2023 Lab Impact Report

Accelerating private climate investment in emerging markets
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1. The Lab at a Glance

Addressing the climate finance gap
Limiting warming to 1.5°C requires massive private investment

Climate finance needs to increase by at least five-fold annually by 2030

Source: Climate Policy Initiative’s Global Landscape of Climate Finance 2023
Mobilizing the trillions of dollars needed for a successful low-carbon transition is a daunting challenge, especially in emerging markets that are the most vulnerable to climate change.

There is an urgent need for private investments to bridge the climate finance gap, as philanthropic and public capital alone are not enough to meet the needs. In many cases, it is not a question of capital availability but investment direction.

Most investors avoid sectors and geographies perceived as too risky. Barriers to investment include small project sizes, revenue risks, and limited technical capacity.
The Global Innovation Lab for Climate Finance is an investor-led, public-private initiative that accelerates innovative, well-designed, early-stage climate finance solutions to drive private investment into climate change action in developing economies.

- 68 solutions launched
- 70+ public and private Lab Member institutions
- 300+ supporting experts, nearly half from developing regions
- $4+ bn mobilized for climate action in emerging markets
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’s theory of change revolves around the collaboration between public and private sectors, openly sourcing concepts from finance innovators, and a powerful network to move the ideas into action.
Lab Structure

The Lab’s structure fosters cross-sector cooperation and enables solutions to overcome investment barriers.

- **Steering Group**: Funders who support the Lab and make strategic decisions about the program.
- **Secretariat**: Climate Policy Initiative manages the partnership and provides analytical support.
- **Observers and Strategic Partners**: Help create the needed links outside the Lab to help accelerate implementation.
- **Working Groups**: Members, observers and external experts who advise the idea development phase.
- **Proponents**: Innovators who submit ideas and lead their development and implementation.
- **Principal Advisors & Regional Panel Members**: Lab members select the ideas and provide them with technical support. They can also invest in the most promising ideas.
The Lab brings together over 70 institutions to address the sustainable investment gap
A truly Global Innovation Lab

The Lab’s regional programs address country-specific investment barriers, with local investors and stakeholders on regional panels contributing market expertise and networks. These programs are connected and supported by the Global Lab.
2. How the Lab Works

From idea to impact
How ideas are selected

Core criteria inform how ideas are selected.

Selected ideas are at the right stage for acceleration and will benefit the most from the Lab process.

**Actionable**
Lab ideas are feasible and risk-managed, with a clear pathway to implementation.

**Catalytic**
Lab ideas have the potential to mobilize private sources of climate finance and scale up investment in target markets.

**Innovative**
Lab ideas address barriers to climate finance in a unique way.

**Financially Sustainable**
Lab ideas have a clear strategy for achieving commercial viability.
An incubator for sustainable finance ideas

**Call for Ideas**
OCT - DEC

The Lab publicizes an open call for innovative sustainable investment solutions.

**Selection**
JAN - FEB

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

**Development**
MAR - AUG

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

**Endorsement & Launch**
SEP

Lab Members vote to endorse and launch the ideas for piloting.

**Implementation**
OCT - ONWARD

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

The Lab is the only climate finance accelerator offering significant technical support at the early concept stage.

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<tr>
<th>CLIMATE FINANCE</th>
<th>EARLY CONCEPT</th>
<th>LATE CONCEPT</th>
<th>MARKET TESTING</th>
<th>OPERATIONS</th>
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<tr>
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<td>Global Innovation Lab for Climate Finance</td>
<td>Partnerships for Good</td>
<td>ICFA</td>
<td>Convergence</td>
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<td>IDB Lab</td>
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<td>Landscape Finance Lab</td>
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<td>Ashden Awards</td>
<td>Elemental Excelerator</td>
<td>New Energy Nexus</td>
<td>Third Derivative</td>
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Testimonials

Lasitha Perera, Managing Partner and Co-Founder at The Development Guarantee Group, Green Guarantee Company (Lab Alumni 2022)

“The Lab is a streamlined, effective way to bring your innovative climate finance ideas to life. The experts you’ll meet will help you develop your idea in the best way possible so that you can maximize its impact.”

Mauricio Moura Costa, Founder, and Director at BV Rio, Responsible Commodities Facility (Lab Alumni 2018)

“The Lab network exposed us to a large number of stakeholders with interest in our sector, helping us foster collaborations and drive transformative and innovative solutions forward.”
3. The Lab’s Impact
Unpacking billions for climate investments
**Impact by the numbers**

- **$4+ bn** collectively mobilized by Lab solutions
- **$1.3 bn** mobilized through the Lab network catalyzed 2x more investments
- **$1.6 bn** in private investments
- **54%** capital mobilization success rate
- **130+** public and private investors funded Lab solutions
- **37** Lab ideas successfully secured investments
The Lab creates a pipeline of fundable ideas that strategically leverage public finance to mobilize private investments in challenging sectors and regions.

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<tr>
<th>INVESTOR</th>
<th>USD 4.0 BILLION MOBILIZED</th>
<th>TYPE OF SOURCE</th>
<th>USES</th>
</tr>
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<tbody>
<tr>
<td>Lab network</td>
<td></td>
<td>Public $2.02 bn</td>
<td>Mitigation $2.61 bn</td>
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<tr>
<td>Other investors</td>
<td></td>
<td>Private $1.60 bn</td>
<td>Dual benefits $1.16 bn</td>
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<td></td>
<td></td>
<td>Unknown $321 mn</td>
<td>Adaptation $259 mn</td>
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Sectors

Lab ideas address the most critical sectors for action on climate change.

