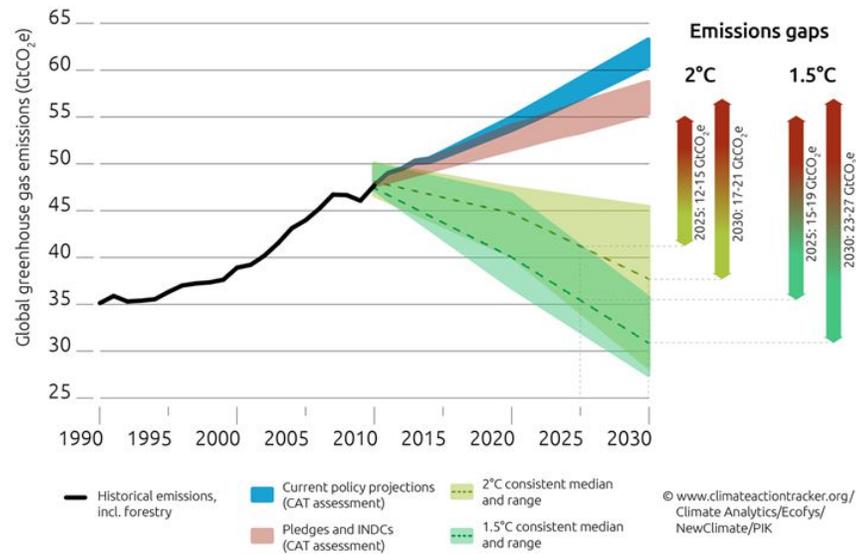
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# Introduction to the Lab

# Sustainable investment is critical to tackle the key global challenges of the 21st century

## Climate Change

Meeting the Paris Agreement goals and ramping up ambition in emissions reductions

