



Driving Sustainable Investment

Introduction to the Lab

August 25, 2021
Starting Soon





Agenda

1. How the Lab works

Ben Broché, Lab Global Program Manager

2. Case studies

Carla Orrego, Manager of Continued Support

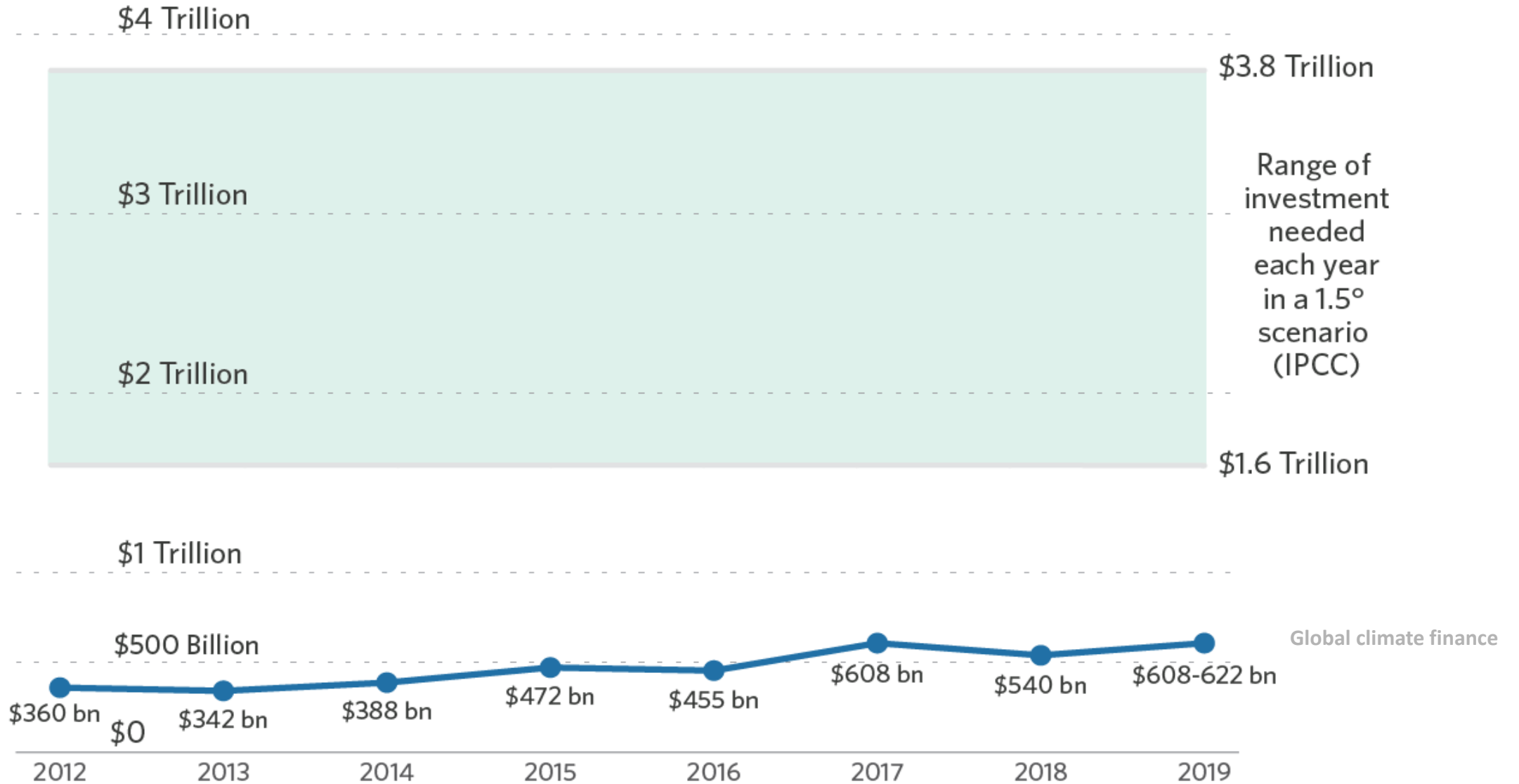
3. What is the Lab looking for

Ben Broché

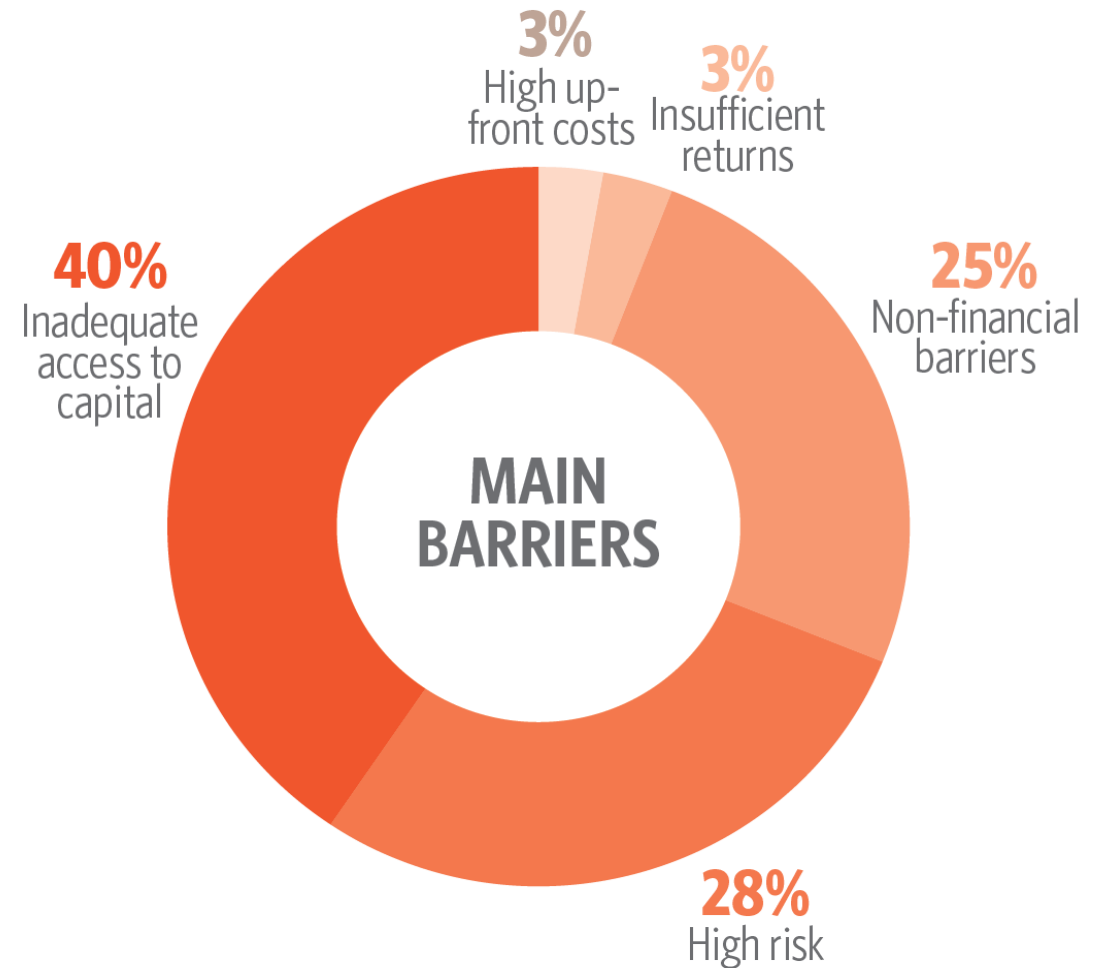
4. Q&A

How the Lab Works

The sustainable investment gap



Sustainable investment, particularly in developing economies, faces many barriers





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

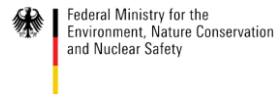
49 instruments launched

70+ public and private Lab Member institutions

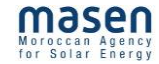
300+ supporting experts, nearly half from developing regions

The Lab brings together over 70 institutions to address the sustainable investment gap

FUNDERS



MEMBERS



PAST FUNDERS



The Lab's three ingredients to success



Public-Private Collaboration

Builds capacity and knowledge to deploy effective climate finance solutions.



