Agenda

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

Sustainable investment is critical to tackle the key global challenges of the 21st century.
$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:

- 40% Inadequate access to capital
- 3% High up-front costs
- 3% Insufficient returns
- 28% High risk
- 25% Non-financial barriers
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
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.
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
Case Studies
Financing for Low-Carbon Auto Rickshaws
Case Study
Divjot Singh, Senior Analyst
2018 Lab Instrument
Financing for Low-Carbon Auto Rickshaws

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

Approval/acquisition of NBFC registration

First loan dispersal under pilot

Raise >$10 million in debt funding and credit guarantee

Loan dispersal to 500th auto-rickshaw driver under the pilot

Scale up to financing 9000 electric auto-rickshaws

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.
Distributed Energy for Social Housing

Case Study

Felipe Borschiver, Analyst

2018 Lab Instrument
Distributed solar energy is not accessible to low income communities

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

- Start registry in Belo Horizonte & negotiation with solar asset managers: Q3 2019
- Connect first batch: Q2 2020
- Fundraising for 3x 5MW: Q4 2020
- Start development contract management: Q2 2021
- Start second action phase: Q1 2022
Cooling as a Service

Case Study

Morgan Richmond, Analyst

2019 Lab Instrument
Cooling as a Service (CaaS)

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:

- **Months 1-2**
  - Preparation
    - Select provider to support implementation and customer

- **Months 2-4**
  - Financing
    - Complete term sheet, sale agreement, or insurance agreement

- **Months 4-12**
  - Transaction
    - Final negotiation, contract signature, and equipment installed

- **Years 2-8**
  - Operation
    - Payments in progress and continual preventive O&M

- **Year 8**
  - Close
    - End of contract and return of equipment ownership
Successes & Impact to Date
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:
$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.
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.

SUBMIT: WWW.CLIMATEFINANCELAB.ORG

DEADLINE: DEC 20TH, 2019
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
There is a special call for ideas targeting Brazil, India and Southern African countries.
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.

**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.

**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.

**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.

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

$200k
Provided in analytical, convening & comms support

$320m
Invested by Lab members

$1.57bn
Total investment in Lab instruments in 5 yrs
What happens if your idea is selected?

**February - July 2020**

**Idea development***

- Validate innovation
- Develop and refine idea mechanics
- Analyze financial, social & environmental benefits
- Map risks & mitigation strategies
- Develop detailed implementation plan

**September 2020**

**Endorsement & launch**

- Produce promotional materials (analytical paper and web content)
- The Lab endorses ideas that meet its criteria at the end of the development stage
- Present idea to donors and investors

**Ongoing**

**Implementation**

- Implement work plan to reach near-term milestones for growth
- Receive light-touch support from CPI analysts on 1-2 deliverables
- Additional networking and publicity support

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* 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

Deadline:
20 Dec, at 17:00 PST
www.climatefinancelab.org
@climatefinlab
/company/climatefinancelab