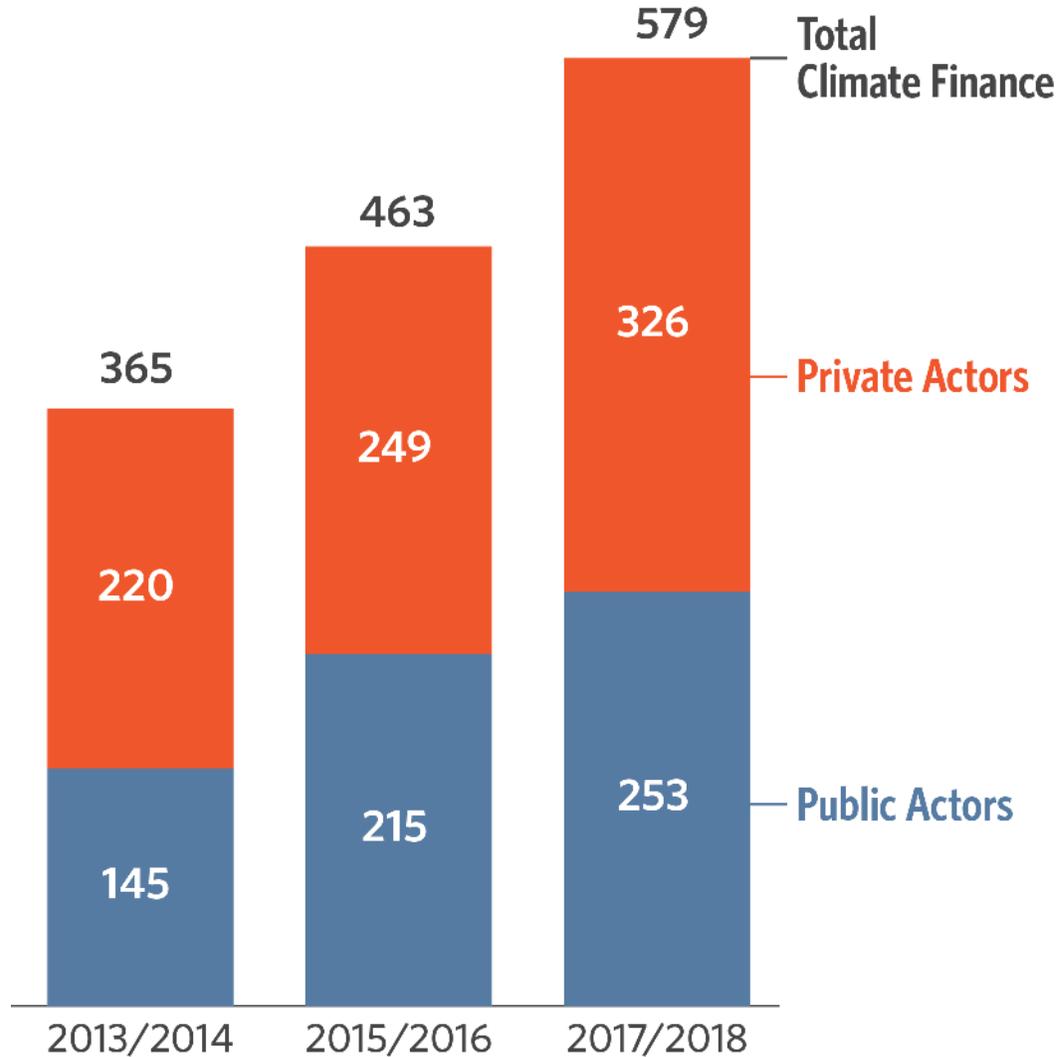


## Sustainable Development

Meeting the Sustainable Development Goals



## Investment is flowing, but not nearly enough



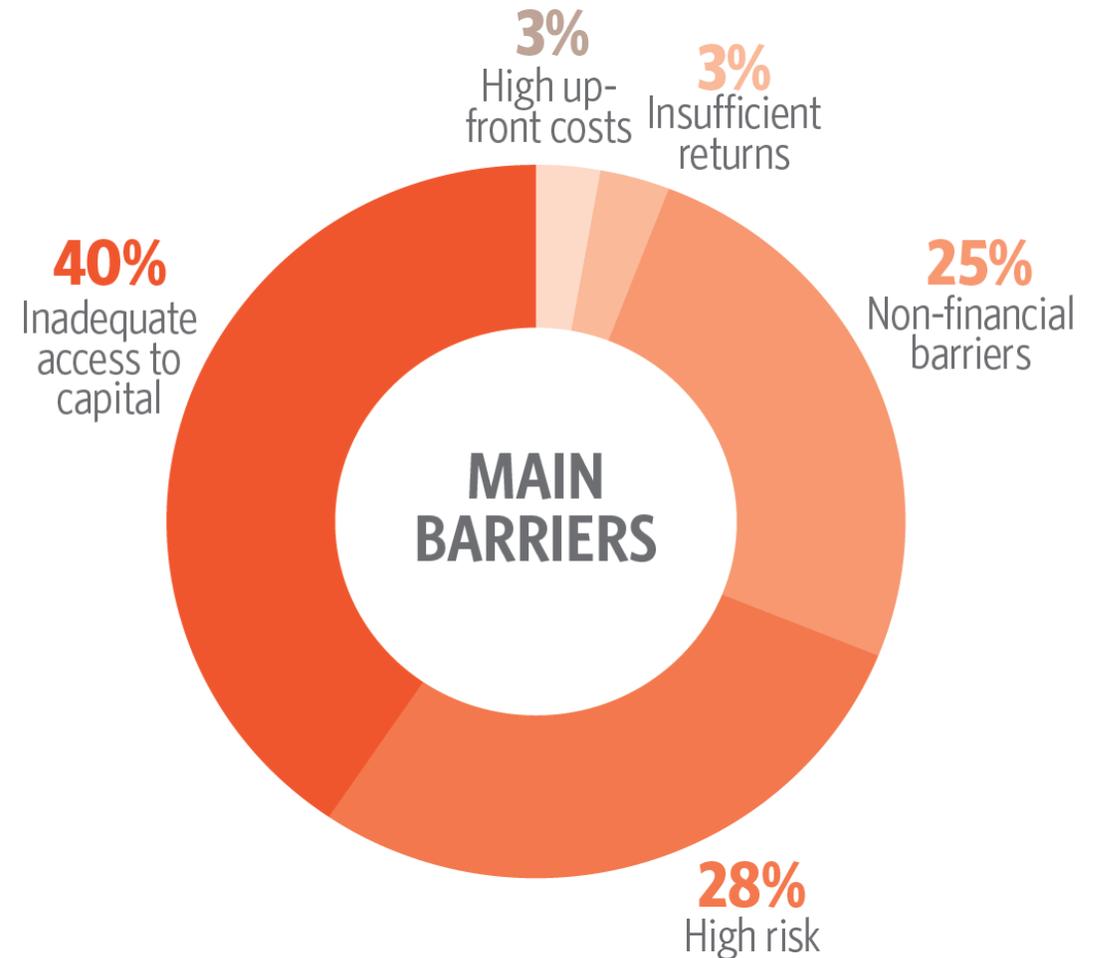
\$579 billion annually flowed towards climate change mitigation and adaptation in 2017 and 2018.

No single cohesive estimate of investment required for mitigation and adaptation in a 1.5° C scenario - it is in the trillions of dollars.

The IPCC estimates that a \$1.6-3.8 trillion annual investment in energy systems alone is required to keep warming within a 1.5° C scenario.

Sustainable investment, particularly in developing countries, faces many barriers

Barriers to investment as identified by submissions to the Lab:





The Lab identifies, develops, and launches innovative finance instruments that can drive billions in private investment to action on climate change and sustainable development.

41

instruments launched

60+

public and private Lab  
Member institutions

300+

supporting experts, nearly  
half from developing regions

# The Lab brings together over 60 institutions to address the sustainable investment gap

## FUNDERS



## MEMBERS



## PAST FUNDERS



# The Lab's 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.

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## The Lab process has five steps

1.



### Call for Ideas

The Lab publicizes an open call for innovative sustainable investment solutions

2.



### Selection

Lab Members select the most promising ideas to take forward in each annual cycle

3.



### Development

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

4.



### Endorsement & Launch

Lab Members vote to endorse and launch the ideas for piloting

5.



### Implementation

The ideas move into action and fundraising to launch pilots, with continued support from the Lab network

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# Case Studies



*Driving Sustainable Investment*

# Financing for Low-Carbon Auto Rickshaws

*Case Study*

*Divjot Singh, Senior Analyst*

*2018 Lab Instrument*



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# Financing for Low-Carbon Auto Rickshaws

2018 Lab Instrument

## Idea

A facility to deploy more electric auto-rickshaws in Indian cities and provide better livelihoods for auto-rickshaw drivers, through a model that provides **up to 100% debt financing** at competitive rates, and opportunities for driver ownership.

