

# The Global Innovation Lab for Climate Finance

## Third Cycle Launch Webinar

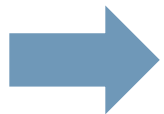
**Barbara Buchner**, Executive Director  
**Ben Broche**, Senior Associate

Climate Policy Initiative, Lab Secretariat

# Historic momentum: the Paris Agreement

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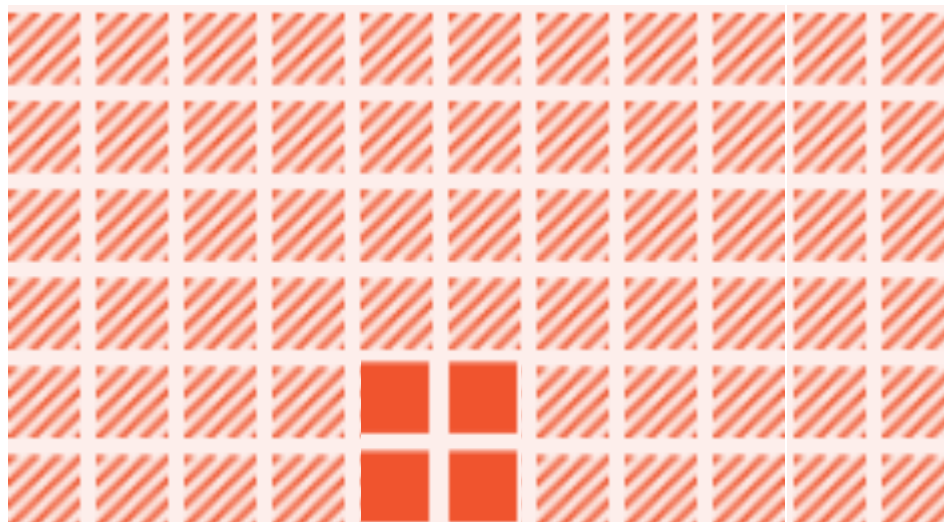
- Goal of limiting temperature rise to 'below 2 degrees Celsius'
- Legal agreement for all nations from 2020
- Nationally determined contributions
- Ramp-up action every 5 years
- Continued finance/technology support, including \$100bn p/a commitment



**Innovation necessary to go beyond BAU**

# The pathway to 2 degrees...

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<b>&gt; \$ 1 TRILLION</b>
<b>\$ 16.5 TRILLION</b>
Invested in 2011 – 2014
Investment needed 2015 – 2030 to
in renewable energy and
limit temperature increase to 2°C**
energy efficiency*

# What is The Lab?

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**The Global Innovation Lab for Climate Finance** supports the identification and piloting of cutting edge climate finance instruments. It aims to drive billions of dollars of private investment into climate change mitigation and adaptation in developing countries.

# The Lab Members and Partners



AGENCE  
FRANCE TRÉSOR



AFRICAN DEVELOPMENT  
BANK GROUP



BLACKROCK®



DANISH MINISTRY OF ENERGY,  
UTILITIES AND CLIMATE



Department for  
Business, Energy  
& Industrial Strategy

Deutsche Bank



FMO



IDB

Inter-American Development Bank



Federal Ministry for the  
Environment, Nature Conservation,  
Building and Nuclear Safety



masen  
Moroccan Agency  
for Solar Energy



Ministry of Foreign Affairs of the  
Netherlands

Norfund



Willis



WORLD BANK GROUP

In addition, with support of:

Bloomberg  
Philanthropies



The  
ROCKEFELLER  
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CLIMATE  
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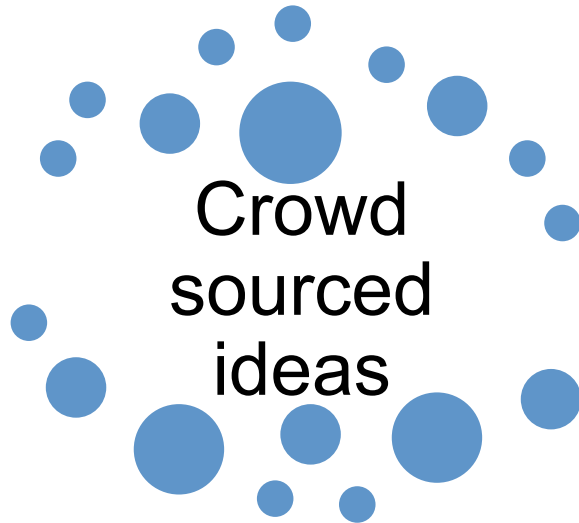
# Developing opportunities and delivering innovation

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## Developing opportunities and delivering innovation

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**Crowd sourcing ideas** can reveal where the private sector experiences or perceives viability and risk gaps and highlights priorities for innovation.

## Developing opportunities and delivering innovation

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**Public-Private dialogue** is key to identify investment barriers, raise awareness of opportunities for collaboration and support tailored solutions to reduce costs and risks.



## Developing opportunities and delivering innovation

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### **Impact on the ground: Mobilisation and replication**

- G7 Endorsement
- US\$600M in new funding raised for pilots in Latin America and Africa.
- Lab model successfully replicated through the India Lab, and the Fire Awards.

Innovative  
finance  
tools

# Launch of Third Lab Cycle

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The Lab has kicked off a **Third Cycle** on September 19, 2016 with a call-for-ideas which will include The Lab's two sister initiatives, the India Lab and the Fire Awards, each with **distinct priorities**.



**The Global Lab** will continue to seek ideas to scale up finance for **mitigation and adaptation** in **developing countries**.

*In addition to launching a work stream focused on developing instruments for Brazil and Lusophone African countries, The Global Lab is prioritizing ideas which target energy efficiency, resilience and sustainable urbanization*



**The India Lab** seeks ideas to accelerate investment in **green infrastructure** throughout India.



The Fire Awards seek to accelerate powerful, **early-stage pilots** and **businesses** that can unlock finance for **clean energy** and **green growth**.

## Key Dates

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Submit ideas at [www.climatefinanceideas.org](http://www.climatefinanceideas.org)

# What type of ideas the Lab is looking for

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- **Actionable**  
Implementable in a few years without facing major barriers, and identifies a clear strategy and necessary partnerships to do so
- **Innovative**  
Addresses barriers to private climate finance that haven't been addressed yet, or could be addressed more effectively
- **Catalytic**  
Has potential to mobilize private climate capital at scale, and offer clear socioeconomic, development and environmental impacts
- **Financially Sustainable**  
Identifies a strategy to phase out public financial support, thereby achieving market viability