Innovation & Transformative Solutions

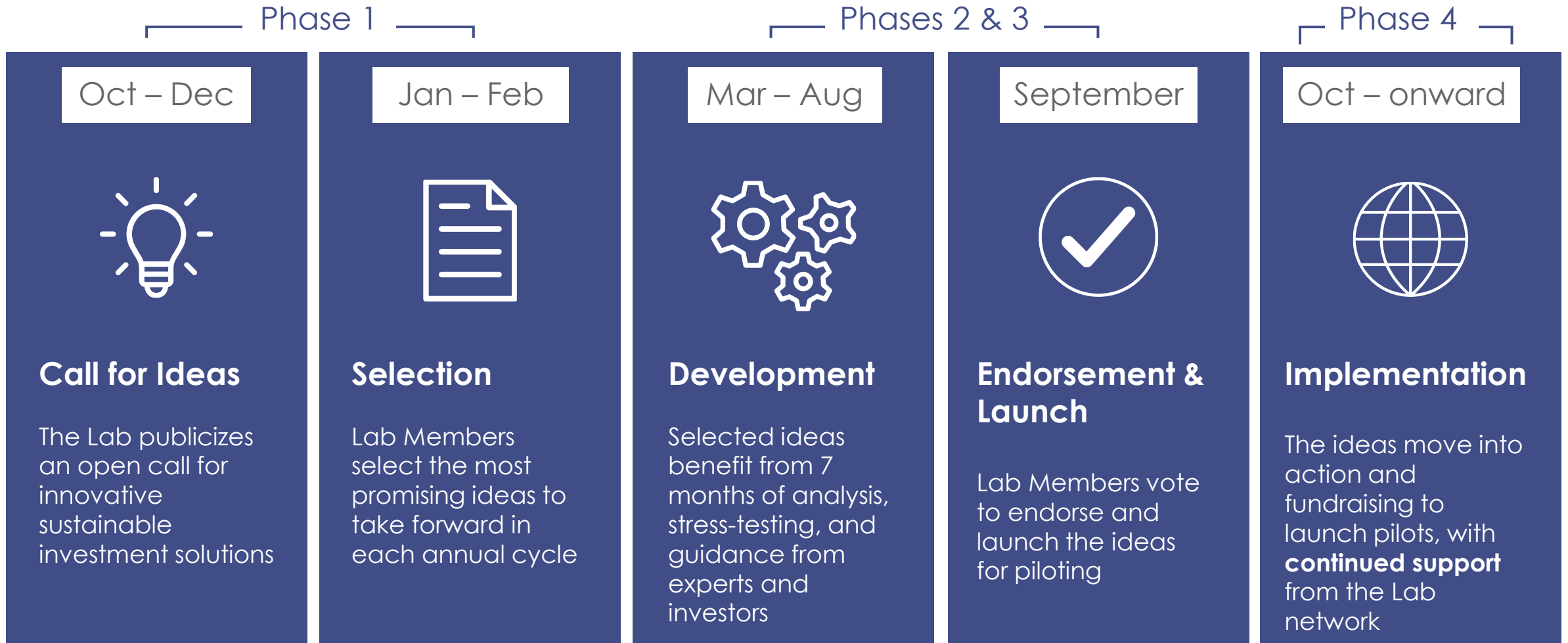
Financially sustainable solutions that reduce barriers to investment in sustainable development.



Mobilizing Finance

Enables piloting and implementation of transformative solutions.

How it works: An incubator for sustainable finance ideas



Case Studies

P-REC Aggregation Fund

2021 Lab Instrument



The **Peace Renewable Energy Certificates (P-REC) Aggregation Fund** is a unique financial instrument monetizing unbundled environmental attributes of renewable energy to provide project developers with an additional revenue stream which they can use to unlock further finance. The P-REC fund will tap into the growing voluntary market for energy attribute certificates. P-RECs are a high-quality type of *International Renewable Energy Certificate (I-REC)* given the exceptional economic and social impacts that the RE projects deliver to communities in fragile contexts in addition to their environmental benefits.

HIGHLIGHTS

- **Geographic focus:** Sub-Saharan Africa (DRC, Ethiopia, Uganda, Chad, Somalia)
- **Structure:** \$10.25 million revolving fund
- **Climate Action:** Mitigation



Catalytic potential:

Unlock between 9x and 19x more capital from other sources for SMEs

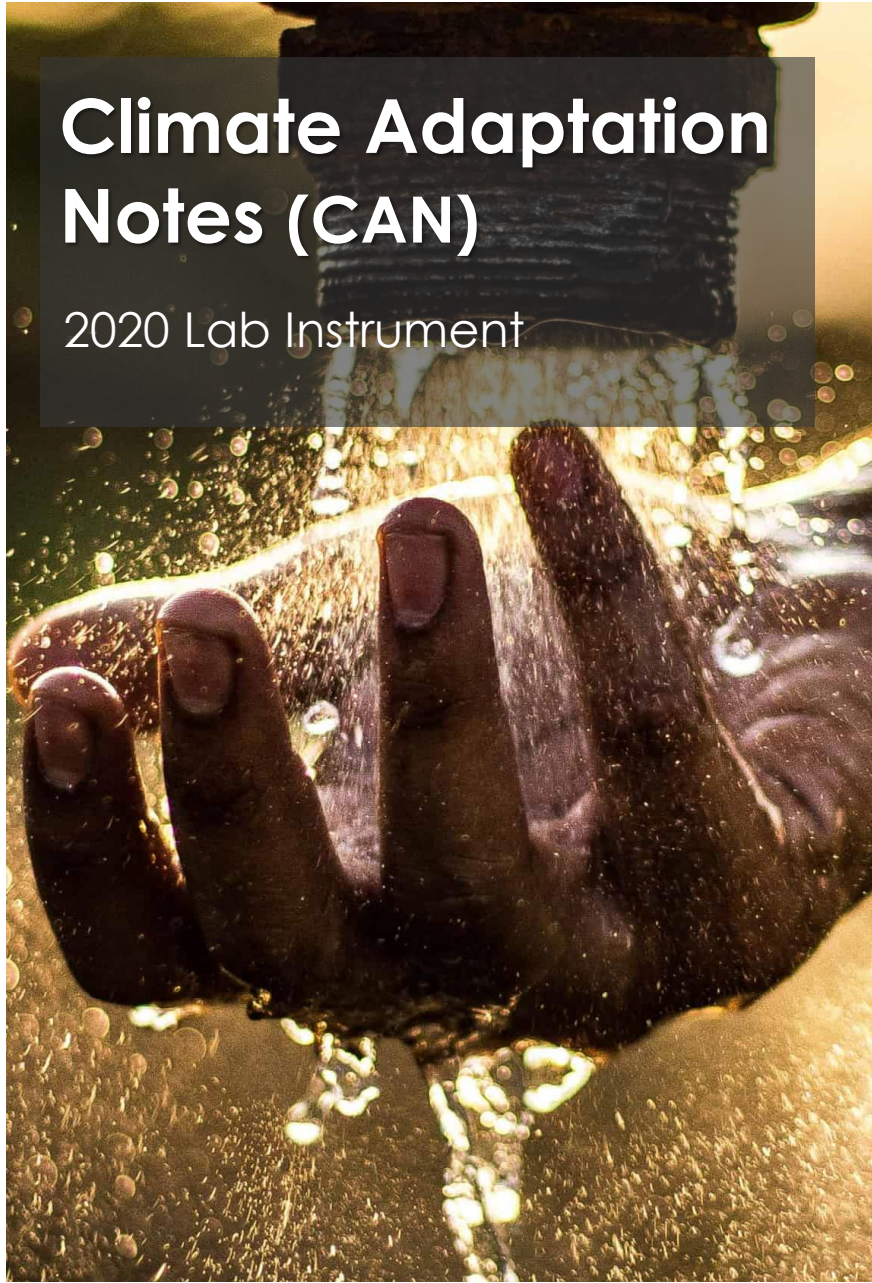
19x

IMPACT



Climate Adaptation Notes (CAN)

2020 Lab Instrument



Climate Adaptation Notes aims to address water scarcity in Southern Africa by streamlining adaptation project financing into a single instrument, designed to catalyze and increase the flow of institutional capital and lower financing costs. CAN combines the construction financing and refinancing phases of climate adaptation projects in water and wastewater infrastructure into a single bond administered through a debt capital markets (DCM) platform. The platform is managed by an independent financial institution with the capacity to serve as a trustee and manage the performance monitoring of project metrics.