Proponent



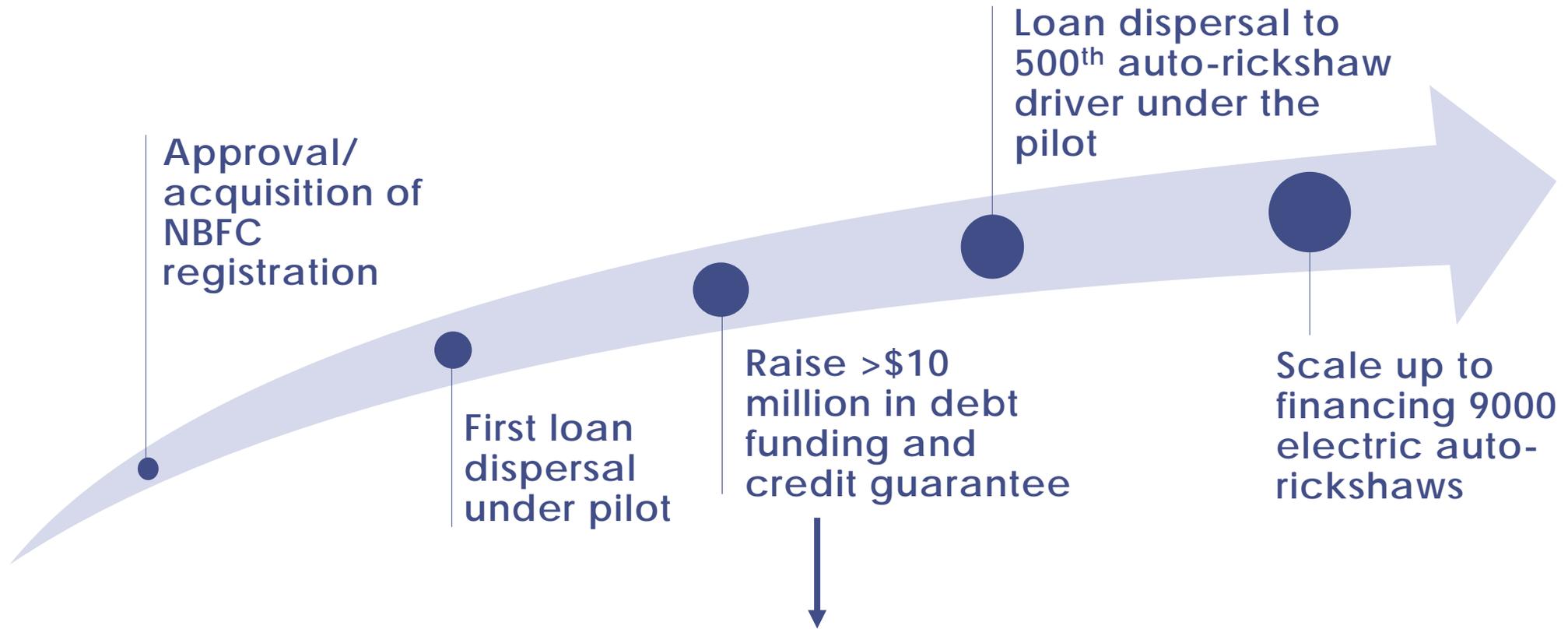
## Impact

- Opportunity to decrease carbon emissions by over 22 million tonnes annually.
- The instrument allows drivers to more than double their daily income when compared to renting.

## Lab Activities

- Assisting in the development of credit policy.
- Connecting with app-based mobility companies and building investment memorandum.
- Post-endorsement - assisting in acquiring grant funding from UK Impact Programme and Convergence.