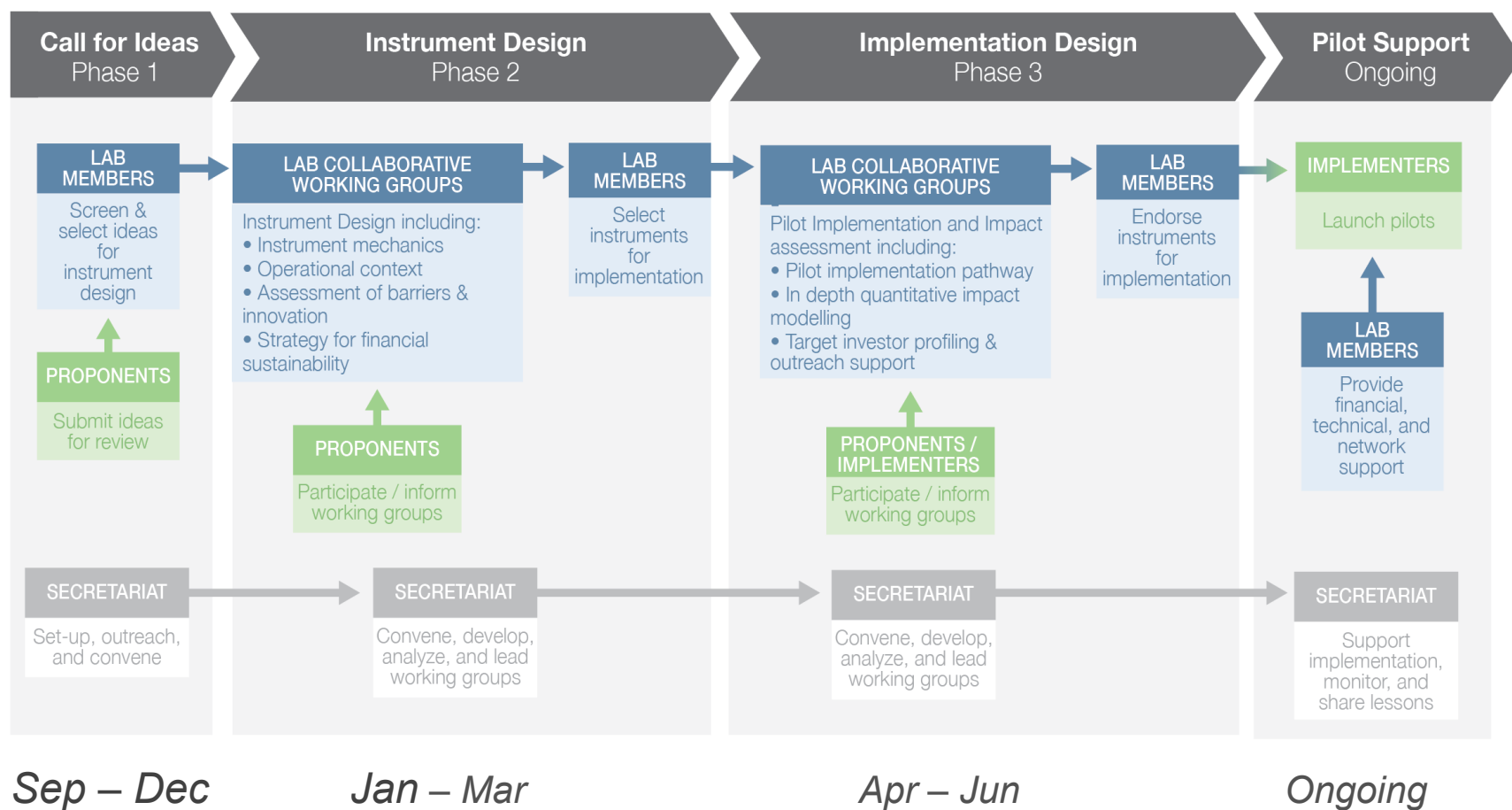
## What happens if an idea is selected for the Lab

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If your idea is selected by Lab Members, **you will work with a team** of analysts, key stakeholders, and experts to:

- Develop or **refine the mechanics** of your idea
- Survey comparable instruments to **ensure impact**
- Develop robust **financial modeling**
- Assess potential social and environmental **impacts**
- **Map risks** and risk mitigation strategies
- Develop a detailed **implementation plan**
- Produce promotional **content**
- **Present your idea** to donors and investors
- **Potentially receive endorsement** from the Lab

# How the Lab process works



THE LAB ACTIVITIES



PROONENT OR  
IMPLEMENTER  
ACTIVITIES



SECRETARIAT  
ACTIVITIES

## What happens if an idea is selected for the Fire Awards

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If your initiative is selected by Advisors, **you will work with a team** of analysts, communications specialists, and industry experts to:

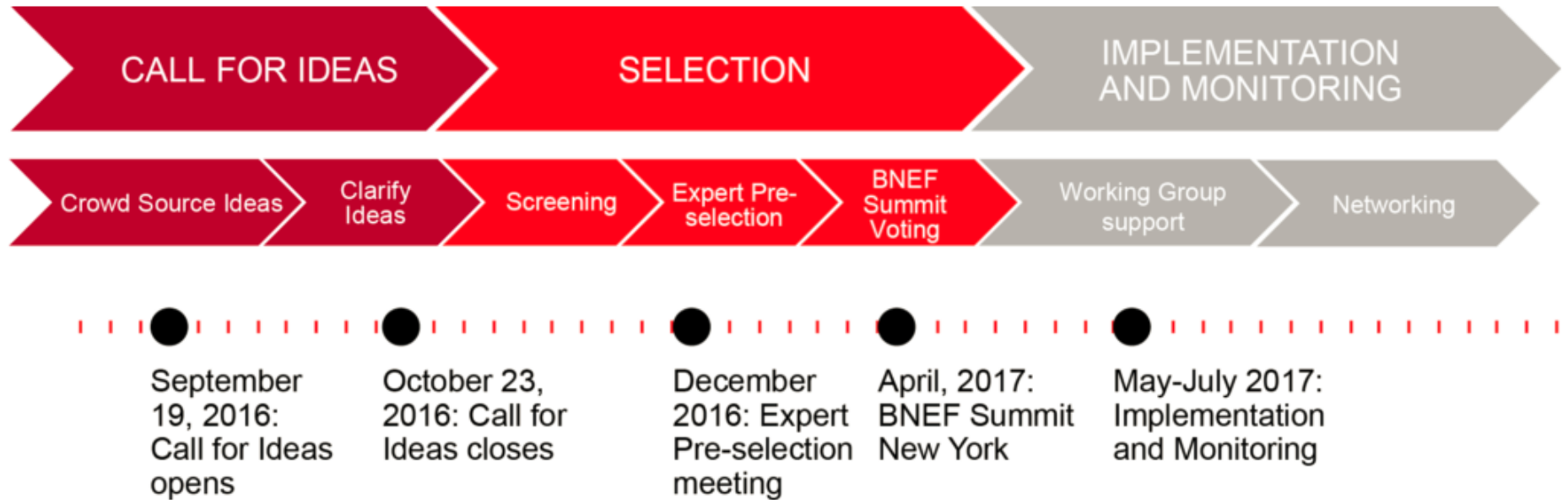
- **Develop a 3-minute pitch**
- **Deliver your pitch to 2,000 investors and leaders** who attend the BNEF Future of Energy Summit
- **Outline a 6-month work plan** defining outputs for success

If your initiative is voted a winner at the Summit, **you will implement your work plan** with support from a working group of experts that will provide input or feedback on one or more of the following:

- Market research
- Investor landscaping
- An elevator pitch workshop
- Pitch deck creation or refinement
- Stakeholder outreach and strategy

# How the Fire Awards process works

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# Progress on First Cycle Lab Instruments

## Agricultural Supply Chain Adaptation Facility

- IDB & Calvert Investments
- Partners with agribusiness companies to provide local farmers with technical assistance and access to finance for climate-resilient investments
- Proof-of-concept transaction with ECOM coffee plantations closed

## Climate Investor One

- FMO & Phoenix Infraworks
- Will fast-track renewable energy projects by combining 3 innovative investments facilities into one for early stage-development, construction and refinancing
- USD 400 million+ in funding commitments
- Large-scale solar-hydro projects set for development in Rwanda & Zambia

## Energy Savings Insurance

- IDB w/support from Danish government
- Insures the value of expected savings generated by energy efficiency investments
- USD 47.5 million pilot launched in Mexico; active pilot in Colombia; USD 21.7 million from the Green Climate Fund for El Salvador expansion

## Long-term Foreign Exchange Risk Management

- TCX & IFC
- Provides tools to address currency and interest rate risk for climate-related projects
- EUR 30 million commitment from German government to TCX for hedging instruments in Sub-Saharan Africa: USD 52 million in hedging transactions since December 2015