HIGHLIGHTS

- **Geographic focus:** Southern Africa
- **Structure:** \$125 million note in a pilot issuance, backed by a pipeline of water and wastewater projects
- **Climate Action:** Adaptation



Catalytic potential:

~\$500k in grant funding could leverage ~\$175M in private investments

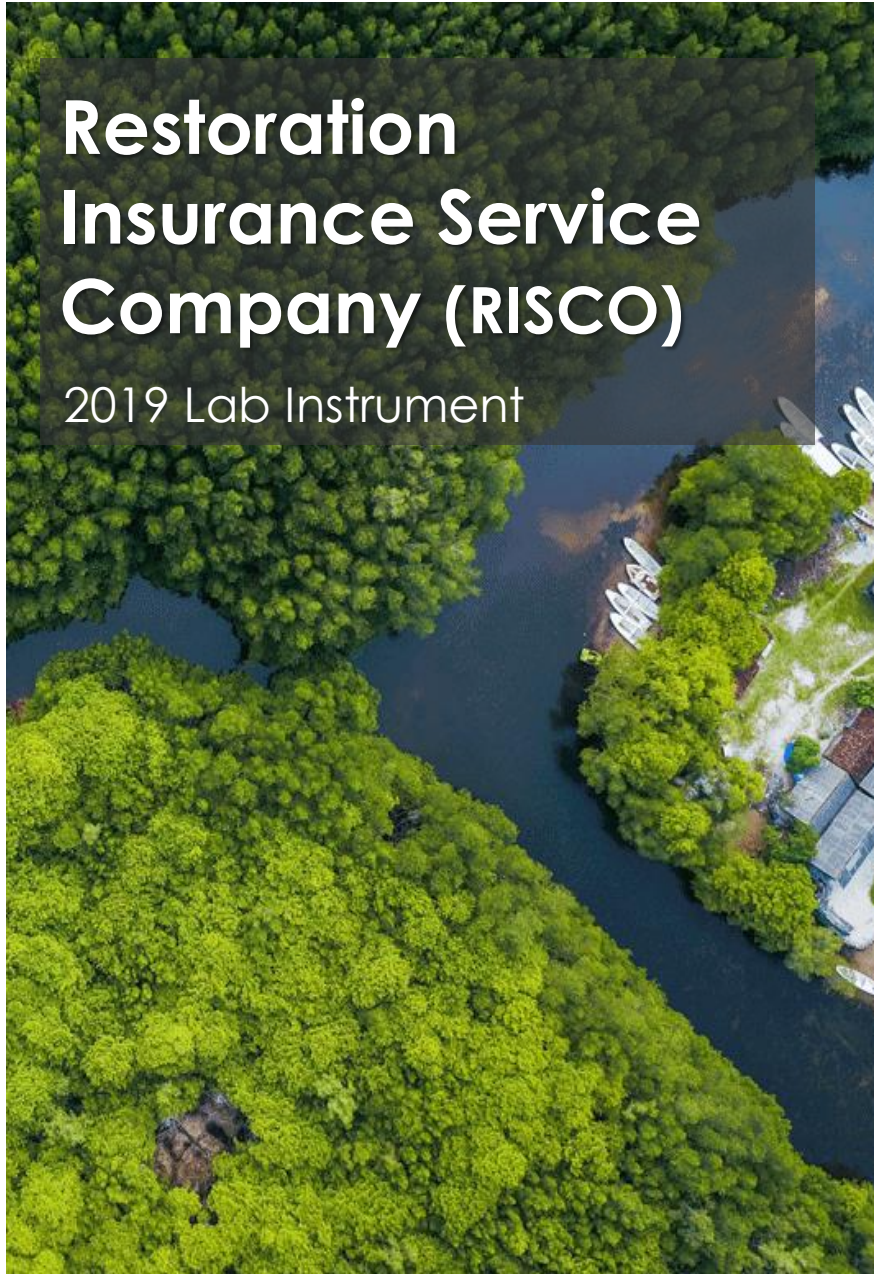
350x

IMPACT



Restoration Insurance Service Company (RISCO)

2019 Lab Instrument



The **Restoration Insurance Service Company** is a first-of-its-kind social enterprise that invests in mangrove conservation and restoration in areas with high-value coastal assets, enabling property damage risk reduction and protecting blue carbon. RISCO overcomes existing barriers to mangrove protection by connecting the adaptation and mitigation values of mangroves to the beneficiaries of these values, most of whom currently do not have the knowledge or resources needed to do so. RISCO aims to conserve and restore mangrove ecosystems in emerging economies with blue carbon potential, high exposure to storms and flooding, and with people and assets located close to the coastline.