# Implementation Pathway - FLCAR



**CAPITAL MOBILIZED** Close to raising >\$10 million in debt funding and credit guarantee.

**INVESTMENT TYPE** Debt; Equity; Guarantee

**INVESTMENT DETAILS** Access to capital to match growing order book remains a challenge.



*Driving Sustainable Investment*

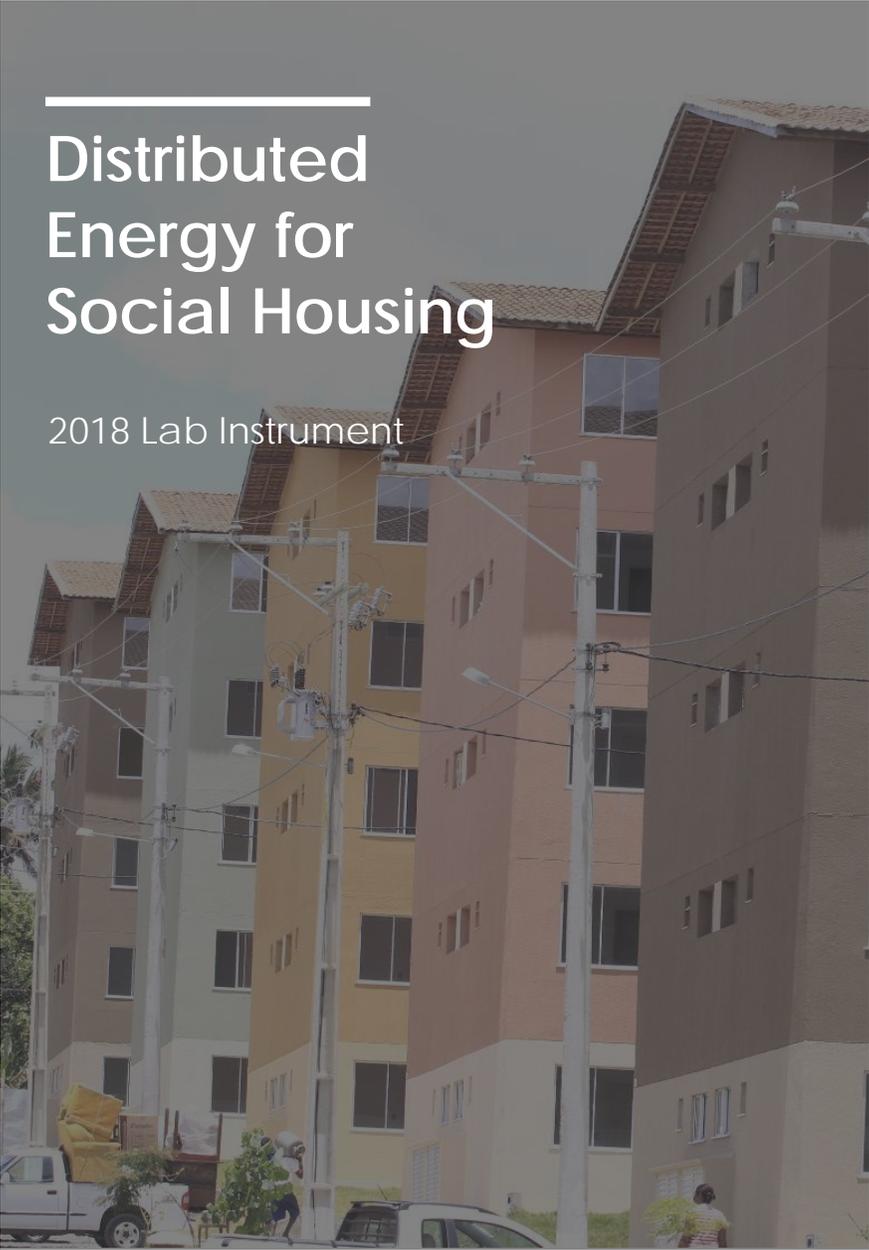
# Distributed Energy for Social Housing

*Case Study*

*Felipe Borschiver, Analyst*

*2018 Lab Instrument*





## Distributed Energy for Social Housing

2018 Lab Instrument

**Distributed solar energy is not accessible to low income communities**

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### Challenges

- Large investments
- No credit
- Difficult procurement
- Lack of physical space

### Opportunity

- 70 million clients paying over US\$ 0,15 / kWh

## Solution - Distributed Energy for Social Housing

A model for distributed solar energy systems with no upfront costs for low income tenants



## Progress & Impact - Distributed Energy for Social Housing



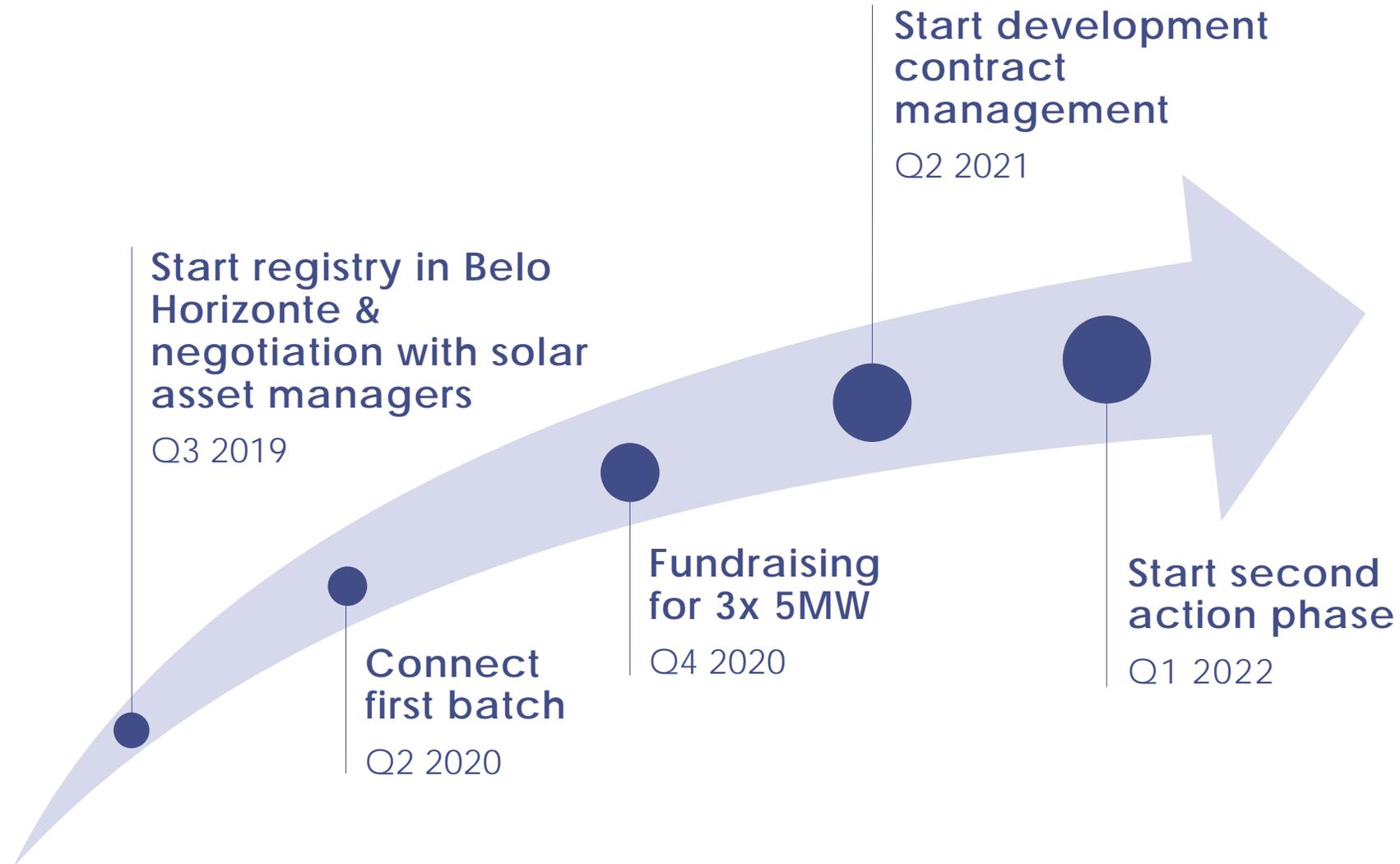
### Preparation Phase Jan 2019 – July 2019