# Endorsed Second Cycle Lab Instruments

## Climate-smart Lending Platform

- Proposed by F3 Life in Kenya
- Brings together the tools, actors, and finance necessary to reduce climate risk in lending portfolios and scale up climate-smart lending to smallholders around the world.
- The Sophia Foundation has committed an equity investment, FONERWA will support a 1<sup>st</sup> project in Rwanda

## Oasis Platform

- Proposed by Oasis LMF & Imperial College
- Aims to provide access to transparent and standardized analytics to improve understanding and management of risks in regions vulnerable to extreme climate-related events.
- Climate-KIC is committed to supporting the Platform to co-develop the Platform

## Energy Efficiency Enabling Initiative

- Proposed by the IDB
- Will mobilize equity finance and deploy technical assistance for energy efficiency in developing countries.
- USD 5 million in seed funding from IDB's multilateral investment fund

## Water Financing Facility

- Proposed by the Netherlands Ministry of Foreign Affairs
- Will mobilize large scale domestic private finance and strengthen water utilities in countries subject to climate-related water stress.
- EUR 3 million by the Netherlands Ministry of Foreign Affairs for a Kenya pilot



# The India Innovation Lab for Green Finance - scaling up investment for green infrastructure in India.

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## Loans4SMEs

- Peer-to-peer lending platform to help small and medium enterprises operating in renewable energy and energy efficiency raise debt finance
- Potential to mobilize \$2.20 billion of debt to the SME sector for renewable energy and energy efficiency initiatives by 2022

## P50 Risk Solutions

- A facility to reduce the cost of long-term debt for renewable energy projects by transferring resource risk from banks to insurers through a blending of commercial and donor capital
- Potential to support 591 MW of additional wind power

## Rooftop Solar Financing Facility

- Financing facility to provide long debt financing at a reasonable rate to rooftop solar developers through aggregation of loan pools and securitization
- Potential to mobilize USD \$32.3 billion of capital to the rooftop solar sector, and create an additional 20,000 jobs by 2022 .

## FX Hedging Facility

- A customizable currency hedging product that lowers currency hedging cost, allowing allocation of risks to suitable parties and eliminating the credit risk premium
- Potential to mobilize \$28 and \$38 of private foreign debt and equity investment respectively per dollar of donor finance

## 2016 Fire Winners

### Affordable Green Homes

- Championed by Cathal Conaty, International Housing Solutions
- Aims to catalyze a market for affordable green homes in Africa.
- Key Metric – Current green homes delivered: 5,060, Target >10,000

### Developing Harmonized Metrics for the PAYG Solar Industry

- Championed by Anna Lerner, The World Bank Group
- Aims to increase commercial finance to scale PAYG solar industry
- Key Metric – Potential scale of intervention: \$5bn in 2020

### Global Renewable Independent Power Supplier

- Championed by Alexander Voigt, CEO, Grips Energy AG
- Aims to replace diesel for renewables for large industrials
- Key Metric – Market potential: >150 GW with 5% p.a. growth

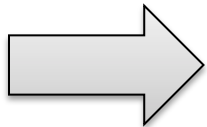
### Investor Confidence Project

- Championed by Andy Darrell, Environmental Defense Fund
- Aims to standardize and increase investment in energy efficient buildings
- Key Metric – Current market size: >100 million buildings, Potential >\$1 trillion

# Momentum Building: Support the piloting and implementation of innovative green finance solutions

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- **Stress testing & analysis**
- **Increased understanding of barriers**
- **Increased profile & visibility**
- **Networks and access to funders**