HIGHLIGHTS

- **Geographic focus:** Southeast Asia
- **Structure:** pay for performance mechanism that monetizes mangrove benefits
- **Climate Action:** Adaptation & Mitigation



Catalytic potential:

Pilot expected to generate \$10.2M in insurance & blue carbon revenue

219x

IMPACT



What is the Lab looking for

Lab ideas are selected based on four key 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.

Since 2014, the Lab has launched 49 solutions that tackle investment barriers in the **most critical sectors and regions** for action on climate change

Number of Lab instruments:



Renewable
Energy
20



Cities &
Transport
20



Water, Land Use
& Agriculture
15



Climate
Risk
12



Energy
Efficiency
8



Energy
Access
8



Asia
21



Africa
19



Latin America
18



Global
7



Focus on green recovery

The Lab encourages proponents to highlight how their idea:

- Supports green job-creation
- Aligns with public sector green recovery priorities and/or investments
- Creates inclusive growth, builds resilience, or addresses poverty alleviation

Why submit?

Significant design and development support from the Lab team.

+USD 250k

Provided in analytical, convening, communications and pro bono support

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

USD 370m

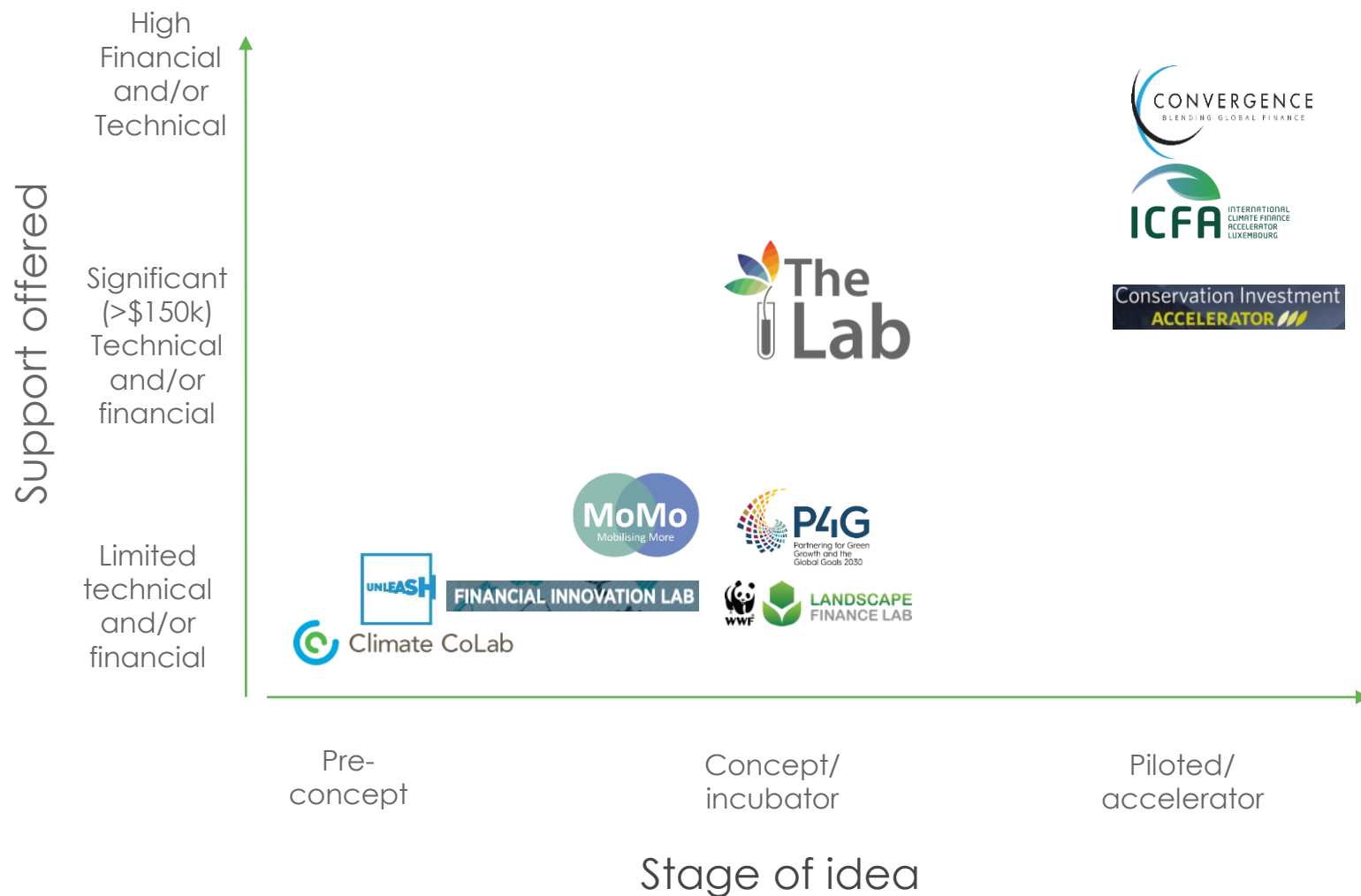
Invested by Lab members



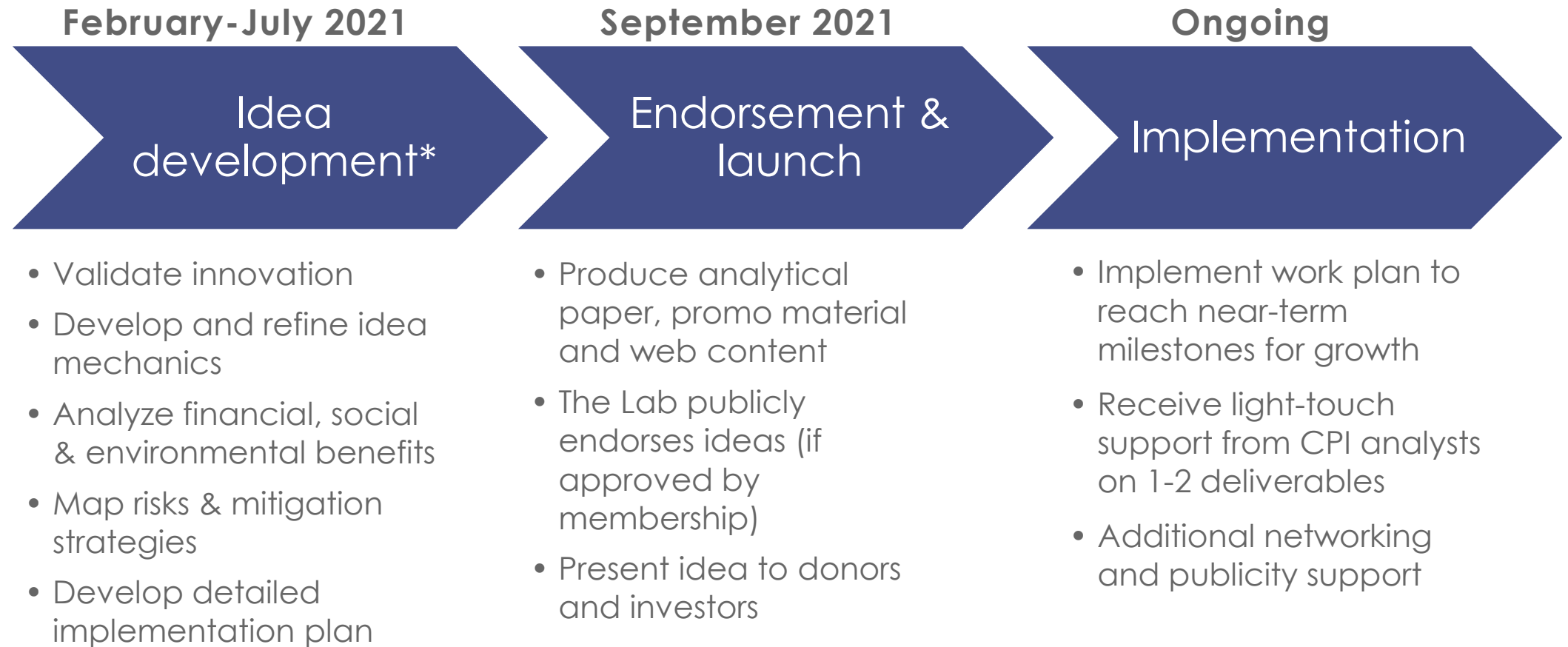
+USD 2bn

Catalyzed in additional investment

The Lab is the only incubator/accelerator providing significant TA at the concept stage of development



What happens if your idea is selected?



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

Q&A

**Type your
question in the
chat window**

**We are
reviewing them
now and will
respond
momentarily.**

Lab Newsletter
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Call for ideas
Opens next October



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