- Legal Assessment
- Financial Modelling
- Business Strategy
- Market Mapping

### Action Phase Jul 2019 – Feb 2020

- MoU with Belo Horizonte municipality
- Branding, and web tool
- Start of the registry
- Building relationships with local leaderships (ambassadors)

# Achievable Scale - Distributed Energy for Social Housing





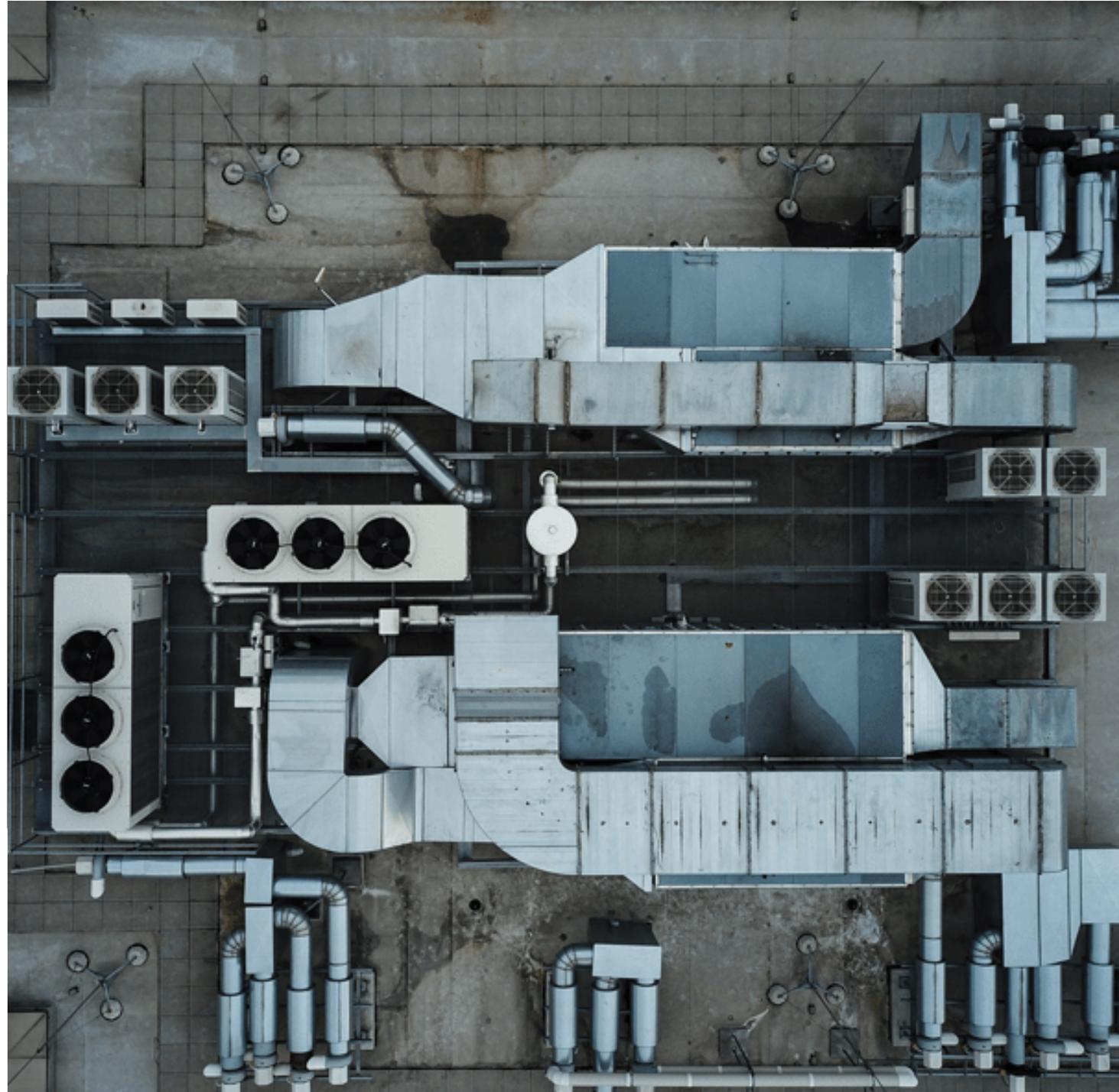
*Driving Sustainable Investment*

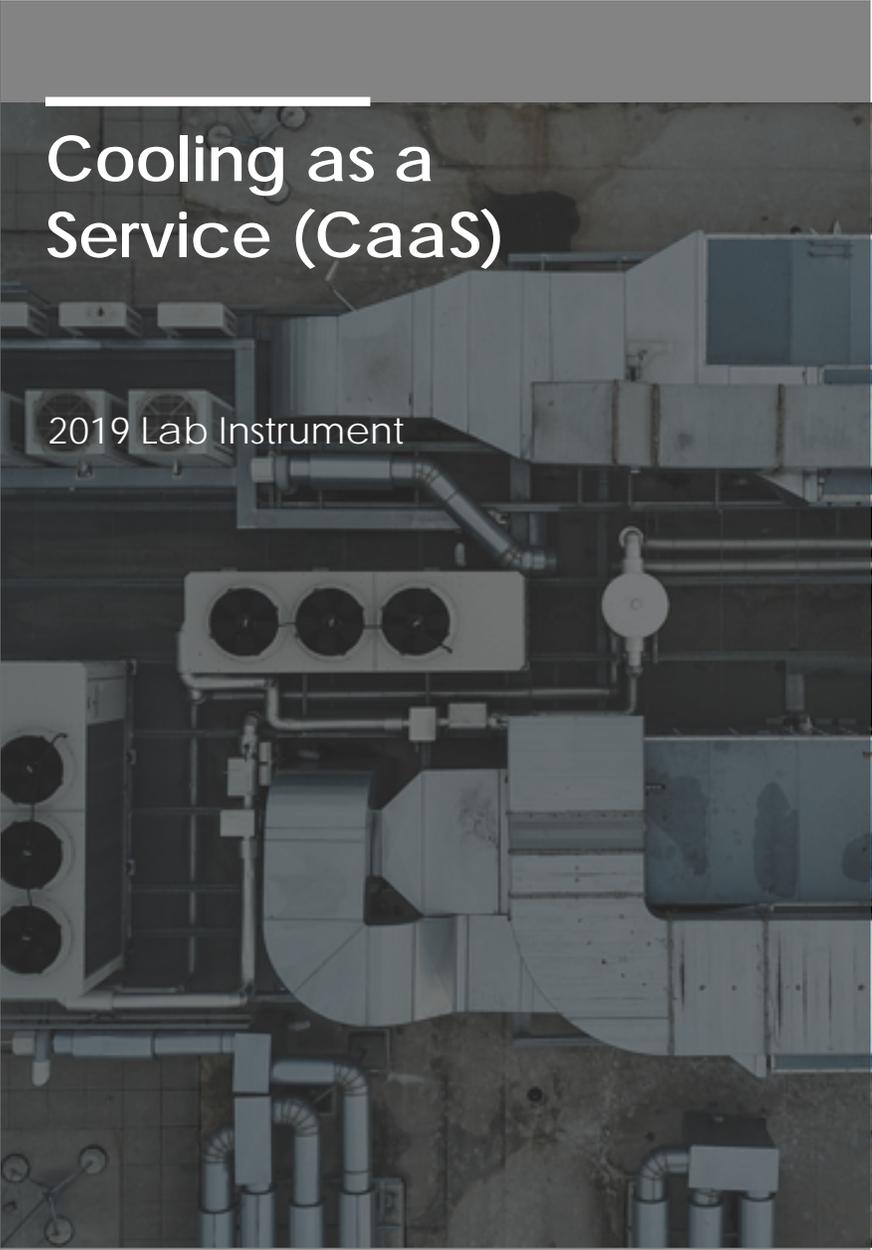
## Cooling as a Service

*Case Study*

*Morgan Richmond, Analyst*

*2019 Lab Instrument*





## Cooling as a Service (CaaS)

2019 Lab Instrument

### Idea

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.