- Climate Resilience: 5
- Energy: 31
- Gender Equality: 10
- Land Use/AFOLU: 27
- Nature-based Solutions: 13
- Sustainable Cities: 13
- Water/WASH: 2
Lab solutions bring climate finance to the regions that need it the most.
Multiple innovative financial mechanisms

Lab solutions leverage a wide range of financial structures tailored to address specific investment barriers.
Lab solutions support the Sustainable Development Goals
2021
UN Global Climate Action Awards

The Global Innovation Lab for Climate Finance

WINNER Global
“Germany has been supporting the Lab since its beginning, and we have witnessed an impressive growing complexity of the projects the Lab moves forward. It reinforces the truly innovative nature of the Lab as it embraces the most difficult sectors where barriers for private finance are higher.”

“Lori Kerr, Chief Executive Officer, FinDev Canada

“The Lab is unique in joining public and private investors with entrepreneurs advancing innovative projects in climate finance. FinDev Canada is proud to fund the Lab's gender equality stream, as this long-standing initiative aligns with one of our key impact goals of promoting climate action.”

“Vera Rodenhoff, Deputy Director General, International Climate Protection and International Energy Transition, Germany Federal Ministry of Economic Affairs and Climate Action

Testimonials
4. Lab Alumni Achievements

Lab ideas represent the latest and greatest in climate finance, offering billions in investment opportunities.
Climate Investor Two (CI2) is Climate Fund Managers’ (CFM) second climate-focused, blended finance initiative CI2 is CFM’s second climate-focused, blended finance initiative, modeled after CI1, developed under the Lab program in 2015. While CI1 focused on renewable energy, CI2 supports the private sector in developing and constructing climate-resilient infrastructure projects in emerging markets in the water, sanitation, and ocean sectors – areas that usually do not attract interest from the private sector.

ACHIEVEMENTS

Climate Investor One
USD 950 million mobilized

Climate Investor Two
USD 855 million mobilized

"CI1 owes much to the Lab’s assistance in developing the fund model and initial financial support. The Lab provided a safe testing ground for testing our innovative concept, avoiding early setbacks. The success of CI1 led to the launch of CI2 showcasing the Lab’s catalyzing effect."

Andrew Johnstone, CEO, Climate Fund Managers
The Green FIDC utilizes the Fundo de Investimento em Direitos Creditórios (FIDC), a Brazil-specific instrument, to raise capital for clean energy and energy efficiency projects. It combines regulatory frameworks, green certification criteria, risk segregation, and a tailored financial model. This allows projects to secure financing based on future cash flows from energy sales through asset-backed securities.

ACHIEVEMENTS

Closed two vehicles at USD 50 million, 99.3% from private investors
Brazil’s first FIDC as a climate bond
Launched spin-off targeting real state investors

Proponent: Albion Capital
Sector: Renewable energy
Region: Latin America
SDGs:
Sustainable Energy Bonds serve as a catalyst for impact investment in India's sustainable energy sector. These bonds offer debt exposure, attractive returns, and standardized impact measures, driving funds toward crucial projects. The targeted initiatives encompass distributed renewable energy solutions, energy efficiency for buildings and industry, expanding energy access, and promoting sustainable urbanization.

ACHIEVEMENTS

Raised **USD 13 million** in three issuances for solar models and infrastructure
Pipeline developed to support electric vehicles and industrial wastewater recycling projects

"Lab support was valuable in helping to formalize impact measures so that we could give needed information to investors. Standardization was crucial. The Lab liaised with investor groups to understand what was needed in this space."

Pawan Mehra, Co-Founder and Managing Director, cKers Finance
An automated local weather-indexed crop insurance platform for smallholder farmers in sub-Saharan Africa. Policies are plugged into smart contracts on a blockchain and automatically triggered during an extreme weather event, facilitating fair, transparent, and timely payouts. The instrument reduces farmers’ transaction costs during the processing of claims.

**ACHIEVEMENTS**

Ongoing pilot launched in 2021 in Kenya has already followed a series of crop cycles

Working on improving technology to reduce farmer premiums

Exploring carbon markets component

Joined the UN World Food Program Innovation Bootcamp

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"We needed to prove a concept that was never done before. Automating an insurance product based on blockchain technology. The hard questions that came up in the working groups were really important because they prepared our team for the questions that potential investors and other implementation partners asked us in the later stages."

Michiel Berende, Chief Inclusive Officer, Etherisc
5. What’s Next
The Lab will develop 10 ideas in 2024

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<th>Regional</th>
<th>Global Themes</th>
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<tbody>
<tr>
<td>Brazil</td>
<td>Agriculture and Food Systems</td>
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<tr>
<td>India</td>
<td>Climate Adaptation</td>
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<tr>
<td>East and Southern Africa</td>
<td>Climate Mitigation</td>
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<tr>
<td>Latin America Adaptation</td>
<td>High-Integrity Forests</td>
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<tr>
<td>Latin America Mitigation</td>
<td></td>
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<tr>
<td>Philippines</td>
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Funders

- Bloomberg Philanthropies
- Canada
- Federal Ministry for Economic Affairs and Climate Action
- Foreign, Commonwealth & Development Office
- Department for Energy Security & Net Zero
- UNDP
- US
Lab Summit
London, June 2024

Ten years unlocking billions into the global low-carbon, climate-resilient economy.
With deep expertise in finance and policy, CPI is an analysis and advisory organization that works to improve the most important energy and land use practices around the world. Our mission is to help governments, businesses, and financial institutions drive economic growth while addressing climate change. CPI has six offices around the world in Brazil, Europe, India, Indonesia, and the U.S.

Climate Policy Initiative, as Lab Secretariat:
- Manages the Lab
- Leads analytical support
- Supports ideas to succeed and scale
- Communicates findings, impacts, and lessons learned
- Convenes the Lab and gathers public and private investors

This report was prepared by Climate Policy Initiative, Secretariat for the Lab