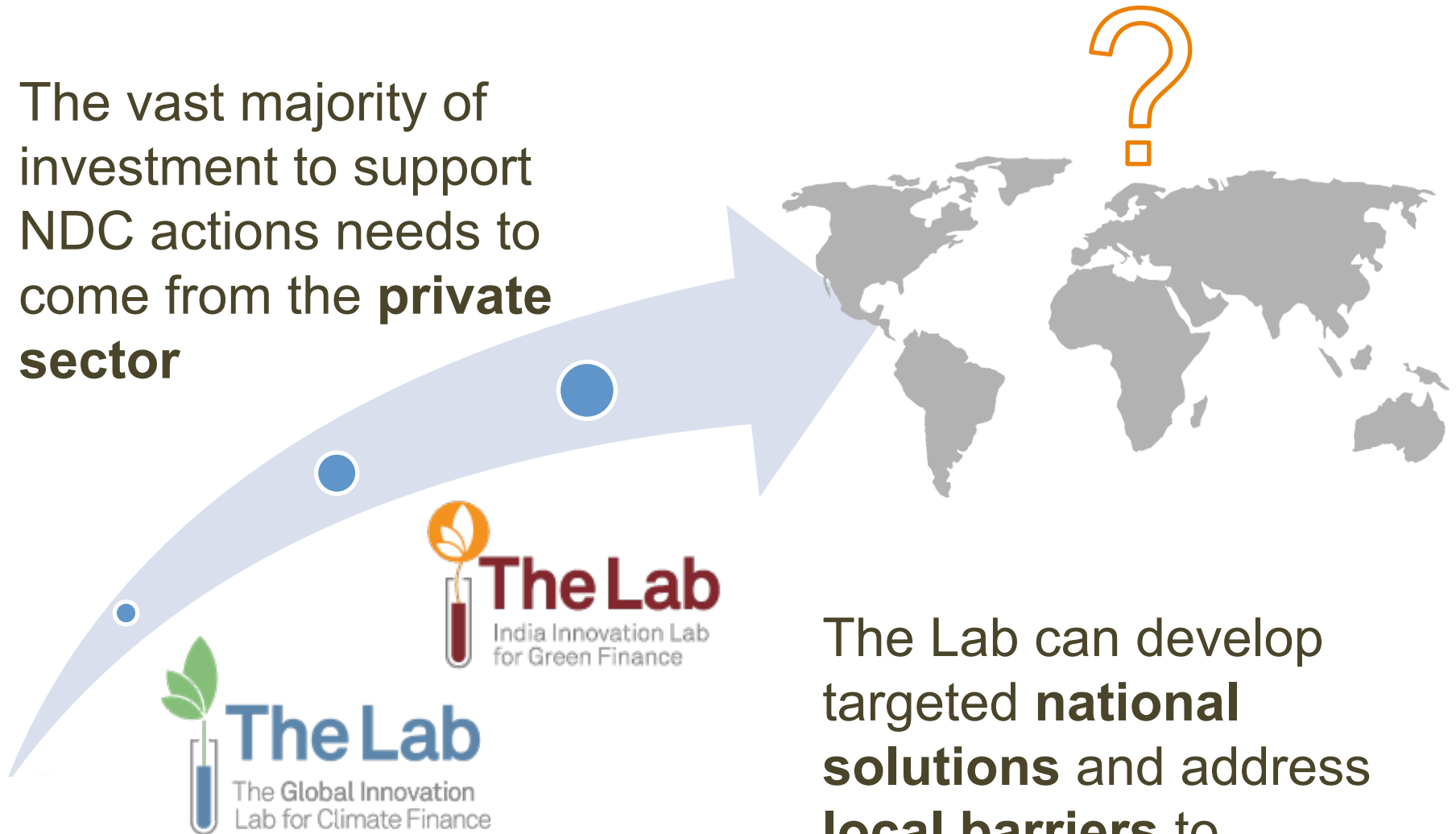


**Towards concrete action on the ground**

# Mobilising private finance to support NDC implementation

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The vast majority of investment to support NDC actions needs to come from the **private sector**



The Lab can develop targeted **national solutions** and address **local barriers** to investment.

Thank you!

Contact:

[lab@cpicclimatefinance.org](mailto:lab@cpicclimatefinance.org)

To submit your ideas to the Lab, visit:  
[www.ClimateFinanceIdeas.org](http://www.ClimateFinanceIdeas.org)