### Impact

- Eliminates upfront investment in clean cooling technology
- Strengthens incentives for efficient consumption
- Increase opportunities for climate adaptation and food waste prevention

### Lab Activities

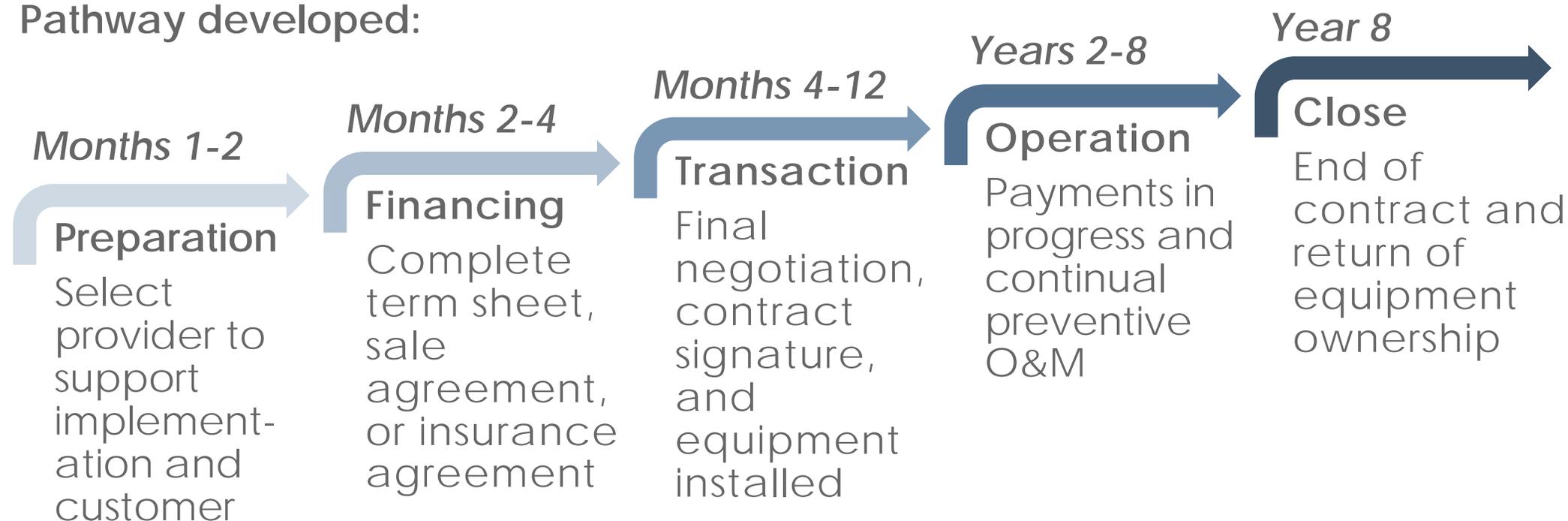
- Financial model development and scenario analysis
- Interviews with experts from public and private sector
- Target market analysis and mapping
- Working Group meetings to provide feedback on analysis

## Implementation Pathway - CaaS

### Completed steps:

1. Lab team support for financial modelling, instrument analysis and stakeholder outreach in key countries.
2. CaaS Alliance launched to spread the word about the model, build capacity, & implement the model.

### Pathway developed:



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# Successes & Impact to Date

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# Since 2014, the Lab has launched 41 solutions that tackle investment barriers in the **most critical sectors and regions** for action on climate change

Number of Lab instruments:



Renewable Energy  
**19**



Cities & Transport  
**18**



Water, Land use & Agriculture  
**13**



Climate Risk  
**12**



Energy Efficiency  
**8**



Energy Access  
**7**



Asia  
**20**



Africa  
**16**



Latin America  
**15**



Global  
**6**

**\$1.9+ bn**

mobilized by  
**41 instruments** for climate  
action in developing countries

**\$320+ mn**

invested by Lab Member institutions

**\$1.57 bn**

catalyzed in  
additional investment

Lab instruments have  
mobilized

**200x**

what funders have invested  
in the Lab Secretariat

Lab instruments  
have successfully  
mobilized over  
**\$800 million**  
in investment from  
the private sector

More than 90% of measured private finance has come from institutional investors and commercial banks. A small amount has also come from private equity investors.

Private investors also co-invest in projects on the ground, which is more difficult to measure.

Lab Member  
investments have  
catalyzed an additional  
**\$1.57 billion,**  
more than five times  
their original  
investments

Invested by  
Lab Member  
institutions

**\$320mn**

Invested in  
instruments by  
other investors

**\$1.26bn**

Project co-investment  
and/or replication of  
instruments

**\$310mn**

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# Call for Ideas

# CALL FOR SUSTAINABLE INVESTMENT IDEAS

The Lab is seeking proposals for innovative ideas that can unlock investment for climate action and sustainable development. Selected proposals will receive guidance, robust analysis, and development by expert working groups, and access to a network of high-level public and private investors.

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SUBMIT:

 @climatefinlab

**[WWW.CLIMATEFINANCELAB.ORG](http://WWW.CLIMATEFINANCELAB.ORG)**

DEADLINE:

**DEC 20TH, 2019**

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## Targets for the 2020 Lab Cycle



### Nature-based Solutions

Supporting ideas to protect, sustainably manage, and restore natural or modified ecosystems



### Sustainable Cities

Supporting sustainable urbanization ideas in partnership with cities networks



### Sustainable Agriculture

Supporting ideas to mobilize investment to overcome existing barriers to climate resilient, low emission agriculture

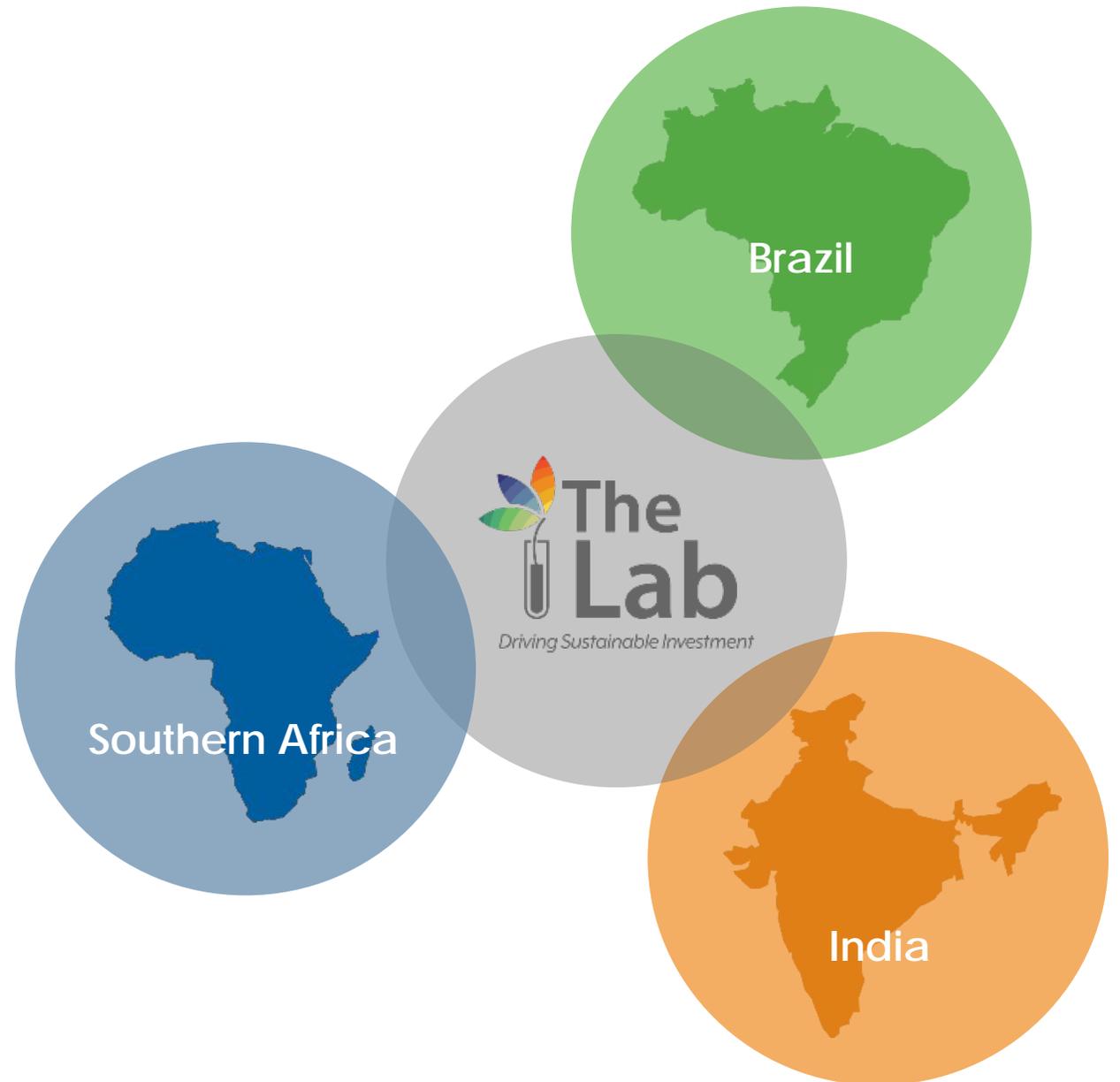


### Sustainable Energy Access

Supporting ideas targeting deployment of renewable energy for productive use

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There is a special  
call for ideas  
targeting Brazil,  
India and Southern  
African countries



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## Lab ideas meet four key selection criteria



### Actionable

Identifies:

1. The type of entity(ies) that could implement it.
2. The pathway towards implementation, including the timeframe, activities, and key milestones.
3. Possible challenges to implementation and related management strategies.



### Catalytic

Demonstrates potential to:

1. Mobilize private climate capital within a sizeable market.
2. Be scaled up or replicated in other contexts.
3. Achieve socioeconomic, development, and environmental impacts.



### Innovative

Demonstrates the ability to address, directly or indirectly, barriers to private climate finance that:

1. Have not yet been addressed OR
2. That will be addressed more effectively compared to other instruments in the market.



### Financially Sustainable

Identifies:

1. A strategy to phase out public financial support, thereby achieving market viability.
2. Possible challenges to achieving its intended objectives and related management strategies.

## Why submit?

Selected instruments also receive analytical and communications support from the Lab team.

**\$200k**

Provided in analytical, convening & comms support

Selected instruments receive expert guidance and support from high-level leaders in public and private sectors.

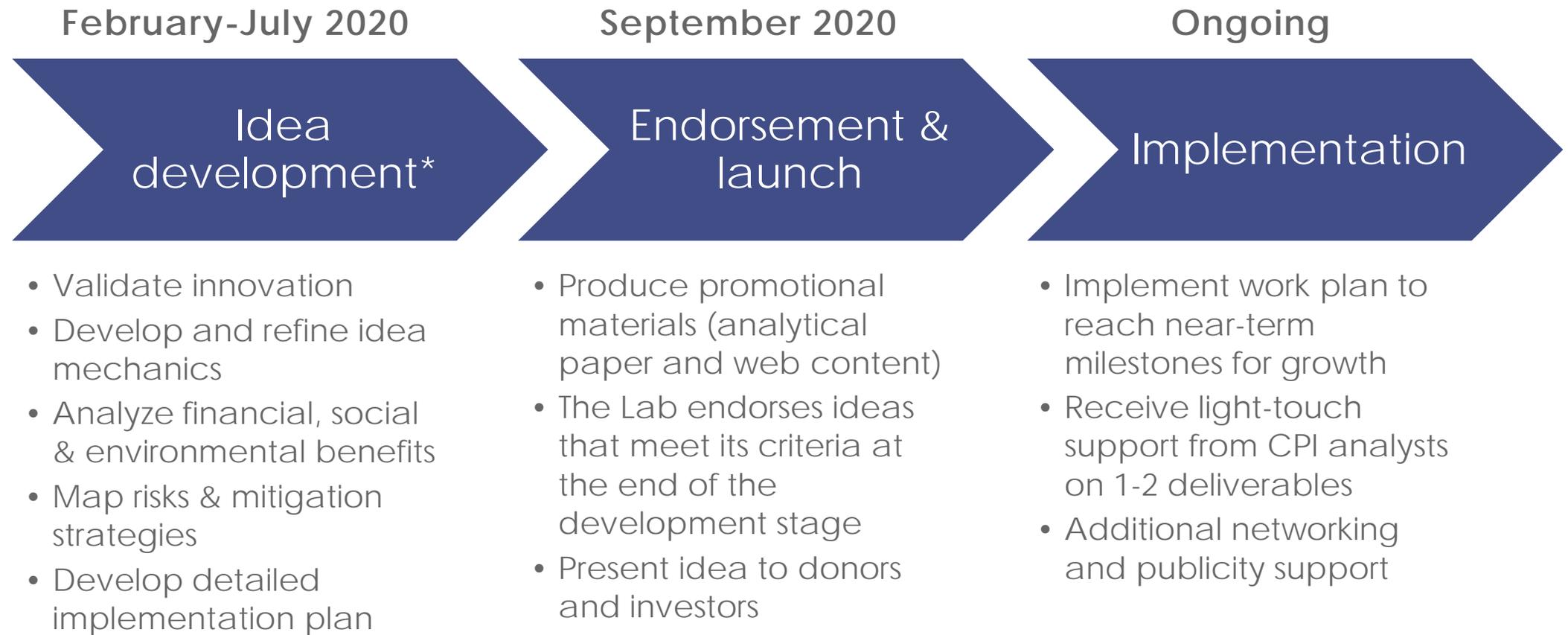
**\$320m**

Invested by Lab members

**\$1.57bn**

Total investment in Lab instruments in 5 yrs

## What happens if your idea is selected?



\* Includes stress-testing, financial and economic modelling (where applicable) and guidance from topic experts.

Type your  
question in the  
chat window

We are  
reviewing them  
now and will  
respond  
momentarily.

Submit your idea at:  
***[climatefinancelab.org](https://climatefinancelab.org)***

Deadline:

**20 Dec, at 17:00 PST**



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